

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



**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)**

**INTERIM RESULTS ANNOUNCEMENT  
FOR THE SIX MONTHS ENDED 30 JUNE 2021**

**RESULTS HIGHLIGHTS**

1. Contracted sales reached RMB152.795 billion for the first half of 2021, representing a year-on-year increase of 38.3%. Contracted gross floor area increased from 6.298 million sq.m. in the corresponding period of 2020 to 8.610 million sq.m. in the first half of 2021, representing a year-on-year increase of 36.7%.
2. As at 30 June 2021, the Group was “Green Camp” enterprise under “Three Red Lines” indicators.
3. Revenue increased by 13.7% to RMB73.401 billion (1H 2020: RMB64.553 billion).
4. Gross profit increased by 7.7% to RMB21.013 billion (1H 2020: RMB19.512 billion). Gross profit margin was 28.6%.
5. Net profit from core business increased by 13.6% to approximately RMB9.375 billion (1H 2020: RMB8.255 billion). Net profit from core business attributable to shareholders increased by 11.5% to approximately RMB6.199 billion (1H 2020: RMB5.558 billion, excluding gain from the disposal of part of the equity of Shimao Services). Net profit margin from core business attributable to shareholders was 12.5%.
6. As at 30 June 2021, the Group’s land bank was approximately 72.83 million sq.m. (before interests). During the first half of 2021, the Group acquired land bank of 3.01 million sq.m. (before interests).
7. The Board declared the payment of an interim dividend of HK70 cents per share (the shareholders may choose to receive the dividend in cash and/or in shares) (1H 2020: interim dividend of HK60 cents and a special dividend of HK10 cents per share).

## CHAIRMAN'S STATEMENT

Dear shareholders,

I am pleased to present the interim results of Shimao Group Holdings Limited (“Shimao Group”, “Shimao” or the “Company”, together with its subsidiaries, the “Group”) for the six months ended 30 June 2021.

### Market and Outlook

In the first half of 2021, the impacts of the COVID-19 pandemic on the global economy remained uncertain. Facing the complex and volatile environment at home and abroad, the CPC Central Committee grasped the overall situation with resolute decision-making, and kept consolidating and expanding its pandemic prevention and control as well as the achievements in economic and social development. As a result, economic development has displayed a trajectory of consolidation and advancement on top of stability. China recorded a prominent 12.7% increase in GDP for the first half of the year, presenting a stellar result in tribute to the centenary of the founding of the CPC.

With respect to the real estate market, the central government maintained its policy of “houses are for inhabiting, not for speculation” and the objective of “stabilizing land prices, housing prices and market expectation” remained unchanged, multiple authorities worked on coordinated supervision and multi-dimensional regulation with a precise degree of execution, which yielded an evident effect. On top of the “Three Red Lines” and “Centralised Management of Real Estate Loans” rolled out last year, a policy was released in the first half of 2021 in relation to the requirement of “centralised release of grant notices and centralised organisation of grant activities for residential land supply” (住宅供地「兩集中」). The policy represents that following the real estate-related control policies regarding developers, banks and property purchasers, the land supply by local governments has been included in such control, which involves the regulation of both capital and land. As such, a regulatory closed loop has been formed that revolves around four subjects.

Compared with the first half of 2020 under the pandemic, the domestic sales of commodity properties in the first half of the year recorded a significant year-on-year increase of 38.9% to RMB9,293.1 billion, refreshing history. As the effect emerges from various control policies, the second half of the year is anticipated to witness a decline in growth rate.

## **Pursuing Stable Progress in Property Development**

In 2021, Shimao adhered to the philosophy of “product-oriented” and has constantly carried out research and development and innovation of products to create all-round experience of quality living. Meanwhile, the turnover of popular projects was accelerated by enhancing operation efficiency. Contracted sales amounted to RMB152.80 billion in the first half of year, representing an increase of 38% over the corresponding period of last year, and approximately 46% of the annual sales target was achieved, which realized “quality growth” in a stable manner. It is expected that the saleable resources of the Group in the second half of the year will reach 20.04 million sq.m., and the saleable value will be approximately RMB360.0 billion, among which, as to 88% is attributable to first-tier and second-tier cities and advanced third-tier cities and as to 75% is inventory less than a year. With its layout in core regions and advantage in the portfolio, Shimao is confident to achieve the annual sales target of RMB330.0 billion.

In the first half of 2021, affected by the “two-centralized” land supply policy, the supply and demand of residential land across the country declined. Competition for land in popular cities was fierce and land prices remained high. The Group persistently upheld prudent attitude and was prudent in replenishing land bank. It adopted a diversified land acquisition strategy to increase land bank in the “core city clusters” by 3.01 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 approximately 95% of the land acquired. As at 30 June 2021, the Group penetrated in more than 110 major cities across the country, with 424 projects and a total area of 72.83 million sq.m. (before interests) quality land. The average land cost was RMB5,554 per sq.m.. Based on its development portfolio, the land bank of Shimao was mainly located in the Guangdong-Hong Kong-Macao Greater Bay Area and the Yangtze River Delta region. The premium land bank and relatively reasonable land cost have provided a solid and good foundation for Shimao to achieve sustainable “quality growth”.

## **Diversified “Giant Aircraft” flown at full speed**

Striving for the vision of “Century Shimao”, the Group actively promotes the diversified business layout of “Giant Aircraft Strategy” with property development as its main body; commercial properties operation, hotel operation and property management 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, 2021 is the first year of the “New Three-year Development Plan for Shimao Services Holdings Limited (“Shimao Services”). Built on its track record, Shimao Services works to break records and achieve outstanding results with increasing momentum. In the first half of the year, its revenue and net profit experienced year-on-year increases of 170.6% and 150.9% respectively, representing industry-leading rates of performance growth. The area under management and contracted area also recorded substantial growth. As of 30 June 2021, the area under management and contracted area of Shimao Services reached 175 million sq.m. and 239 million sq.m., respectively. In 2021, Shimao Services will remain dedicated to the service concept of “user-centered, product-oriented and digitization-driven”, renew its business and management upgrade, make a solid start with practical efforts and reset the benchmark for the future.

In respect of hotel business, Shimao always focuses on the development and operation of city-class and world-class landmark hotels. As the COVID-19 pandemic was generally under control in China, Shimao adjusted its operation plan with its focus on driving domestic demand and continuous exploration and innovation. During the first half of the year, its overall revenue reached RMB972 million, representing a significant increase by 114.6% as compared with the corresponding period of 2020. As of 30 June 2021, Shimao hotels penetrated in core cities, with 27 hotels (including hotels under development) of international brands and 136 hotels (including hotels under development and management services) of self-owned brands. Shimao had 25 hotels in operation, including Hyatt on the Bund Shanghai, InterContinental Shanghai Wonderland, Sheraton Hong Kong Tung Chung Hotel and others, with over 8,600 guest rooms. In the second half of 2021, Hilton Changsha Riverside commenced operation in July 2021, which was another masterpiece of city landmark by Shimao.

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 36 cities with over 76 commercial and theme entertainment projects (including projects under development). During the reporting period, Chengdu Shimao Festival City and Xiamen Jimei Shimao Festival City successively commenced operation, leveraging on their unique positioning of “Mini Vacation Lifestyle Center” and “Simple Lifestyle Center” to entice many brands to establish presence there. Upon commencing operation, both projects had all their shops occupied by businesses. Furthermore, in July 2021, Shimao started the operation of “Explore the Cave”, a wonderland for parent-child cave exploration in the theme of “Max”, its proprietary IP. Going forward, Shimao will continue with its business diversification, cater to differentiated demands of consumers and optimize user experience to deliver maximum value of investment.

### **Prudent Financial Strategies**

In the first half of 2021, governments of various locations kept enhancing the regulation of real estate finance and tightening the financing and mortgage credit for real estate companies, causing a slowdown in lending. Amidst the prevailing de-leveraging trend in the industry, Shimao respects regulation and market, maintains long-term stable financial policies, regards risk prevention as a top priority and acts in line with trends. As a result, the Company remains in the “Green Camp” category within the “Three Red Lines”. Through assessment adjustment, mortgage guarantee and increased efforts in cash collection, the Group realized cash collection of RMB116.1 billion, representing an increase of 30.4% as compared to the corresponding period last year. Meanwhile, it dynamically adjusted the timing of investment to maintain sufficient cash flow and ensure the timing of repayment. As at 30 June 2021, the Group had book cash of RMB82.38 billion. Net gearing ratio was 50.9%, which has been maintained below 60% for ten consecutive years.

Shimao adopted pre-emptive defensive measures, actively engaged in the headquarter-to-headquarter cooperation with major financial institutions, and optimised its financing channels and debt structure. During the reporting period, the Group successfully issued 10-year USD senior notes with the interest rate as low as 3.45%. In addition, the Group entered into four-year syndicated loans worth of US\$1.315 billion with 19 banks with the interest rate further decreasing to LIBOR/HIBOR+2.95%. Although the credit environment in the industry became rigid, Shimao maintains stable cooperation with 60 domestic and overseas financial institutions with undrawn credit facilities amounting to approximately RMB80 billion.

Against the backdrop of transformation in the real estate industry towards steady and healthy development in the long run, Shimao maintains stable operation and finance performance as usual, demonstrating its prominent value in the capital market. During the reporting period, Standard & Poor's upgraded Shimao's credit ratings from "BB+" to "BBB-" and the outlook was "stable", which was the second investment grade rating following Fitch's "BBB-" rating for Shimao. In addition, the average finance costs of the Group was controlled at a relatively low industry level of 5.6%, which maintains the competitive edge for Shimao in the differentiation of the real estate industry.

### **Social Responsibility**

In 2021, Shimao stays true to its original value and cares for its motherland. It works to achieve corporate development and fulfill social responsibility. In July 2021, Henan Province suffered the strongest rainfall in history and many places were hit by catastrophic floods. Shimao donated HK\$20 million forthwith to contribute its efforts in supporting the flood control, emergency rescue and post-disaster reconstruction in Henan Province. Over the past two decades, Shimao has been committed to social welfare and has donated more than RMB1.75 billion in total and served population of more than 22.00 million.

Knowing that green ecosystem is the foundation of sustainable city, Shimao actively develops green building and steadily increases the area of green building. As of 30 June 2021, the total area of green buildings developed by Shimao was 73.13 million sq.m., representing an increase of 13.1% as compared to year end 2020, including six LEED Gold buildings. Meanwhile, Shimao implements green and energy-saving technology, widely upgrades to the energy-saving devices in the communities, and improves to the "Green Communities", promoting the environmental protection ideas and behaviours and empowering the cities.

### **Interim Dividend**

To demonstrate our appreciation for our shareholders' support, the board of directors of the Company (the "Board") declared an interim dividend of HK70 cents per share for the six months ended 30 June 2021 (the shareholders may choose to receive the dividend in cash and/or in shares) (1H 2020: interim dividend of HK60 cents and special dividend of HK10 cents, totaling HK70 cents per share).

## **Acknowledgement**

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. Courage from conquering difficulties and accomplishment from overcoming challenges. Facing the new era and phase of development, Shimao will keep improving management, enhancing risk and control management, polishing core capabilities of competitiveness, and deepening sustainability development, to be the leading "Fighter" and "Creator" in the path of becoming centennial company.

**Hui Wing Mau**  
*Chairman*

Hong Kong, 30 August 2021

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

#### Sales of Properties

##### 1) *Recognized Sales Revenue*

The Group generates its revenue primarily from sales of properties, commercial properties operation, hotel operation and property management businesses. For the six months ended 30 June 2021, revenue of the Group reached RMB73.40 billion, representing an increase of 13.7% as compared to RMB64.55 billion for the corresponding period in 2020. During the period, revenue from property sales amounted to RMB66.52 billion, accounting for 90.6% of the total revenue and representing an increase of 8.2% over the corresponding period in 2020. In the first half of 2021, the recognized sales area was 4.052 million sq.m., representing an increase of 2.6% over the corresponding period in 2020. The average recognized selling price was RMB16,416 (excluding output VAT) per sq.m..

##### 2) *Steady Sales Growth*

With respect to property sales, the Group's contracted sales amounted to RMB152.80 billion in the first half of 2021, representing an increase of 38.3% over the corresponding period of last year, and approximately 46.3% of the annual sales target was achieved. The aggregate contracted sales area was 8.610 million sq.m., representing an increase of 36.7% over the corresponding period of last year; the average selling price was RMB17,746 per sq.m.. The growth rate of contracted sales stayed ahead of peers and "quality growth" was steadily achieved.

In the first half of 2021, the overarching principle of "houses are for inhabiting, not for speculation" remained unchanged and some cities strengthened their regulatory measures. The Group responded with a steady development approach. It has constantly carried out research and development and innovation of products, accelerated the turnover of popular projects, and boosted the stable growth in performance by enhancing operation efficiency. Looking forward to the second half of 2021, the Group will launch saleable areas of approximately 11.51 million sq.m.. Together with the saleable areas of approximately 8.53 million sq.m. as of 30 June 2021, the Group's total saleable areas in the second half of 2021 will be approximately 20.04 million sq.m..

##### 3) *Completion of Development Projects and Plans as Scheduled*

During the first half of 2021, the Group's floor area under construction was 50.70 million sq.m.. The aggregate GFA completed was approximately 7.16 million sq.m., representing an increase of 54% as compared to 4.66 million sq.m. for the corresponding period of last year. Looking forward to 2021, the Group will maintain its quality growth with the planned floor area under construction of approximately 55.00 million sq.m. and the aggregate GFA completed of approximately 14.00 million sq.m. for the year.

#### 4) Prudent Replenishment of Premium Land Bank for “quality growth”

Affected by the “two-centralized” land supply policy, the supply and demand of residential land across the country declined. Competition for land in popular cities was fierce and land prices remained high. The Group persistently upheld prudent attitude and was prudent in replenishing land bank. It adopted a diversified land acquisition strategy to increase land bank in the “core city clusters” by 3.01 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 approximately 95% of the land acquired. As at 30 June 2021, the Group penetrated in more than 110 major cities across the country, with 424 projects and a total area of 72.83 million sq.m. (before interests) quality land. The average land cost was RMB5,554 per sq.m.. Based on its development portfolio, the land bank of Shimao was mainly located in the Guangdong-Hong Kong-Macao Greater Bay Area and the Yangtze River Delta region. The premium land bank and relatively reasonable land cost have provided a solid and good foundation for Shimao to achieve sustainable “quality growth”.

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

No.	New Land Parcels	Usage	Total			Shimao's Equity Proportion
			Land Cost (Attributable Interests) (RMB million)	Planned GFA (Before Interests) (‘000 sq.m.)	Cost per sq.m. (RMB)	
1	Hangzhou Jianqiao Project	Commercial and residential	1,742	153	11,392	100%
2	Hangzhou Tianmu Pharmacy Harbor Parcel	Commercial and residential	1,211	249	7,264	67%
3	Jiangmen Xinhui Project	Residential, commercial services as well as commercial and financial	530	211	5,018	50%
4	Longyan City P20 Parcel	Commercial and residential	138	73	6,333	30%
5	G2 Parcel, Banqiao market, Banqiao Street, Yuhuatai District, Nanjing	Commercial and residential	518	149	10,555	33%
6	Ningbo Jiangbei Cicheng Complex	Commercial and residential	1,984	194	10,215	100%
7	Ningde Liancheng Road P02 Parcel	Residential	187	106	5,887	30%
8	Ningde Liancheng Road P03 Parcel	Residential	154	79	6,546	30%

No.	New Land Parcels	Usage	Land Cost (Attributable Interests) (RMB million)	Total Planned GFA (Before Interests) ( '000 sq.m.)	Cost per sq.m. (RMB)	Shimao's Equity Proportion
9	Ningde Liancheng Road P04 Parcel	Residential, commercial services as well as commercial and financial	259	166	5,194	30%
10	Quzhou Smart New Town Qianjiashan Parcel	Commercial and residential	1,150	142	16,205	50%
11	Shenzhen Henggang Laojie Project	Commercial and residential	681	750	3,629	25%
12	Parcel at the south of Cuihua Street and the west of Luming Road, Huangyan District, Taizhou	Commercial and residential	519	86	6,013	100%
13	A3 Parcel, Tianshui County Project, Tianshui City	Commercial and residential	82	56	2,868	51%
14	Xuzhou Gulou Guishan 8-2, 8-3 Parcel	Residential, commercial as well as commercial and financial	140	85	3,204	51%
15	Yancheng Nanhai Future City	Commercial and residential	769	167	7,672	60%
16	Yangzhou GZ189 Parcel	Commercial and residential	222	62	10,486	34%
17	Zhangjiagang Zhangdi A04-F Parcel	Residential	383	29	13,028	100%
18	Changsha Wang Gua No. 129	Commercial and residential	846	113	7,462	100%
19	Ziyang Ziyue Mansion	Residential	300	142	2,118	100%
	<b>Total</b>		<b>11,815</b>	<b>3,013</b>	<b>6,659</b>	

## **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 Co., Ltd. (“Shanghai Shimao”). Shanghai Shimao is determined to develop high-level commercial complexes to support the urbanization drive, and tap into the growing public demand for a better life as its impetus and starting point in various construction projects.

Confronted by a complex market environment, Shimao maintained a steady pace in its advancement in the first half of 2021. With the pandemic easing, Shimao saw major growth in both the sales and foot traffic of commercial projects under management, as compared to the same period of last year. In particular, Jinan Shimao Festival City recorded aggregate sales of over RMB42.00 million during the May 1st public holidays, representing a historic new high since its opening and foot traffic exceeded 620,000, representing an increase of 13% as compared with the same period of 2019, which was attributable to its innovative marketing and scenarios as well as content optimization and upgrade. Chengdu Shimao Festival City and Xiamen Jimei Shimao Festival City successively commenced operation in the reporting period, leveraging on their unique positioning of “Mini Vacation Lifestyle Center” and “Simple Lifestyle Center” to entice many brands to establish presence there. Upon commencing operation, both projects had all their shops occupied by businesses. In respect of the entertainment business, Shanghai Dream City Park has extended its market popularity since its opening, receiving over one million visitors by its first anniversary and recording aggregate sales of more than RMB100 million. Furthermore, in July 2021, Shimao started the operation of “Explore the Cave”, a wonderland for parent-child cave exploration in the theme of “Max”, its proprietary IP. Going forward, Shimao will continue with its business diversification, cater to differentiated demands of consumers and optimize user experience to deliver maximum value of investment.

## **Property Management**

In respect of property management business, Shimao Group is engaged in property management business through a subsidiary, Shimao Services. 2021 is the first year of the “New Three-year Development Plan” of Shimao Services. Built on its track record, Shimao Services works to break records and achieve outstanding results with increasing momentum. In the first half of the year, its revenue and net profit experienced year-on-year increases of 170.6% and 150.9% respectively, representing industry-leading rates of performance growth. The area under management and contracted area also recorded substantial growth. As of 30 June 2021, the area under management and contracted area of Shimao Services reached 175 million sq.m. and 239 million sq.m., respectively. In the first half of 2021, the contracted GFA under external expansion surpassed the level of last year, reaching 27.1 million sq.m. and achieving 87% of the annual target. The external expansion covers a variety of business operations with major premium customers.

In 2021, Shimao Services positions itself as the “leading full-scenario provider of city life services in China” and works to build a “1+1+X” business system comprising three business portfolios, namely basic property management services, value-added services and smart city services. In basic property management services, Shimao Services pursues scale expansion as well as higher quality and efficiency via “internal growth and external expansion”. In value-added services, it cultivates professional capabilities by establishing presence in high-potential channels with a focus on users and assets. In smart city services, it caters to the government and work as a good municipal services manager, asset operation assistant and development partner. Shimao Services will remain dedicated to the service concept of “user-centered, product-oriented and digitization-driven”, renew its business and management upgrade, make a solid start with practical efforts and reset the benchmark for the future.

## **Hotel Operations**

As of 30 June 2021, the Group had a total of 25 hotels in operation, including Hyatt on the Bund Shanghai, InterContinental Shanghai Wonderland, Le Royal Méridien Shanghai, Conrad Xiamen, Sheraton Hong Kong Tung Chung Hotel, Hilton Wuhan Riverside, The Yuluxe Sheshan, A Tribute Portfolio Hotel, Shanghai, InterContinental Fuzhou, Hilton Nanjing Riverside and Yutopia Wuyi Mountain Retreat. Currently, the Group has more than 8,600 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 ETHOS Hotel Wuhan Riverside, offering over 1,100 hotel guest rooms. In 2021, the epidemic in China was basically under control, but with the increasing number of COVID-19 cases abroad, the hospitality industry in China focuses on internal circle. Shimao hotel adjusted its operation plan with its focus on driving domestic demand and continuous exploration and innovation. During the first half of the year, its overall revenue reached RMB972 million, representing an increase by 114.6% as compared with the corresponding period of 2020.

For the first half of 2021, revenue generated during official holidays increased as compared with the same period in 2020 as a result of Shimao hotel’s efforts in sales during festivals. Upgrade and renovation of InterContinental Shanghai Wonderland’s underwater guest room and underwater restaurant were completed. At the same time, as a leader in cross-over cooperation in the hotel industry, Shimao hotel has established cooperation with various brands, including pan-psychology media KnowYourself, Ninebot Technology and other popular brands in China such as Li-Ning to create a versatile platform for premium lifestyle. Meanwhile, it continues to enlarge its sales on current online platforms such as Ctrip, Fliggy and WeChat stores. For the first half of 2021, the total amount of sales reached approximately RMB40 million.

For the second half of 2021, Shimao will expand into online content platforms, such as Xiaohongshu (小紅書) and Tik Tok, carry out its integrated marketing strategy delivering quality and efficiency, as well as empowering hotels with more content elements by capitalising on matrix dissemination and promotion under the owned hotel brands of Shimao, so as to enhance Shimao hotel's brand image and recognition of hotels under Shimao. In addition, Hilton Changsha Riverside, one of the landmark buildings in Changsha, grandly commenced operation in July 2021, which further expanded Shimao hotel's portfolio of city landmarks.

As of 30 June 2021, Shimao owned 27 hotels (including hotels under development) of international brands and 136 hotels (including hotels under development and management services) of self-owned brands with the total number of guest rooms reaching over 32,000. Shimao accommodated more than 6.60 million guests during the year. The Group entered into contracts for the operation of 18 additional hotels during the first half of 2021, of which about 60% are located in first-tier and second-tier cities and 83% are full service hotels. A new addition of 4 self-owned brand hotels under management services commenced operations, including Yu Hotel Shuyang, Maoyu Yiquan Hotel Zhenjiang, Yuhotel Shanghai Chongming, Yuhotel Jianshui, with a total of 19 self-owned brand hotels in operation.

#### **Movements in the share capital/shareholding increase of the largest shareholder**

In light of the significant fluctuations in the securities markets, during January to July 2021, the largest shareholder made several shareholding increase in the Company in the market, with an aggregate amount of 6,862,500 shares at a total consideration of approximately HK\$142 million, which fully demonstrated the absolute confidence of the largest shareholder in the Company's overall business development and growth. Besides, the Board also arranged for share repurchase of the Company as and when appropriate to optimize its capital structure, in a bid to create values for the shareholders and show recognition in its business and prospects. In July 2021, 4,000,000 shares of the Company have been repurchased.

#### **FINANCIAL ANALYSIS**

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

	<b>1H 2021</b>	1H 2020
	<b><i>RMB million</i></b>	<i>RMB million</i>
Revenue	<b>73,401</b>	64,553
Gross profit	<b>21,013</b>	19,512
Operating profit	<b>15,828</b>	15,623
Profit attributable to shareholders	<b>6,283</b>	5,266
Earnings per share – Basic ( <i>RMB cents</i> )	<b>178.03</b>	152.58

## Revenue

For the six months ended 30 June 2021, the revenue of the Group was approximately RMB73,401 million (1H 2020: RMB64,553 million), representing an increase of 13.7% over the corresponding period in 2020. 90.6% (1H 2020: 95.2%) of the revenue was generated from the sales of properties and 9.4% (1H 2020: 4.8%) from hotel operation, commercial properties operation, property management and others.

The components of the revenue are set out as follows:

	<b>1H 2021</b> <i>RMB million</i>	1H 2020 <i>RMB million</i>
Sales of properties	<b>66,521</b>	61,466
Hotel operation income	<b>972</b>	453
Commercial properties operation income	<b>947</b>	734
Property management income, and others	<b>4,961</b>	1,900
<b>Total</b>	<b>73,401</b>	64,553

\* Revenue does not include revenue from related parties or that from the Group.

### (i) Sales of Properties

Sales of properties for the six months ended 30 June 2021 and 2020 are set out below:

	<b>1H 2021</b>		1H 2020	
	Area (sq.m.)	<i>RMB</i> <i>million</i>	Area (sq.m.)	<i>RMB</i> <i>million</i>
Straits Development District	<b>1,544,457</b>	<b>25,084</b>	1,534,514	17,348
Northern China District	<b>568,460</b>	<b>14,213</b>	208,645	8,333
Zhejiang District	<b>430,827</b>	<b>9,741</b>	635,264	13,692
Jiangsu and Shanghai District	<b>570,593</b>	<b>7,807</b>	649,157	11,870
Western District	<b>427,123</b>	<b>4,006</b>	555,973	5,974
Shandong District	<b>329,380</b>	<b>2,969</b>	243,265	2,751
Central China District	<b>181,395</b>	<b>2,701</b>	122,950	1,498
<b>Total</b>	<b>4,052,235</b>	<b>66,521</b>	3,949,768	61,466

(ii) *Hotel Income*

Hotel operation income is analysed as follows:

	<b>Date of Commencement</b>	<b>1H 2021 RMB Million</b>	<b>1H 2020 RMB Million</b>
The Yuluxe Sheshan, A Tribute Portfolio Hotel, Shanghai	November 2005	<b>65</b>	26
Le Royal Méridien Shanghai	September 2006	<b>99</b>	29
Hyatt on the Bund Shanghai	June 2007	<b>93</b>	54
Holiday Inn Mudanjiang	December 2010	<b>10</b>	4
Hilton Nanjing Riverside	December 2011	<b>43</b>	22
InterContinental Fuzhou	January 2014	<b>38</b>	24
Crowne Plaza Shaoxing	March 2014	<b>38</b>	24
Yuluxe Hotel Taizhou	August 2014	<b>13</b>	10
Hilton Tianjin Eco-City DoubleTree by Hilton	April 2015	<b>20</b>	16
Ningbo Chunxiao	December 2015	<b>11</b>	3
Hilton Wuhan Riverside	July 2016	<b>54</b>	23
Conrad Xiamen DoubleTree by Hilton	August 2016	<b>75</b>	35
Ningbo Beilun	December 2016	<b>25</b>	15
Hilton Yantai	August 2017	<b>30</b>	14
Hilton Shenyang	January 2018	<b>31</b>	19
Le Méridien Hangzhou Binjiang InterContinental Shanghai	September 2018	<b>29</b>	16
Wonderland	November 2018	<b>134</b>	86
Yutopia Wuyi Mountain Retreat	September 2020	<b>24</b>	–
Sheraton Hong Kong Tung Chung Hotel	December 2020	<b>40</b>	–
Four Points by Sheraton Hong Kong Tung Chung	January 2021	<b>68</b>	–
Others		<b>32</b>	33
Total		<b>972</b>	<b>453</b>

Hotel operation income increased by approximately 114.6% to RMB972 million for the six months ended 30 June 2021 from RMB453 million over the corresponding period in 2020. The increase of income was mainly due to the fact that COVID-19 pandemic was under control and economy recovered in China while new hotels opened.

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

Commercial properties operation income increased by approximately 29.0% to RMB947 million for the six months ended 30 June 2021 from RMB734 million over the corresponding period in 2020. Rental income increased by 24.8%. Increase in commercial properties operation income mainly due to the fact that occupancy rate, both of commercial and office buildings, went up and customer flow surged over first half of 2021, compared to first half of 2020, as a result of the COVID-19 pandemic under controlled.

Commercial properties operation income is analysed as follows:

	<b>Date of Commencement</b>	<b>1H 2021 RMB Million</b>	<b>1H 2020 RMB Million</b>
<b>Rental Income</b>			
Shanghai Shimao Festival City	December 2004	<b>109</b>	112
Beijing Shimao Tower	July 2009	<b>77</b>	75
Wuhu Shimao Riviera Garden (Commercial)	September 2009	<b>4</b>	2
Shaoxing Shimao Dear Town (Commercial)	May 2010	<b>31</b>	40
Suzhou Shimao Canal Scene (Commercial)	June 2010	<b>13</b>	16
Shanghai Shimao Shangdu	November 2010	<b>9</b>	17
Xuzhou Shimao Dongdu (Commercial)	January 2012	<b>5</b>	5
Kunshan Shimao Festival City	April 2012	<b>29</b>	25
Jinan Shimao Festival City	May 2014	<b>79</b>	76
Nanjing Straits City (Commercial)	December 2014	<b>29</b>	18
Xiamen Shimao Straits Mansion	January 2017	<b>27</b>	23
Quanzhou Shishi Shimao Skyscraper City	January 2017	<b>11</b>	17
Shanghai Shimao Tower	December 2018	<b>38</b>	18
Nanjing Yuhua Shimao (Commercial)	December 2018	<b>42</b>	23
Shenzhen Shimao Qianhai Center	July 2020	<b>42</b>	–
Changsha Shimao Global Financial Center	September 2020	<b>15</b>	–
Chengdu Shimao Festival City	April 2021	<b>12</b>	–
Miscellaneous rental income		<b>57</b>	37
		<hr/>	<hr/>
<b>Rental income sub-total</b>		<b>629</b>	504
Commercial properties related service income		<b>318</b>	230
		<hr/>	<hr/>
<b>Total</b>		<b>947</b>	734
		<hr/>	<hr/>

Property management income, and others increased by approximately 161.1% to RMB4,961 million for the six months ended 30 June 2021 from RMB1,900 million over the corresponding period in 2020, which were mainly due to significant increase in revenues from property management services, community value-added services, and value-added services in urban space.

### Cost of Sales

Cost of sales increased by 16.3% to approximately RMB52,388 million for the six months ended 30 June 2021 from RMB45,041 million for the six months ended 30 June 2020, which was in line with the growth in sales.

Cost of sales are analysed as follows:

	<b>1H 2021</b> <i>RMB million</i>	1H 2020 <i>RMB million</i>
Land costs and construction costs	<b>44,955</b>	40,653
Capitalised borrowing costs	<b>3,446</b>	2,986
Direct operating costs for hotels, commercial properties operation, property management and others	<b>3,595</b>	1,016
Sales taxes	<b>392</b>	386
	<hr/>	<hr/>
Total	<b>52,388</b>	45,041
	<hr/>	<hr/>

### Fair Value Gains on Investment Properties – Net

During the period under review, the Group recorded aggregate fair value gains of approximately RMB534 million (1H 2020: RMB309 million), mainly contributed by the further increase in value of certain investment properties. Aggregate net fair value gains after deferred income tax of approximately RMB133 million recognized was RMB401 million (1H 2020: RMB232 million).

### Selling and Marketing Costs and Administrative Expenses

Due to the intensified market volatility and influence of COVID-19 pandemic in certain cities, the Group carried out some innovative marketing activities. As a result, selling and marketing costs increased largely during the period. Nevertheless, selling and marketing costs and administrative expenses arising from property sales fell slightly to 2.7% of contracted sales in the first half of 2021 (1H 2020: 2.8%), which was competitive in the market.

## **Finance (Costs)/Income – Net**

Net finance income was approximately RMB389 million (1H 2020: net finance costs of RMB714 million), mainly due to net foreign exchange gain accrued in the first half of 2021.

## **Share of Results of Associated Companies and Joint Ventures**

Share of profits of associated companies and joint ventures increased to profits of approximately RMB156 million in the first half of 2021 from RMB74 million in the corresponding period in 2020, which was mainly attributable to recognition of profit from Guangzhou Asian Games City Project, Tianjin Jinnan Project, etc.

## **Taxation**

The Group's tax provisions amounted to approximately RMB6,896 million for the period, in which PRC land appreciation tax ("LAT") was RMB3,105 million (1H 2020: RMB6,961 million, in which LAT was RMB3,146 million). The decrease in LAT was mainly due to the decrease of gross profit margin.

## **Profit Attributable to Shareholders**

Profit attributable to shareholders for the period increased by 19.3% from approximately RMB5.266 billion in the first half of 2020 to RMB6.283 billion in the first half of 2021. The increase was mainly attributable to the increase of core profit from revenue and gross 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 11.5% to approximately RMB6.199 billion (1H 2020: RMB5.558 billion, excluding gain from the disposal of part of the equity of Shimao Services). Net profit margin from core business attributable to shareholders was 12.5% in the first half of 2021.

## **Amounts due from Associated Companies and Joint Ventures**

Amounts due from Associated Companies and Joint Ventures, represent proportional funding to the Associated Companies and Joint Ventures for the underlying projects, have increased by RMB9.6 billion in line with the projects' development plan. These balances are expected to be recovered within one year to three years.

## Liquidity and Financial Resources

The Group remained as a “Green Camp” enterprise as at 30 June 2021, stably satisfying the indicator requirements of the “Three Red Lines” regulation.

	<b>As at 30 June 2021</b>	As at 31 December 2020
Net gearing ratio <sup>1</sup>	<b>50.9%</b>	50.8%
Liabilities to assets ratio <sup>2</sup> after excluding receipts in advance	<b>68.0%</b>	68.3%
Cash to current borrowings ratio <sup>3</sup>	<b>1.19</b>	1.16

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 (excluding perpetual capital instruments amounting RMB1.55 billion issued after 1 August 2020).

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 (excluding perpetual capital instruments amounting RMB1.55 billion issued after 1 August 2020) minus receipts in advance (including contract liabilities and relevant value-added tax). As at 30 June 2021, contract liabilities and relevant value-added tax were approximately RMB119.9 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 30 June 2021, guarantee deposits for construction of pre-sale properties were approximately RMB21.9 billion.

The maturity of the borrowings of the Group as at 30 June 2021 is set out as follows:

	<i><b>RMB million</b></i>
<i><b>Bank borrowings and borrowings from other financial institutions and bonds</b></i>	
Within 1 year	34,649
Between 1 and 2 years	53,151
Between 2 and 5 years	31,368
Over 5 years	<u>5,511</u>
<i><b>Senior notes</b></i>	
Within 1 year	9,794
Between 1 and 2 years	6,445
Between 2 and 5 years	9,647
Over 5 year	<u>13,949</u>
Total	<u><u>164,514</u></u>

## **Financing Activities**

The Group continued to adhere to prudential financial strategies, maintaining the financing advantages adequately, and keeping the debt structure reasonable and healthy, which satisfied the Group plenty of available cash to ensure the Group financial situation safe. The total amount of borrowings increased by 13.3% from approximately RMB145.14 billion as at 31 December 2020 to approximately RMB164.51 billion as at 30 June 2021, of which short-term borrowings was approximately 27.0% and long-term borrowings was approximately 73.0% as at 30 June 2021.

In the first half of 2021, the Group arranged the financing activities properly. On one hand, the Group grasped the capital market opportunities to secure facilities at a larger scale and lower cost with longer maturity period. In January 2021, the Group issued USD872 million senior notes with 3.45% coupon rate and 10-year maturity periods, which recorded the lowest interest rate of the Group's offshore senior notes. On the other hand, the Group pushed forward to build strategic cooperation relationship with large banks, which guaranteed the Group's mortgages loans and supported the sales collection strongly.

As at 30 June 2021, the Group had built close strategic cooperation relationships with more than 60 domestic and overseas financial institutions, the overall undrawn financing facilities from banks and other financial institutions amounted to RMB80 billion.

Attributable to the sound development of the Group and multiple financing channels, the comprehensive financing costs of the Group was 5.6% as at 30 June 2021, maintaining at a low level in the property industry.

## **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 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 30 June 2021, 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 RMB80.140 billion to secure bank facilities granted to the Group. The corresponding bank and other loans amounted to approximately RMB41.311 billion.

## **Capital and Property Development Expenditure Commitments**

As of 30 June 2021, the Group had contracted capital and property development expenditure but not provided for amounted to RMB63.085 billion.

## **Employees and Remuneration Policy**

As of 30 June 2021, the Group employed a total of 30,418 employees, among whom 5,625 were engaged in property development. Total remuneration for the year amounted to approximately RMB1.623 billion. The Group has adopted a performance-based rewarding system to motivate its staff. The board of directors of the Company (the “Board”) adopted two share award schemes (the “Share Award Schemes”) of the Company on 30 December 2011 and 3 May 2021 respectively. The purpose of the Share Award Schemes 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.

## UNAUDITED INTERIM RESULTS

The Board is pleased to present the unaudited consolidated results of the Group for the six months ended 30 June 2021 together with comparative figures. These interim financial statements have not been audited but have been reviewed by the Company's independent auditor, PricewaterhouseCoopers, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA, and have been reviewed by the Company's Audit Committee.

### INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2021

		<b>Unaudited</b>	
		<b>Six months ended 30 June</b>	
		<b>2021</b>	<b>2020</b>
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Revenue</b>	3	<b>73,401,274</b>	64,552,722
Cost of sales		<u>(52,388,131)</u>	<u>(45,040,972)</u>
<b>Gross profit</b>		<b>21,013,143</b>	19,511,750
Fair value gains on investment properties – net		<b>533,838</b>	308,767
Other income/other gains – net		<b>283,373</b>	353,485
Selling and marketing costs		<b>(2,580,477)</b>	(1,506,578)
Administrative expenses		<b>(2,893,083)</b>	(2,659,040)
Provision for impairment losses on financial assets		<b>(398,596)</b>	(1,414)
Other operating expenses		<u>(129,842)</u>	<u>(384,361)</u>
<b>Operating profit</b>		<b>15,828,356</b>	15,622,609
Finance income		<b>1,308,425</b>	560,549
Finance costs		<u>(919,254)</u>	<u>(1,274,240)</u>
Finance income/(costs) – net		<b>389,171</b>	(713,691)
Fair value changes of convertible redeemable preferred shares of subsidiary		–	(20,076)
Share of results of associated companies and joint ventures accounted for using the equity method		<b>156,369</b>	73,999
<b>Profit before income tax</b>		<b>16,373,896</b>	14,962,841
Income tax expense	7	<u>(6,896,046)</u>	<u>(6,960,794)</u>
<b>Profit for the period</b>		<b>9,477,850</b>	8,002,047

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2021</b>	<b>2020</b>
<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Other comprehensive income:</b>		
<i>Item that will not be reclassified to profit or loss</i>		
Fair value losses on financial assets at fair value through other comprehensive income, net of tax	<b>(289,722)</b>	(63,173)
Share of other comprehensive income of joint ventures accounted for using the equity method	<b>53,305</b>	–
<i>Items that may be reclassified to profit or loss</i>		
Exchange differences on translation of foreign operations	<b>(33,396)</b>	–
<b>Total comprehensive income for the period</b>	<b>9,208,037</b>	7,938,874
<b>Profit for the period attributable to:</b>		
Equity holders of the Company	<b>6,282,755</b>	5,265,571
Non-controlling interests	<b>3,195,095</b>	2,736,476
	<b>9,477,850</b>	8,002,047
<b>Total comprehensive income for the period attributable to:</b>		
Equity holders of the Company	<b>6,009,393</b>	5,212,649
Non-controlling interests	<b>3,198,644</b>	2,726,225
	<b>9,208,037</b>	7,938,874
<b>Earnings per share for profit attributable to the equity holders of the Company</b>		
– Basic (RMB cents)	9 <b>178.03</b>	152.58
– Diluted (RMB cents)	9 <b>177.79</b>	152.34

**INTERIM CONDENSED CONSOLIDATED BALANCE SHEET**  
*AS AT 30 JUNE 2021*

	<b>Unaudited</b>	Audited
	<b>30 June</b>	31 December
	<b>2021</b>	2020
<i>Note</i>	<b>RMB'000</b>	<b>RMB'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property and equipment	17,015,217	16,864,312
Right-of-use assets	8,211,952	8,316,268
Investment properties	66,504,509	63,175,590
Intangible assets	4,408,914	3,826,812
Investments accounted for using the equity method	30,448,178	30,936,756
Amount due from related parties	5,116,588	1,978,774
Financial assets at fair value through other comprehensive income	1,693,874	1,974,946
Financial assets at fair value through profit or loss	166,347	168,016
Deferred income tax assets	3,300,296	3,231,065
Other non-current assets	3,551,629	3,722,189
	<u>140,417,504</u>	<u>134,194,728</u>
<b>Current assets</b>		
Inventories	321,978,760	313,787,270
Trade and other receivables and prepayments	23,574,724	21,387,554
Prepayment for acquisition of land use rights	11,094,618	13,483,055
Prepaid income taxes	4,560,527	4,452,805
Amounts due from related parties	42,556,803	33,978,392
Derivative financial instruments	–	2,337
Restricted cash	7,616,190	7,428,982
Cash and cash equivalents	74,768,698	61,038,027
	<u>486,150,320</u>	<u>455,558,422</u>
<b>Total assets</b>	<u><b>626,567,824</b></u>	<u><b>589,753,150</b></u>

	<b>Unaudited</b>	Audited
	<b>30 June</b>	31 December
	<b>2021</b>	2020
<i>Note</i>	<b>RMB'000</b>	<b>RMB'000</b>
<b>EQUITY</b>		
<b>Equity attributable to the equity holders of the Company</b>		
Share capital	<b>362,850</b>	362,850
Share premium	<b>5,453,319</b>	5,710,157
Reserves		
– Retained earnings	<b>72,738,301</b>	69,756,582
– Other reserves	<b>12,062,010</b>	12,172,471
	<b>90,616,480</b>	88,002,060
<b>Non-controlling interests</b>		
Perpetual capital instruments	<b>5,141,000</b>	5,141,000
Other non-controlling interests	<b>67,177,169</b>	59,351,692
	<b>72,318,169</b>	64,492,692
<b>Total equity</b>	<b>162,934,649</b>	152,494,752
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Borrowings	<b>120,071,385</b>	108,602,305
Lease liabilities	<b>44,915</b>	39,452
Deferred income tax liabilities	<b>9,095,359</b>	8,520,394
	<b>129,211,659</b>	117,162,151
<b>Current liabilities</b>		
Trade and other payables	<b>108,269,682</b>	102,506,442
Dividend payable	<b>3,238,090</b>	–
Contract liabilities	<b>112,894,277</b>	106,126,631
Income tax payable	<b>30,003,047</b>	30,480,635
Borrowings	<b>44,443,009</b>	36,540,759
Derivative financial instruments	<b>16,571</b>	33,114
Lease liabilities	<b>34,755</b>	37,495
Amounts due to related parties	<b>35,522,085</b>	44,371,171
	<b>334,421,516</b>	320,096,247
<b>Total liabilities</b>	<b>463,633,175</b>	437,258,398
<b>Total equity and liabilities</b>	<b>626,567,824</b>	589,753,150

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED 30 JUNE 2021

## 1 GENERAL INFORMATION AND BASIS OF PREPARATION

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.

This interim condensed consolidated financial information is presented in thousands of Renminbi (“RMB’000”), unless otherwise stated, and was approved for issue on 30 August 2021.

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

This interim condensed consolidated financial information for the six months ended 30 June 2021 has been prepared in accordance with HKAS 34, ‘Interim financial reporting’.

The interim condensed consolidated financial information does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 December 2020 and any public announcements made by the Group during the interim reporting period.

## 2 ACCOUNTING POLICIES

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2020, as described in those annual financial statements.

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

### 2.1 New and amended standards adopted by the Group

A number of new or amended standards become applicable for the current reporting period. The Group did not have to change its accounting policies or make prospective adjustment as a result of adopting these standards.

		<b>Effective for annual periods beginning on or after</b>
HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 (Amendments)	Interest Rate Benchmark Reform – Phase 2	1 January 2021

- 2.2 The following new standards, new interpretations and amendments to standards and interpretations have been issued but are not effective for the financial year beginning on 1 January 2021 and have not been early adopted by the Group:

		<b>Effective for annual periods beginning on or after</b>
HKAS 1 and HKAS 28 (Amendments)	Presentation of financial statements, accounting policies, changes in accounting estimates and errors	1 January 2023
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
HKFRS 17	Insurance contracts	1 January 2023
Annual Improvements to HKFRS Standards 2018-2020		1 January 2022

The Group is assessing the full impact of the new standards, new interpretations and amendments to standards and interpretations.

### 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 operating profit. The information provided to the CODM is measured in a manner consistent with that in the annual financial statements.

#### (a) Revenue

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

	<b>Six months ended 30 June</b>	
	<b>2021</b>	<b>2020</b>
	<b>RMB’000</b>	<b>RMB’000</b>
Sales of properties	<b>66,521,433</b>	61,465,703
Hotel operation income	<b>971,885</b>	453,035
Commercial properties operation income	<b>946,877</b>	734,161
Property management income, and others	<b>4,961,079</b>	1,899,823
	<b><u>73,401,274</u></b>	<u>64,552,722</u>

(b) **Segment information**

The segment results for the six months ended 30 June 2021 are as follows:

	Property development and investment		Shimao Services Holdings Limited ("Shimao Services")**	Unallocated***	Total
	Shanghai Shimao Co., Ltd. ("Shanghai Shimao")*	Others	RMB'000	RMB'000	RMB'000
Revenue					
– Sales of properties	11,002,675	55,518,758	–	–	66,521,433
– Recognised at a point in time	10,994,796	54,375,553	–	–	65,370,349
– Recognised over time	7,879	1,143,205	–	–	1,151,084
– Hotel operation income	120,485	851,400	–	–	971,885
– Commercial properties operation income	606,927	339,950	–	–	946,877
– Property management income, and others	170,966	951,868	4,233,757	–	5,356,591
Total revenue before elimination	<u>11,901,053</u>	<u>57,661,976</u>	<u>4,233,757</u>	<u>–</u>	<u>73,796,786</u>
Elimination					<u>(395,512)</u>
Total revenue					<u>73,401,274</u>
Operating profit/(loss)	3,808,412	11,709,746	732,929	(422,731)	15,828,356
Finance income	77,045	1,217,451	12,100	1,829	1,308,425
Finance costs	(218,720)	(285,403)	(10,460)	(404,671)	(919,254)
Share of results of associated companies and joint ventures accounted for using the equity method	<u>(8,771)</u>	<u>163,104</u>	<u>2,036</u>	<u>–</u>	<u>156,369</u>
Profit/(loss) before income tax	<u>3,657,966</u>	<u>12,804,898</u>	<u>736,605</u>	<u>(825,573)</u>	<u>16,373,896</u>
Income tax expense					<u>(6,896,046)</u>
Profit for the period					<u>9,477,850</u>
Other segment items are as follows:					
Capital expenditure	2,579	721,516	53,147	–	777,242
Fair value gains on investment properties	231,819	302,019	–	–	533,838
Fair value gains on derivative financial instruments	–	–	–	14,206	14,206
Depreciation and amortisation	44,505	281,751	77,796	24,939	428,991
Depreciation and amortisation of right-of-use assets	16,902	49,812	10,152	–	76,866
Provision for impairment losses on financial assets	<u>7,661</u>	<u>265,101</u>	<u>125,834</u>	<u>–</u>	<u>398,596</u>

\* The Group owns an effective equity interest of 63.92% in Shanghai Shimao as at 30 June 2021.

\*\* The Group owns an effective equity interest of 65.59% in Shimao Services as at 30 June 2021.

\*\*\* Unallocated mainly represent corporate level activities.

The segment results for the six months ended 30 June 2020 are as follows:

	Property development and investment		Shimao Services**	Unallocated***	Total
	Shanghai Shimao*	Others			
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue					
– Sales of properties	8,579,209	52,886,494	–	–	61,465,703
– Recognised at a point in time	8,457,747	51,893,798	–	–	60,351,545
– Recognised over time	121,462	992,696	–	–	1,114,158
– Hotel operation income	58,560	394,475	–	–	453,035
– Commercial properties operation income	481,268	252,893	–	–	734,161
– Property management income, and others	37,330	673,434	1,564,636	–	2,275,400
Total revenue before elimination	<u>9,156,367</u>	<u>54,207,296</u>	<u>1,564,636</u>	<u>–</u>	<u>64,928,299</u>
Elimination					<u>(375,577)</u>
Total revenue					<u>64,552,722</u>
Operating profit/(loss)	2,946,626	12,680,755	314,145	(318,917)	15,622,609
Finance income	63,844	464,737	2,626	29,342	560,549
Finance costs	(159,028)	(646,902)	(13,259)	(455,051)	(1,274,240)
Fair value changes of convertible redeemable shares of subsidiary	–	(20,076)	–	–	(20,076)
Share of results of associated companies and joint ventures accounted for using the equity method	<u>31,760</u>	<u>42,122</u>	<u>117</u>	<u>–</u>	<u>73,999</u>
Profit/(loss) before income tax	2,883,202	12,520,636	303,629	(744,626)	14,962,841
Income tax expense					<u>(6,960,794)</u>
Profit for the period					<u>8,002,047</u>
Other segment items are as follows:					
Capital expenditure	1,417,356	294,657	298,350	–	2,010,363
Fair value gains on investment properties	185,616	123,151	–	–	308,767
Fair value losses on derivative financial instruments	–	–	–	(14,748)	(14,748)
Fair value changes of convertible redeemable shares of subsidiary	–	(20,076)	–	–	(20,076)
Depreciation and amortisation	45,572	281,127	19,303	19,420	365,422
Depreciation and amortisation of right-of-use assets	64,914	44,362	4,903	–	114,179
Provision for/(reversal of) impairment losses on financial assets	<u>2,525</u>	<u>(8,380)</u>	<u>7,269</u>	<u>–</u>	<u>1,414</u>

\* The Group owns an effective equity interest of 63.92% in Shanghai Shimao as at 30 June 2020.

\*\* The Group owns an effective equity interest of 90.00% in Shimao Services as at 30 June 2020.

\*\*\* Unallocated mainly represent corporate level activities.

The segment assets and liabilities as at 30 June 2021 are as follows:

	Property development and investment		Shimao Services RMB'000	Total RMB'000
	Shanghai Shimao RMB'000	Others RMB'000		
Investments accounted for using the equity method	1,711,184	28,700,884	36,110	30,448,178
Intangible assets	1,709,730	255,138	2,444,046	4,408,914
Other segment assets	149,723,073	422,660,050	9,758,650	582,141,773
Total segment assets	<u>153,143,987</u>	<u>451,616,072</u>	<u>12,238,806</u>	<u>616,998,865</u>
Deferred income tax assets				3,300,296
Financial assets at financial assets at fair value through other comprehensive income ("FVOCI")				1,693,874
Financial assets at financial assets at fair value through profit or loss ("FVPL")				166,347
Other assets				<u>4,408,442</u>
Total assets				<u>626,567,824</u>
Borrowings	26,725,686	72,638,174	13,208	99,377,068
Other segment liabilities	68,336,897	214,902,534	5,159,990	288,399,421
Total segment liabilities	<u>95,062,583</u>	<u>287,540,708</u>	<u>5,173,198</u>	<u>387,776,489</u>
Corporate borrowings				65,137,326
Deferred income tax liabilities				9,095,359
Derivative financial instruments				16,571
Other liabilities				<u>1,607,430</u>
Total liabilities				<u>463,633,175</u>

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

	Property development and investment		Shimao Services RMB'000	Total RMB'000
	Shanghai Shimao RMB'000	Others 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
<b>Total segment assets</b>	<b>147,715,738</b>	<b>424,084,481</b>	<b>10,837,490</b>	<b>582,637,709</b>
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
<b>Total assets</b>				<b>589,753,150</b>
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
<b>Total segment liabilities</b>	<b>94,150,874</b>	<b>267,214,377</b>	<b>4,042,016</b>	<b>365,407,267</b>
Corporate borrowings				62,406,829
Deferred income tax liabilities				8,520,394
Derivative financial instruments				33,114
Other liabilities				890,794
<b>Total liabilities</b>				<b>437,258,398</b>

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

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

	<b>30 June 2021 RMB'000</b>	31 December 2020 RMB'000
Related to development and sales of properties contracts		
Contract liabilities ( <i>Note(i)</i> )	<b>112,894,277</b>	<b>106,126,631</b>

*Note:*

- (i) Contract liabilities have been disclosed with value-added-tax of RMB7.0 billion deducted as at 30 June 2021.

#### 4 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	<b>30 June 2021 RMB'000</b>	31 December 2020 RMB'000
Trade receivables ( <i>Note (a)</i> )	<b>7,889,265</b>	6,649,065
Prepayments for construction costs	<b>5,283,615</b>	4,849,498
Bidding deposits for land use rights ( <i>Note (b)</i> )	<b>3,207,343</b>	3,028,253
Loan receivables ( <i>Note (c)</i> )	<b>1,509,255</b>	1,528,513
Prepaid tax and surcharges on pre-sale proceeds	<b>1,798,538</b>	1,464,396
Other receivables	<b>4,988,704</b>	4,634,519
	<b>24,676,720</b>	22,154,244
Provision for impairment	<b>(1,101,996)</b>	(766,690)
	<b>23,574,724</b>	21,387,554

*Notes:*

- (a) Trade receivables mainly arose 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 respective balance sheet dates is as follows:

	<b>30 June 2021 RMB'000</b>	31 December 2020 RMB'000
Within 180 days	<b>6,448,288</b>	5,902,275
Over 180 days and within 365 days	<b>777,590</b>	299,532
Over 365 days	<b>663,387</b>	447,258
	<b>7,889,265</b>	6,649,065

As at 30 June 2021, receivables arising from sales of properties were approximately RMB4,994,187,000 (31 December 2020: RMB4,849,999,000).

- (b) Bidding deposits for land use rights mainly represented deposits the Group placed with various municipal governments for the participation in various land auctions. These deposits will be deducted against the total land costs to be paid, if the Group wins the bid at the auction. If the Group does not win, the amount will be fully refunded.

- (c) As at 30 June 2021, loan receivables of RMB1,509,255,000 (31 December 2020: RMB1,528,513,000) were secured by the pledge of certain properties, notes receivable or credit guaranty of borrowers, bearing interest rate at a range from 10.0% to 18.0% per annum and repayable within one year.

The Group applies the HKFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. As at 30 June 2021, a provision of RMB189,141,000 (31 December 2020: RMB89,214,000) was made against the gross amount of trade receivables.

The Group makes periodic collective assessments as well as individual assessment on the recoverability of other receivables based on historical settlement records, past experience and available forward-looking information. As at 30 June 2021, a provision of RMB912,855,000 (31 December 2020: RMB677,476,000) was made against the gross amount of other receivables.

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 30 June 2021, 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.

As at 30 June 2021 and 31 December 2020, trade and other receivables of the Group were mainly denominated in RMB.

## 5 TRADE AND OTHER PAYABLES

	<b>30 June 2021 RMB'000</b>	31 December 2020 RMB'000
Trade payables ( <i>Note (a)</i> )	<b>87,404,158</b>	82,025,056
Other payables ( <i>Note (b)</i> )	<b>6,310,382</b>	7,458,732
Other taxes payable	<b>12,140,700</b>	10,206,828
Accrued expenses	<b>2,414,442</b>	2,815,826
	<b><u>108,269,682</u></b>	<u>102,506,442</u>

*Notes:*

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

	<b>30 June 2021 RMB'000</b>	31 December 2020 RMB'000
Within 90 days	<b>86,978,014</b>	81,639,538
Over 90 days and within 1 year	<b>426,144</b>	385,518
	<b><u>87,404,158</u></b>	<u>82,025,056</u>

- (b) As at 30 June 2021, other payables mainly included deposits received from customers amounted to RMB3,342,913,000 (31 December 2020: RMB4,531,548,000). Beside this, the residual amounts mainly included payables for equity interest, deposits from constructors and fees collected from customers on behalf of government agencies.

## 6 COMMITMENTS

### Commitments for capital and property development expenditure

	<b>30 June 2021 RMB'000</b>	31 December 2020 RMB'000
Contracted but not provided for		
– Properties being developed for sale	<b>47,691,213</b>	46,323,531
– Land use rights (including those related to associated companies and joint ventures)	<b>13,719,627</b>	10,545,643
– Property and equipment and investment properties	<b>1,674,577</b>	1,573,524
	<b><u>63,085,417</u></b>	<u>58,442,698</u>

## 7 INCOME TAX EXPENSE

	<b>Six months ended 30 June</b>	
	<b>2021</b>	2020
	<b>RMB'000</b>	RMB'000
Current income tax		
– PRC enterprise and withholding income tax	<b>3,322,449</b>	3,492,971
– PRC land appreciation tax	<b>3,104,578</b>	3,145,942
	<b><u>6,427,027</u></b>	<u>6,638,913</u>
Deferred income tax		
– PRC enterprise and withholding income tax	<b>469,019</b>	321,881
	<b><u>6,896,046</u></b>	<u>6,960,794</u>

### (a) Hong Kong profits tax

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

### (b) PRC enterprise income tax

PRC enterprise income tax is 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 PRC enterprise income tax purpose.

(c) **PRC land appreciation tax**

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

(d) **PRC withholding income tax**

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

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

**8 DIVIDENDS**

	<b>30 June 2021 RMB'000</b>	31 December 2020 RMB'000
Final dividends paid of HK110 cents (2019: HK85 cents) per ordinary share ( <i>Note (a)</i> )	<b>3,238,090</b>	2,746,633
Proposed interim dividends of HK70 cents (2020: HK70 cents) per ordinary share ( <i>Note (b)</i> )	<b>2,057,036</b>	2,225,530
	<b><u>5,295,126</u></b>	<u>4,972,163</u>

*Notes:*

- (a) A final dividend in respect of the year ended 31 December 2020 of HK90 cents per ordinary share and a special dividend of HK20 cents per ordinary share, amounting to approximately HK\$3,537,697,000 (equivalent to RMB3,238,090,000) was proposed at the Company's board meeting held on 30 March 2021, and was approved at the annual general meeting of the Company held on 8 June 2021.
- (b) 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, amounting to approximately HK\$2,476,388,000 (equivalent to RMB2,192,099,000) was paid in September 2020.

At a meeting held on 30 August 2021, the Board declared an interim dividend of HK70 cents per ordinary share for the six months ended 30 June 2021, amounting to approximately HK\$2,473,588,000 (equivalent to RMB2,057,036,000). The proposed interim dividend will be payable in cash or in form of shares of the Company in respect of part or all of such dividend at shareholders' option. This proposed dividend is not reflected as a dividend payable in this condensed consolidated financial information.

## 9 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 period.

	<b>Six months ended 30 June</b>	
	<b>2021</b>	2020
Profit attributable to the equity holders of the Company ( <i>RMB'000</i> )	<u>6,282,755</u>	5,265,571
Weighted average number of ordinary shares in issue ( <i>thousands</i> )	<u>3,528,965</u>	3,451,115
Basic earnings per share ( <i>RMB cents</i> )	<u><b>178.03</b></u>	<u>152.58</u>

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 Schemes 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 six months ended 30 June 2021.

	<b>Six months ended 30 June</b>	
	<b>2021</b>	2020
Profit attributable to the equity holders of the Company ( <i>RMB'000</i> )	<u>6,282,755</u>	5,265,571
Weighted average number of ordinary shares in issue ( <i>thousands</i> )	<b>3,528,965</b>	3,451,115
Adjustment for shares granted under Share Award Schemes ( <i>thousands</i> )	<u>4,783</u>	<u>5,252</u>
Weighted average number of ordinary shares for diluted earnings per share ( <i>thousands</i> )	<u><b>3,533,748</b></u>	<u>3,456,367</u>
Diluted earnings per share ( <i>RMB cents</i> )	<u><b>177.79</b></u>	<u>152.34</u>

## **CORPORATE GOVERNANCE CODE**

The Company complied with the code provisions set out in the Corporate Governance Code (the “Code”) as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) throughout the six months ended 30 June 2021 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 8 June 2021 (as required by the code provision E.1.2 of the Code) due to the sudden change of the schedule.

## **DIRECTORS’ SECURITIES TRANSACTIONS**

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 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 six months ended 30 June 2021.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES**

During the six months ended 30 June 2021,

- (1) Shanghai Shimao Co., Ltd., a subsidiary of the Company, redeemed an aggregate principal amount of RMB800,000,000 of medium-term notes at a fixed interest rate of 6.43% due on 7 February 2021 and an aggregate principal amount of RMB700,000,000 of medium-term notes at a fixed interest rate of 6.33% due on 8 March 2021.
- (2) the trustee of the share award scheme of the Company adopted on 30 December 2011 (the “Shimao Group Share Award Scheme”), pursuant to the terms of the rules and trust deed of the Shimao Group Share Award Scheme, purchased from the market a total of 7,500,000 shares of the Company at a total consideration of approximately HK\$173,164,000.

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 six months ended 30 June 2021.

## **INTERIM DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS**

The Board has resolved to declare an interim dividend of HK70 cents per ordinary share for the six months ended 30 June 2021 to shareholders of the Company whose names appear on the register of members of the Company (the “Register of Members”) on Tuesday, 28 September 2021. The interim dividend will be payable in cash but eligible shareholders (other than certain shareholders whose addresses as shown are outside Hong Kong) (the “Eligible Shareholders”) will have an option to receive the interim dividend in the form of new fully paid ordinary shares of the Company (the “Scrip Shares”) in lieu of cash, or partly in cash and partly in Scrip Shares (the “Scrip Dividend Scheme”).

The Scrip Dividend Scheme is subject to The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) granting the listing of and permission to deal in the Scrip Shares to be issued pursuant thereto. A circular giving full details of the Scrip Dividend Scheme together with the relevant election form (if applicable) will be sent to the shareholders of the Company on or around Monday, 11 October 2021. It is expected that the interim dividend warrants or share certificates for the Scrip Shares will be despatched to the Eligible Shareholders on or around Friday, 5 November 2021.

The Register of Members will be closed on Monday, 27 September 2021 and Tuesday, 28 September 2021 for the purpose of ascertaining shareholders’ entitlement to the interim dividend. During these two days no transfer of shares will be registered. In order to qualify for the interim dividend, all transfer documents accompanied by the relevant share certificates must be lodged with 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 Friday, 24 September 2021.

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

Hong Kong, 30 August 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.*