

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.



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)

**INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2022**

RESULTS HIGHLIGHTS

1. Contracted sales were RMB43.77 billion for the first half of 2022. Contracted gross floor area amounted to 2.709 million sq.m..
2. Revenue decreased by 53.2% to RMB34.356 billion (1H 2021: RMB73.401 billion).
3. Revenue generated from hotel operation, commercial properties operation, property management and others was RMB6.122 billion (1H 2021: RMB6.880 billion), representing a decline of approximately 11.0% compared to the first half of 2021.
4. Gross profit decreased by 85.9% to RMB2.965 billion (1H 2021: RMB21.013 billion). Gross profit margin was 8.6%.
5. Loss from core business attributable to shareholders was RMB5.529 billion (1H 2021: core profit attributable to shareholders was RMB6.199 billion), representing a decline of approximately 189.2% as compared to the first half of 2021.
6. As at 30 June 2022, the Group's land bank was approximately 64.67 million sq.m. (before interests).
7. The Board did not recommend the payment of any interim dividend for 1H 2022 (1H 2021: HK70 cents per share in cash and/or in shares).

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Property Development

1) *Recognized Sales Revenue*

Shimao Group Holdings Limited (“Shimao Group”, “Shimao” or the “Company”, together with its subsidiaries, 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 2022, revenue of the Group reached RMB34.36 billion. During the period, revenue from property sales amounted to RMB28.23 billion, accounting for 82.2% of the total revenue. The recognized sales area was 2.574 million sq.m..

2) *Sales Performance*

With respect to property sales, while the Group faced multiple challenges, such as complex and severe domestic and international market conditions, the spread of the COVID-19 pandemic across China and the downturn of the real estate industry, the Group’s contracted sales amounted to RMB43.77 billion in the first half of 2022, with an aggregate contracted sales area of 2.709 million sq.m..

3) *Adjustment of Supply Plans in Response to Market Demand and Supply*

In light of market volatility, the Group adjusted its strategies of supply, delayed or cancelled the supply for some projects that involved products with similar nature and high inventory level. In the first half of 2022, the Group’s floor area under construction was approximately 41.91 million sq.m.. The gross floor area (“GFA”) completed was approximately 3.16 million sq.m..

4) *Adjustment of Operational Strategies and Suspension of Land Acquisition*

In the first half of 2022, the Group took the initiative to adjust its operational strategies, suspended the acquisition of land for replenishment, and strengthened the refined control of existing projects. As of 30 June 2022, the Group had over 350 projects and a total area of approximately 64.67 million sq.m. (before interests) land bank.

5) *Adhering to Resource Planning and Making Effective Use of Assets*

The Group sorted out and analyzed all assets and formulated the optimal ways of effective use to promote the disposal of bulk assets. In the first half of 2022, the Group successfully disposed of assets including a plot of land located at Huangpu Road, Shanghai, Guangzhou Asian Games City project, Hyatt on the Bund Shanghai through equity transfer, so as to effectively alleviate financial difficulties.

Commercial Properties Operation

In respect of commercial properties operation, Shimao Group is principally engaged in the development of commercial properties through its subsidiary, Shanghai Shimao Co., Ltd. (“Shanghai Shimao”). Shanghai Shimao is determined to develop premium commercial complexes to bolster urbanization, and tap into the growing public demand for a better life as its impetus and starting point for its various construction projects.

In the first half of 2022, a new round of nationwide pandemic started in March caused a huge impact on the offline retail market, especially on commercial projects located in hard-hit areas and spillover areas. Under multiple high-pressure control measures, the overall sales and foot traffic fell off a cliff. In April and May, when the pandemic was most severe, Shimao saw a decline of 58% and 55%, respectively, in the foot traffic of commercial projects under management as compared to the same period of last year. Nonetheless, some commercial projects still showed strong operational resilience. In particular, Xiamen Jimei Shimao Festival City celebrated its first anniversary at the end of April, which attracted approximately 180,000 customers and generated sales of more than RMB20 million. With the release of restriction and recovery in late May, the business activities of Jinan Shimao Festival City quickly got back on track and the sales in June exceeded that of the same period last year, which was mainly due to the management experience accumulated by the project in the previous two years, so that it could respond to contingencies with more active and flexible strategies.

In the future, Shimao Commercial will keep adhering to the direction of developing with “dual driving forces” and “balancing both asset-light and asset-heavy”, and further exert its outstanding advantages in business management. At the same time, the Company will further increase investment in the commercial asset-light field and accelerate its pace of transformation to and upgrading in the asset-light model.

Property Services

In respect of property business, Shimao Group is engaged in property management business through its subsidiary, Shimao Services Holdings Limited (“Shimao Services”). In the first half of 2022, the property services industry shared the anxieties of the real estate industry, and the performance of the capital market showed fluctuation. Facing the pressure from the market, leading enterprises are becoming more determined and resolute to steadily develop their business. Shimao Services focus more on fundamental capability building, pay more attention to the refined operational capability, attach more importance to the development of business synergy and place more emphasis on organic growth.

In the first half of 2022, Shimao Services persisted with its unwavering spirit in developing business, achieving rapid growth in new businesses. During the interim period, it recorded revenue of RMB4,265.7 million, representing a year-on-year increase of 12.9%. GFA under management amounted to 255.9 million sq.m., representing a year-on-year increase of 46.2%; and contracted GFA reached 333.1 million sq.m., with a year-on-year uptick of 39.3%. Gross profit reached RMB1,113.6 million and gross profit margin was 26.1%, maintaining the industry-leading level.

In the future, Shimao Services will further enhance its operational capacity, consolidate its front-line foundation, refine its management procedure, improve its business quality and explore more intrinsic values. It will strive to materialize “high quality growth” from four aspects, namely strategies, operation, organizational mechanism and manpower.

Hotel Operation

As of 30 June 2022, the Group had a total of 25 hotels in operation, including InterContinental Shanghai Wonderland, Conrad Shanghai, Conrad Xiamen, Hilton Wuhan Riverside, The Yuluxe Sheshan, A Tribute Portfolio Hotel, Shanghai, InterContinental Fuzhou, Hilton Nanjing Riverside, Hilton Shenyang, Sheraton Hong Kong Tung Chung Hotel, Hilton Changsha Riverside and MiniMax Hotel Chengdu Longquanyi. Currently, the Group has more than 8,300 hotel guest rooms. In addition, the Group has six 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 the first half of 2022, with the continuous outbreaks of pandemic in a number of cities across the PRC and the escalation of certain prevention and control measures, a number of hotels of Shimao actively responded to the government’s call by providing logistical supports such as accommodation and dining for medical and quarantine teams. Meanwhile, amidst the continuous challenges from the pandemic, Shimao Hotel dealt with market difficulties with flexible and innovative thinking at all times. On the one hand, through the formulation of digital marketing strategy and efficient integration of resources, we actively seized the 18 June campaign, a key point for market recovery, by launching exclusive promotions on WeChat Mall and Fliggy travel platform respectively, achieving total sales of over RMB26.12 million. We were committed to meeting consumers’ multi-dimensional demands with diversified and higher quality products and experiences. On the other hand, we actively explored new approaches in creating revenue by pursuing region-wide operations around the hotel area beyond guest rooms, such as the outdoor beer garden, the trunk market and the “People’s Kitchen (百姓廚房)” community takeaway, so as to create new consumption scenarios and capture high-frequency consumption points.

In the first half of 2022, one new self-owned brand hotel under management services – Yu Hotel Xixian was opened, making the self-owned brand hotels in operation exceed 20. In the second half of the year, we will usher in the grand opening of hotel projects under management services such as Yuluxe Hotel Lanzhou, MiniMax Hotel Shaoxing Keqiao, Yu Hotel Qingdao Pier, etc. With a precise vision, we will steadily establish our presence in first- and second-tier cities and consolidate the development layout of the hotels of self-owned brands.

FINANCIAL ANALYSIS

Key consolidated income statement figures are set out below:

	1H 2022 <i>RMB million</i>	1H 2021 <i>RMB million</i>
Revenue	34,356	73,401
Gross profit	2,965	21,013
Operating profit	1,992	15,828
(Loss)/Profit attributable to shareholders	(9,792)	6,283
(Losses)/Earnings per share – Basic (<i>RMB cents</i>)	(258.5)	178.0

Revenue

For the six months ended 30 June 2022, the revenue of the Group was approximately RMB34,356 million (1H 2021: RMB73,401 million), representing the decrease of 53.2% over the corresponding period in 2021. 82.2% (1H 2021: 90.6%) of the revenue was generated from the sales of properties and 17.8% (1H 2021: 9.4%) from hotel operation, commercial properties operation, property management and others.

The components of the revenue are set out as follows:

	1H 2022 <i>RMB million</i>	1H 2021 <i>RMB million</i>
Sales of properties	28,234	66,521
Hotel operation income	738	972
Commercial properties operation income	991	947
Property management income, and others	4,393	4,961
Total	34,356	73,401

* The income does not include revenue from the Group.

(i) Sales of Properties

Sales of properties for the six months ended 30 June 2022 and 2021 are set out below:

	1H 2022		1H 2021	
	<i>Area</i> <i>(sq.m.)</i>	<i>RMB</i> <i>million</i>	<i>Area</i> <i>(sq.m.)</i>	<i>RMB</i> <i>million</i>
Straits Development District	823,080	9,400	1,544,457	25,084
Jiangsu and Shanghai District	503,658	6,235	570,593	7,807
Western District	604,542	4,665	427,123	4,006
Zhejiang District	202,019	3,824	430,827	9,741
Central China District	191,157	1,570	181,395	2,701
Shandong District	195,110	1,358	329,380	2,969
Northern China District	54,672	1,182	568,460	14,213
Total	2,574,238	28,234	4,052,235	66,521

(ii) **Hotel Income**

Hotel operation income decreased by approximately 24.0% to RMB738 million for the six months ended 30 June 2022 from RMB972 million over the corresponding period in 2021. The decrease of income was mainly due to different degrees of resurgence of COVID-19 pandemic, meanwhile Hyatt on the Bund Shanghai and Yutopia Wuyi Mountain Retreat were sold in the first half of 2022.

Hotel operation income is analysed as follows:

	Date of Commencement	1H 2022 RMB million	1H 2021 RMB million
Four Points by Sheraton Hong Kong			
Tung Chung	January 2021	122	68
InterContinental Shanghai Wonderland	November 2018	73	134
The Yuluxe Sheshan, A Tribute			
Portfolio Hotel, Shanghai	November 2005	70	65
Conrad Shanghai	September 2006	57	99
Sheraton Hong Kong Tung Chung			
Hotel	December 2020	49	40
Conrad Xiamen	August 2016	44	75
Hilton Wuhan Riverside	July 2016	37	54
Crowne Plaza Shaoxing	March 2014	33	38
Hilton Nanjing Riverside	December 2011	31	43
InterContinental Fuzhou	January 2014	29	38
Hilton Changsha Riverside	July 2021	27	–
DoubleTree by Hilton Ningbo Beilun	December 2016	26	25
Hilton Shenyang	January 2018	21	31
Hilton Yantai	August 2017	20	30
Le Méridien Hangzhou Binjiang	September 2018	17	29
Hyatt on the Bund Shanghai	June 2007	17	93
Hilton Tianjin Eco-City	April 2015	14	20
Yuluxe Hotel Taizhou	August 2014	12	13
DoubleTree by Hilton Ningbo			
Chunxiao	December 2015	11	11
Holiday Inn Mudanjiang	December 2010	6	10
Yutopia Wuyi Mountain Retreat	September 2020	4	24
Others		18	32
Total		738	972

(iii) Commercial properties operation income

Commercial properties operation income increased by approximately 4.7% to RMB991 million for the six months ended 30 June 2022 from RMB947 million over the corresponding period in 2021. Increase in commercial properties operation income was mainly due to the Company providing a wide range of quality services.

Commercial properties operation income is analysed as follows:

	Date of Commencement	1H 2022 RMB million	1H 2021 RMB million
Rental Income			
Shanghai Shimao Festival City	December 2004	98	109
Jinan Shimao International Plaza	May 2014	73	79
Beijing Shimao Tower	July 2009	71	77
Shenzhen Shimao Qianhai Center	July 2020	59	42
Shanghai Shimao Tower	December 2018	53	38
Nanjing Straits City (Commercial)	December 2014	37	29
Nanjing Yuhua Shimao (Commercial)	December 2018	32	42
Shaoxing Shimao Dear Town (Commercial)	May 2010	32	31
Suzhou Shimao Canal Scene (Commercial)	June 2010	27	13
Kunshan Shimao Plaza	April 2012	26	29
Changsha Shimao Global Financial Center	September 2020	22	15
Chengdu Shimao Festival City	April 2021	21	12
Xiamen Shimao Straits Mansion	January 2017	16	27
Shanghai Shimao Shangdu	November 2010	13	9
Xiamen Jimei Shimao Festival City	April 2021	9	3
Qingdao Shimao 52+	August 2020	9	6
Quanzhou Shishi Shimao Skyscraper City	January 2017	5	11
Wuhu Shimao Riviera Garden (Commercial)	September 2009	5	4
Xuzhou Shimao Dongdu (Commercial)	January 2012	4	5
Miscellaneous rental income		63	48
Rental income sub-total		675	629
Commercial properties operation related service income		316	318
Total		991	947

(iv) Property management income, and others

Property management income, and others decreased by approximately 11.4% to RMB4,393 million for the six months ended 30 June 2022 from RMB4,961 million over the corresponding period in 2021, which were mainly due to decreased revenues from project management.

Cost of Sales

Cost of sales decreased by 40.1% to approximately RMB31,391 million for the six months ended 30 June 2022 from RMB52,388 million for the six months ended 30 June 2021, which was in line with the decline in revenue.

Gross Profit Margin

For the six months ended 30 June 2022, the Group's gross profit margin was approximately 8.6% (1H 2021: 28.6%). The decrease in gross profit margin was due to the following reasons: the Group continually provided discounts on completed properties to fast promote cash collection; low margin revenue with high land cost entered settlement.

Fair Value Losses/Gains on Investment Properties – Net

During the period under review, the Group recorded aggregate fair value losses of approximately RMB28 million (1H 2021: fair value gains of RMB534 million), mainly caused by the fair value loss of Shanghai Shimao Festival City with its rental income decreased. Aggregate net fair value losses after deferred income tax of approximately RMB7 million recognized was RMB21 million (1H 2021: net fair value gains of RMB401 million).

Other Income/Gains – Net

For the six months ended 30 June 2022, net other income/gains was approximately RMB4,141 million (1H 2021: RMB283 million), which mainly comprised the gain from the disposal of subsidiaries and joint ventures of approximately RMB4,231 million, including Hyatt on the Bund Shanghai and the project of Guangzhou Asian Games City.

Selling and Marketing Costs and Administrative Expenses

For the six months ended 30 June 2022, the Group's selling and marketing costs decreased by 39.1% to approximately RMB1,570 million from approximately RMB2,580 million for the same period in 2021. This decrease was in line with the decline in the Group's contracted sales during the period.

For the six months ended 30 June 2022, the Group's administrative expenses decreased by 8.6% to approximately RMB2,645 million from approximately RMB2,893 million for the same period in 2021. The Group's administrative expenses were mainly personnel costs, depreciation and amortization.

Provision for Impairment Losses on Financial Assets

For the six months ended 30 June 2022, provision for impairment losses on financial assets recognised by the Group was approximately RMB642 million, representing an increase of 61.1% over the first half of 2021, mainly due to the further provisions made by the Group for expected credit losses on other receivables such as amounts due from related companies considering the combined impact of multiple unfavorable factors in macroeconomic, industry and financing environments.

Finance (Costs)/Income – Net

Net finance costs was approximately RMB9,619 million (1H 2021: net finance income of RMB389 million), mainly due to the change in trend of foreign exchange rates fluctuations and interest on borrowings increased in the first half of 2022.

Share of Results of Associated Companies and Joint Ventures

Share of results of associated companies and joint ventures decreased to profits of approximately RMB87 million in the first half of 2022 from RMB156 million in the corresponding period in 2021, which was mainly due to the decrease in gross margin of sales of properties of the Group's associated companies and joint ventures as compared to the same period last year.

Taxation

The Group's tax provisions amounted to approximately RMB1,727 million for the period, in which PRC land appreciation tax ("LAT") was RMB740 million (1H 2021: RMB6,896 million, in which LAT was RMB3,105 million). The decrease in LAT was mainly due to the decrease of gross profit and gross profit margin.

Loss/Profit Attributable to Shareholders

Profit attributable to shareholders for the period decreased to loss of approximately RMB9.792 billion in the first half of 2022, from profit of approximately RMB6.283 billion in the first half of 2021. The decrease was mainly due to the decrease in 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. after-tax impact of fair value losses and gains on investment properties, share of results of associated companies and joint ventures, foreign exchange gains and losses arising from borrowings, provision losses on financial assets, impairments on non-current assets, depreciation and amortization.

Excluding the after-tax impact of non-recurring or non-cash items, profit from core business attributable to shareholders for the period decreased by RMB11.728 billion to loss of approximately RMB5.529 billion (1H 2021: profit of RMB6.199 billion). Profit margin from core business attributable to shareholders was minus 24.5% in the first half of 2022.

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 by the Group, have increased to approximately RMB74.602 billion as at 30 June 2022 from approximately RMB59.976 billion as at 31 December 2021 due to funding to these companies for normal operation and other fund demand. Meanwhile, less cash support comes from these associated companies and joint ventures as less cash collection from sales due to the downturn of market. These balances are expected to be recovered within one year to three years.

Liquidity and Financial Resources

The net gearing ratio is calculated by dividing total borrowings (including current and non-current borrowings) minus cash balances (including restricted cash) by total equity. As at 30 June 2022, the Group's net gearing ratio was approximately 219.0% (31 December 2021: 156.0%).

The liabilities to assets ratio after excluding receipts in advance is calculated by dividing total liabilities minus receipts in advance (including contract liabilities and relevant value-added tax amounted approximately RMB124.50 billion as at 30 June 2022) by total assets minus receipts in advance. As at 30 June 2022, the Group's liabilities to assets ratio after excluding receipts in advance was approximately 81.0% (31 December 2021: 77.4%).

The cash to current borrowings ratio is calculated by dividing cash and cash equivalents minus guarantee deposits for construction of pre-sale properties (30 June 2022: approximately RMB24.28 billion) by current borrowings. As at 30 June 2022, the Group's cash to current borrowings ratio was 0.08 (31 December 2021: 0.21).

The maturity of the borrowings of the Group as at 30 June 2022 is set out as follows:

	<i>RMB million</i>
<i>Bank borrowings and borrowings from other financial institutions and bonds</i>	
Within 1 year	143,722
Between 1 and 2 years	29,768
Between 2 and 5 years	29,577
Over 5 years	4,879
	<hr/>
<i>Senior notes and convertible bonds</i>	
Within 1 year	16,530
Between 1 and 2 years	8,697
Between 2 and 5 years	14,999
Over 5 year	7,823
	<hr/>
Total	255,995
	<hr/>

The total amount of borrowings increased by 10.5% from approximately RMB231.759 billion as at 31 December 2021 to approximately RMB255.995 billion as at 30 June 2022, which was mainly due to the continued downturn in the real estate industry and the COVID-19 pandemic in the first half of 2022, some of the partners of associated companies and joint ventures early withdrew their investment equities to avoid liquidity risk. And these associated companies and joint ventures with borrowings became subsidiaries of the Group, thus increased the total amount of the borrowings of the Group.

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.

Pledge of Assets

As at 30 June 2022, the Group's total secured borrowings of approximately RMB192.178 billion were secured by its 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 RMB189.915 billion), and/or secured by the pledge of the shares of certain subsidiaries of the Group.

Capital and Property Development Expenditure Commitments

As of 30 June 2022, the Group had contracted capital and property development expenditure but not provided for amounted to RMB41.980 billion.

Employees and Remuneration Policy

As of 30 June 2022, the Group employed a total of 54,957 employees, among whom 2,932 were engaged in property development. Total remuneration for the period amounted to approximately RMB3.496 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 2022 together with comparative figures. These interim financial statements have not been audited but have been reviewed by the Company's independent auditor, Zhonghui ANDA CPA Limited, 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 PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2022

		Unaudited	
		Six months ended 30 June	
		2022	2021
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	3	34,355,924	73,401,274
Cost of sales		(31,391,343)	(52,388,131)
Gross profit		2,964,581	21,013,143
Fair value (losses)/gains on investment properties – net		(27,661)	533,838
Other income/other gains or losses – net		4,141,170	283,373
Selling and marketing costs		(1,570,267)	(2,580,477)
Administrative expenses		(2,644,670)	(2,893,083)
Provision for impairment losses on financial assets		(642,256)	(398,596)
Other operating expenses		(229,254)	(129,842)
Operating profit		1,991,643	15,828,356
Finance income		161,958	1,308,425
Finance costs		(9,781,107)	(919,254)
Finance (costs)/income – net		(9,619,149)	389,171
Fair value changes of convertible bonds		57	–
Share of results of associated companies and joint ventures accounted for using the equity method		86,606	156,369
(Loss)/profit before income tax		(7,540,843)	16,373,896
Income tax expenses	7	(1,727,315)	(6,896,046)
(Loss)/profit for the period		(9,268,158)	9,477,850

	Unaudited	
	Six months ended 30 June	
	2022	2021
<i>Note</i>	RMB'000	RMB'000
Other comprehensive (loss)/income for the period:		
<i>Items that will not be reclassified to profit or loss</i>		
Fair value gains/(losses) on financial assets at fair value through other comprehensive income, net of tax	37,415	(289,722)
Share of other comprehensive (loss)/income of joint ventures accounted for using the equity method	(28,549)	53,305
<i>Items that may be reclassified to profit or loss</i>		
Exchange differences on translation of foreign operations	(40,304)	(33,396)
Total comprehensive (loss)/income for the period	<u>(9,299,596)</u>	<u>9,208,037</u>
(Loss)/profit for the period attributable to:		
Equity holders of the Company	(9,792,344)	6,282,755
Non-controlling interests	<u>524,186</u>	<u>3,195,095</u>
	<u>(9,268,158)</u>	<u>9,477,850</u>
Total comprehensive (loss)/income for the period attributable to:		
Equity holders of the Company	(9,813,485)	6,009,393
Non-controlling interests	<u>513,889</u>	<u>3,198,644</u>
	<u>(9,299,596)</u>	<u>9,208,037</u>
(Losses)/earnings per share for (loss)/profit attributable to the equity holders of the Company		
– Basic (RMB cents)	9 (258.5)	178.0
– Diluted (RMB cents)	9 (258.5)	177.8

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022

	Unaudited	Audited
	30 June	31 December
	2022	2021
<i>Note</i>	RMB'000	RMB'000
ASSETS		
Non-current assets		
Property and equipment	16,168,964	17,614,321
Right-of-use assets	7,093,670	8,286,458
Investment properties	66,229,035	66,319,235
Intangible assets	3,101,265	2,727,473
Investments accounted for using the equity method	24,829,123	27,720,624
Amount due from related parties	6,013,944	6,460,176
Financial assets at fair value through other comprehensive income	1,229,608	2,184,336
Deferred income tax assets	3,343,266	3,352,443
Other non-current assets	2,581,892	3,556,190
	130,590,767	138,221,256
Current assets		
Inventories	320,198,265	332,890,055
Trade and other receivables, deposits and prepayments	30,451,010	23,727,928
Prepayment for acquisition of land use rights	4,840,030	4,838,963
Prepaid income taxes	4,698,477	4,473,623
Amounts due from related parties	85,606,940	66,056,509
Derivative financial instruments	92,027	11,412
Restricted cash	10,806,245	10,069,923
Cash and cash equivalents	36,971,439	47,814,400
	493,664,433	489,882,813
Total assets	624,255,200	628,104,069

	Unaudited	Audited
	30 June	31 December
	2022	2021
<i>Note</i>	RMB'000	RMB'000
EQUITY		
Equity attributable to the equity holders of the Company		
Share capital	384,165	384,165
Reserves	47,947,852	57,433,792
	<u>48,332,017</u>	<u>57,817,957</u>
Non-controlling interests		
Perpetual capital instruments	1,648,960	5,091,000
Other non-controlling interests	45,095,683	51,090,726
	<u>46,744,643</u>	<u>56,181,726</u>
Total equity	<u>95,076,660</u>	<u>113,999,683</u>
LIABILITIES		
Non-current liabilities		
Borrowings	95,742,949	123,921,866
Lease liabilities	39,167	45,740
Deferred income tax liabilities	8,794,866	8,704,284
	<u>104,576,982</u>	<u>132,671,890</u>
Current liabilities		
Trade and other payables	5 85,141,819	91,163,159
Contract liabilities	118,045,661	124,124,133
Dividend payable	824,047	787,817
Income tax payable	26,283,160	27,133,799
Borrowings	160,252,066	107,836,757
Derivative financial instruments	–	57
Lease liabilities	42,311	50,601
Amounts due to related parties	34,012,494	30,336,173
	<u>424,601,558</u>	<u>381,432,496</u>
Total liabilities	<u>529,178,540</u>	<u>514,104,386</u>
Total equity and liabilities	<u>624,255,200</u>	<u>628,104,069</u>

NOTES

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 statements are presented in thousands of Renminbi (“RMB’000”), unless otherwise stated.

This interim condensed consolidated financial statements have been reviewed, not audited.

The interim condensed consolidated financial statements do 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 2021 and any public announcements made by the Group during the interim reporting period.

2 ACCOUNTING POLICIES

These interim condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and the applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

2.1 Going concern basis

For the six months ended 30 June 2022, the Group incurred a loss attributable to equity holders of the Company of approximately RMB9.8 billion. As at 30 June 2022, the Group had borrowings in total of approximately RMB256.0 billion, out of which approximately RMB160.3 billion will be due for repayment within the next twelve months, while its total cash (including cash and cash equivalents and restricted cash) amounted to approximately RMB47.8 billion. As at 30 June 2022, the Group had not repaid borrowings of RMB39.0 billion in aggregate according to their scheduled repayment dates. Up to the date of approval of these interim condensed consolidated financial statements, the Group had not repaid borrowings with the outstanding amount of RMB102.4 billion in aggregate according to their scheduled repayment dates. In addition, the Group was involved in various litigation and arbitration cases for various reasons.

The above events or conditions indicate the existence of material uncertainties which may cast significant doubt on the Group’s ability to continue as a going concern and, therefore, that the Group may not be able to realise its assets and discharge its liabilities in the normal course of business.

In view of such circumstances, the directors of the company (“Directors”) have devised a number of plans and measures to mitigate the liquidity pressure and to improve its financial position. Certain plans and measures have been or will be taken by the Directors include, but are not limited to, the following:

- (i) Subsequent to 30 June 2022, the Group has been actively pushing forward the proposed restructuring of the offshore indebtedness of the Group, including the US\$-denominated senior notes with a total principal amount of approximately US\$6.8 billion and borrowings from various offshore banks and financial institutions with the total principal amounts of approximately US\$2.1 billion and HK\$20.9 billion. The Group, together with its financial advisers, continues to maintain constructive dialogues with various groups of creditors and endeavours to reach agreements with them on the proposed restructuring of the offshore indebtedness as soon as possible. The Directors are confident in obtaining support from the relevant creditors and completing the proposed restructuring;
- (ii) The Group has also been actively negotiating with other onshore lenders and creditors on the extension of borrowings and has agreed to the extension of long-term bonds and medium-term notes of approximately RMB12.1 billion and RMB5.4 billion which were originally due in 2023 and 2024, respectively. Due to the diverse lender base and changing market conditions, time is still required to determine the extension plans on a case-by-case basis. Taking into account the successful extension cases and the Group’s credit history and longstanding relationships with the relevant lenders and creditors, the Directors believe that the Group will be able to complete the signing of the relevant extension agreements for the existing borrowings step by step;
- (iii) The Group will actively seek other alternative financing and borrowings to finance the settlement of its existing financial obligations and future operating and capital expenditures;
- (iv) The Group will actively face the current situation and seek various ways to resolve the pending litigations of the Group. The Group is positive that it will be able to reach a solution to the litigations which have not yet reached a definite outcome at the current stage;
- (v) The Group has prepared a business strategy plan mainly focusing on the acceleration of the sales of properties; and
- (vi) The Group will continue to seek suitable opportunities to dispose of its equity interests in certain project development companies in order to generate additional cash inflows.

The Directors are of the opinion that, assuming the above plans and measures can be successfully implemented as scheduled, the Group is able to continue as a going concern and would have sufficient financial resources to finance the Group’s operations and meet its financial obligations as and when they fall due within the following twelve months from 30 June 2022. Accordingly, it is appropriate to prepare the interim condensed consolidated financial statements on a going concern basis.

Should the Group be unable to continue as a going concern, adjustments would have to be made to the consolidated financial statements to adjust the value of the Group’s assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets as current assets and non-current liabilities as current liabilities. The effects of these potential adjustments have not been reflected in the interim condensed consolidated financial statements.

2.2 Adoption of new or amended HKFRSs

In the current period, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA, that are relevant to its operations and effective for its accounting period beginning on 1 January 2022. HKFRSs comprise Hong Kong Financial Reporting Standards (“HKFRS”); Hong Kong Accounting Standards (“HKAS”); and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group’s accounting policies, presentation of the Group’s interim condensed consolidated financial statements and amounts reported for the current period and prior years.

The Group has not applied the new HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a material impact on its results of operations and financial position.

3 SEGMENT INFORMATION

The Group's operating segments are identified on the basis of internal report about the components of the Group that are regularly received by the chief operating decision maker ("CODM") in order to allocate resources to segments and to assess their performance.

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

(a) Revenue

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

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
Sales of properties	28,233,677	66,521,433
Hotel operation income	738,464	971,885
Commercial properties operation income	991,464	946,877
Property management income, and others	4,392,319	4,961,079
	34,355,924	73,401,274

(b) Segment information

The segment results for the six months ended 30 June 2022 are as follows:

	Property development and investment		Shimao Services Holdings Limited ("Shimao Services")**		Unallocated*** RMB'000	Total RMB'000
	Shanghai Shimao Co., Ltd. ("Shanghai Shimao")* RMB'000	Others RMB'000	RMB'000	RMB'000		
Revenue						
– Sales of properties	2,746,723	25,486,954	–	–	–	28,233,677
– Recognised at a point in time	2,746,723	24,397,469	–	–	–	27,144,192
– Recognised over time	–	1,089,485	–	–	–	1,089,485
– Hotel operation income	78,576	659,888	–	–	–	738,464
– Commercial properties operation income	650,442	341,022	–	–	–	991,464
– Property management income, and others	103,645	329,559	4,265,677	–	–	4,698,881
Total revenue before elimination	3,579,386	26,817,423	4,265,677	–	–	34,662,486

	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
Elimination					(306,562)
Total revenue					<u>34,355,924</u>
Operating profit/(loss)	(320,433)	1,832,882	340,936	138,258	1,991,643
Finance income	31,392	93,873	36,625	68	161,958
Finance costs	(3,239,264)	(4,926,247)	(135,994)	(1,479,602)	(9,781,107)
Fair value changes of convertible bonds	-	-	57	-	57
Share of results of associated companies and joint ventures accounted for using the equity method	(33,703)	117,268	3,041	-	86,606
(Loss)/profit before income tax	(3,562,008)	(2,882,224)	244,665	(1,341,276)	(7,540,843)
Income tax expense					<u>(1,727,315)</u>
Loss for the period					<u>(9,268,158)</u>
Other segment items are as follows:					
Capital expenditures	847	62,663	146,840	-	210,350
Fair value losses on investment properties	-	(27,661)	-	-	(27,661)
Fair value gains on derivative financial instruments	-	-	-	80,672	80,672
Depreciation and amortisation charge	60,155	238,762	172,270	65,990	537,177
Amortisation of right-of-use assets	2,620	61,128	14,711	-	78,459
Provision for impairment on financial assets	20,300	241,749	380,207	-	642,256

* The Group owns an effective equity interest of 63.92% in Shanghai Shimao as at 30 June 2022.

** The Group owns an effective equity interest of 63.10% in Shimao Services as at 30 June 2022.

*** Unallocated mainly represent corporate level activities.

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

	Property development and investment		Shimao Services** RMB'000	Unallocated*** RMB'000	Total RMB'000
	Shanghai Shimao* RMB'000	Others 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	3,657,966	12,804,898	736,605	(825,573)	16,373,896
Income tax expense					<u>(6,896,046)</u>
Profit for the period					<u>9,477,850</u>
Other segment items are as follows:					
Capital expenditures	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 charge	44,505	281,751	77,796	24,939	428,991
Amortisation of right-of-use assets	16,902	49,812	10,152	–	76,866
Provision for impairment 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 65.88% in Shimao Services as at 30 June 2021.

*** Unallocated mainly represent corporate level activities.

The segment assets and liabilities as at 30 June 2022 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	1,076,310	23,702,635	50,178	24,829,123
Intangible assets	–	122,380	2,978,885	3,101,265
Other segment assets	128,355,901	449,285,171	12,900,916	590,541,988
Total segment assets	<u>129,432,211</u>	<u>473,110,186</u>	<u>15,929,979</u>	<u>618,472,376</u>
Deferred income tax assets				3,343,266
Financial assets at financial assets at fair value through other comprehensive income (“FVOCI”)				1,229,608
Derivative financial instruments				92,027
Other assets				1,117,923
Total assets				<u>624,255,200</u>
Borrowings	40,595,474	136,968,973	3,397,171	180,961,618
Other segment liabilities	51,371,665	206,757,964	5,031,324	263,160,953
Total segment liabilities	<u>91,967,139</u>	<u>343,726,937</u>	<u>8,428,495</u>	<u>444,122,571</u>
Corporate borrowings				75,033,397
Deferred income tax liabilities				8,794,866
Other liabilities				1,227,706
Total liabilities				<u>529,178,540</u>

The segment assets and liabilities as at 31 December 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	1,089,481	26,588,959	42,184	27,720,624
Intangible assets	–	176,167	2,551,306	2,727,473
Other segment assets	134,042,730	442,916,115	13,826,344	590,785,189
Total segment assets	135,132,211	469,681,241	16,419,834	621,233,286
Deferred income tax assets				3,352,443
Financial assets at FVOCI				2,184,336
Derivative financial instruments				11,412
Other assets				1,322,592
Total assets				628,104,069
Borrowings	37,629,736	119,870,649	3,206,370	160,706,755
Other segment liabilities	51,194,503	216,245,368	4,712,655	272,152,526
Total segment liabilities	88,824,239	336,116,017	7,919,025	432,859,281
Corporate borrowings				71,051,868
Deferred income tax liabilities				8,704,284
Derivative financial instruments				57
Other liabilities				1,488,896
Total liabilities				514,104,386

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:

	30 June 2022 RMB'000	31 December 2021 RMB'000
Related to development and sales of properties contracts		
Contract liabilities (<i>Note</i>)	118,045,661	124,124,133

Note: Contract liabilities have been disclosed with value-added-tax of RMB6.5 billion deducted as at 30 June 2022 (31 December 2021: approximately RMB5.7 billion).

4 TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	30 June 2022 RMB'000	31 December 2021 RMB'000
Trade receivables (<i>Note (a)</i>)	11,652,812	9,267,337
Bidding deposits for land use rights (<i>Note (b)</i>)	1,561,994	1,758,960
Prepayments for construction costs	5,263,552	4,832,637
Loan receivables (<i>Note (c)</i>)	603,626	968,226
Prepaid tax and surcharges on pre-sale proceeds	1,193,651	1,138,363
Deposits paid	5,920,477	3,115,810
Receivables from disposal of equity interests	80,000	–
Payments on behalf of customers	1,177,675	928,852
Other receivables	4,452,285	3,146,057
	31,906,072	25,156,242
Provision for impairment	(1,455,062)	(1,428,314)
	30,451,010	23,727,928

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 the respective period-ended dates is as follows:

	30 June 2022 RMB'000	31 December 2021 RMB'000
Within 180 days	9,526,948	7,141,473
Over 180 days and within 365 days	1,537,346	1,537,346
Over 365 days	588,518	588,518
	11,652,812	9,267,337

As at 30 June 2022, receivables arising from sales of properties were approximately RMB7,136,698,000 (31 December 2021: RMB5,380,594,000).

- (b) Bidding deposits for land use rights mainly represented deposits placed by the Group to 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 30 June 2022, loan receivables of RMB603,626,000 (31 December 2021: RMB968,226,000) 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 30 June 2022, 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.

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 2022, a provision of approximately RMB269,422,000 (31 December 2021: RMB245,568,000) 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 2022, a provision of approximately RMB1,185,640,000 (31 December 2021: RMB1,182,746,000) was made against the gross amount of other receivables.

As at 30 June 2022 and 31 December 2021, trade and other receivables of the Group were mainly denominated in RMB.

5 TRADE AND OTHER PAYABLES

	30 June 2022 RMB'000	31 December 2021 RMB'000
Trade payables (<i>Note (a)</i>)	63,401,435	73,492,869
Other payables (<i>Note (b)</i>)	9,779,732	7,018,775
Other taxes payable	9,646,227	7,992,594
Accrued expenses	2,314,425	2,658,921
	<u>85,141,819</u>	<u>91,163,159</u>

Notes:

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

	30 June 2022 RMB'000	31 December 2021 RMB'000
Within 90 days	61,006,536	72,405,175
Over 90 days and within 1 year	2,394,899	1,087,694
	<u>63,401,435</u>	<u>73,492,869</u>

- (b) As at 30 June 2022, other payables mainly included deposits received from customers amounted to RMB2,615,929,000 (31 December 2021: RMB2,448,375,000). Beside this, the residual amounts mainly included payables for equity interest, deposits from constructors, rental deposits from tenants and hotel customers, and fees collected from customers on behalf of government agencies.

6 COMMITMENTS

Commitments for capital and property development expenditure

	30 June 2022 RMB'000	31 December 2021 RMB'000
Contracted but not provided for		
– Property and equipment	461,273	581,629
– Land use rights (including those related to associated companies and joint ventures)	6,314,881	6,581,476
– Properties being developed by the Group for sale	<u>35,204,104</u>	<u>33,740,776</u>
	<u>41,980,258</u>	<u>40,903,881</u>

7 INCOME TAX EXPENSE

	Six months ended 30 June	
	2022 RMB'000	2021 RMB'000
Current income tax		
– PRC enterprise and withholding income tax	780,705	3,322,449
– PRC land appreciation tax	<u>739,862</u>	<u>3,104,578</u>
	<u>1,520,567</u>	<u>6,427,027</u>
Deferred income tax		
– PRC enterprise and withholding income tax	<u>206,748</u>	<u>469,019</u>
	<u>1,727,315</u>	<u>6,896,046</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 six months ended 30 June 2022 (six months ended 30 June 2021: 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 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 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

	Six months ended 30 June	
	2022 RMB'000	2021 RMB'000
Final dividends of HK0 cent (2020: HK110 cents) per ordinary share (<i>Note (a)</i>)	–	3,192,560
Interim dividends of HK0 cent (2021: HK70 cents) per ordinary share (<i>Note (b)</i>)		
– paid in cash	–	664,775
– paid by issuing of scrip shares	–	1,395,971
	<u>–</u>	<u>5,253,306</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\$3,891,467,000 (equivalent to RMB3,192,560,000) was declared by the Company in March 2021. A part of the final dividend of approximately RMB2,404,743,000 relating to the year end 31 December 2020 was paid in July 2021.
- (b) An interim dividend in respect of the six months ended 30 June 2021 of HK70 cents per ordinary share, amounting to HK\$2,473,588,000 (equivalent to approximately RMB2,060,746,000) was declared by the Company in August 2021. The 2021 interim dividends were either paid in cash or, in the form of new fully paid scrip shares of the Company in lieu of cash at the scrip option of the shareholders, or partly in cash and partly in the scrip shares. The number of ordinary shares settle and issued as scrip dividends was 120,134,424 and the total amount of dividend paid as scrip dividends was approximately HK\$1,675,635,000 (equivalent to approximately RMB1,395,971,000) while cash dividend amounted to HK\$797,953,000 (equivalent to approximately RMB664,775,000).

The Board did not recommended the payment of any interim dividend for the six months ended 30 June 2022.

9 (LOSSES)/EARNINGS PER SHARE

Basic (losses)/earnings per share is calculated by dividing the (loss)/profit attributable to the equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

	Six months ended 30 June	
	2022	2021
(Loss)/profit attributable to the equity holders of the Company (<i>RMB'000</i>)	(9,792,344)	6,282,755
Weighted average number of ordinary shares (<i>thousands</i>)	3,787,589	3,528,965
Basic (losses)/earnings per share (<i>RMB cents</i>)	(258.5)	178.0

Diluted (loss)/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. No diluted loss per share for the six months ended 30 June 2022 is presented as the effects caused by the shares granted under the Share Award Scheme and the conversion of the subsidiary's outstanding convertible bonds are anti-dilutive.

	Six months ended 30 June 2021
Profit attributable to the equity holders of the Company (<i>RMB'000</i>)	6,282,755
Weighted average number of ordinary shares in issue (<i>thousands</i>)	3,528,965
Adjustment for shares granted under Share Award Scheme (<i>thousands</i>)	4,783
Weighted average number of ordinary shares for diluted earnings per share (<i>thousands</i>)	3,533,748
Diluted earnings per share (<i>RMB cents</i>)	177.8

10 EVENTS AFTER THE REPORTING PERIOD

On 31 August 2022, the Group had agreed to sell stakes of four companies, which owned lands known as L-39 & L-41, located at Fenzhongsi Village, Nanyuan Township, Fengtai District, Beijing* (北京市豐台區南苑鄉分鐘寺村 L-39 & L-41地塊), to 北京潤置商業運營管理有限公司 (Beijing Runzhi Commercial Operation Management Co., Ltd.*), for a net consideration of approximately RMB3.32 billion. The transaction was completed in September 2022.

On 12 October 2022, the Group had agreed to sell 45% interest of 南京萬智源置業有限公司(Nanjing Wanzhiyuan Real Estate Co., Ltd.*), to 蕪湖信思達投資合夥企業(有限合夥) (Wuhu Xinsida Investment Partnership Enterprise (Limited Partnership)*), for an aggregate consideration of RMB1.75 billion. The transaction was completed in October 2022.

In March 2023, Shanghai Shimao, a subsidiary of the Group, finished the extension of its domestic long-term bonds with a total outstanding amount of RMB4.55 billion. As a result, the maturity date of last batch of these long-term bonds was extended to year 2026.

In June 2023, Shimao Jianshe, a subsidiary of the Group, and its lenders had agreed on the extension of its domestic long-term bonds with a total outstanding amount of RMB14.35 billion. As a result, the maturity date of last batch of these long-term bonds was extended to year 2028.

The Company has in the past several months been actively pushing forward the proposed restructuring of the offshore indebtedness of the Group (the “Proposed Restructuring”) and continues to maintain constructive dialogues with various groups of creditors, including but not limited to, an ad hoc group of holders of the US\$ denominated senior notes issued by the Company (the “AHG”) and the Co-ordination Committee comprising various offshore banks which in aggregate hold meaningful portion of the Group’s offshore indebtedness (the “CoCom”) and their respective advisors with a view to stabilize the situation of the Company, ease the current liquidity issue and seek to implement a restructuring plan that strives to treat its creditors fairly and protect the interests of its stakeholders.

The Company has circulated draft restructuring proposals to the advisors of the AHG and CoCom. The parties have been working diligently in narrowing differences on various economic terms currently contemplated under the restructuring proposals. The Company is also working to finalize a non-legally binding letter of support with certain members of the CoCom and its advisors to express their general support to progress and implement the Proposed Restructuring which shall form a good basis for further negotiation of the detailed restructuring terms.

Separately, as part of an effort to preserve the value of Sheraton Hong Kong Tung Chung Hotel and Four Points by Sheraton Hong Kong Tung Chung (collectively, the “Tung Chung Hotels”), a definitive agreement has been reached between the Group and lenders to restructure the existing project loan facilities of the Tung Chung Hotels in June 2023. The Tung Chung Hotels may form part of asset package(s) as supplemental credit enhancement for the Proposed Restructuring as appropriate.

EXTRACTS OF REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

The Company’s independent auditor, Zhonghui ANDA CPA Limited, has disclaimed a conclusion in its report on review of interim financial information of the Group’s interim financial information for the six months ended 30 June 2022, and extract of which is as follows:

BASIS FOR DISCLAIMER OF CONCLUSION

Multiple uncertainties relating to going concern

As disclosed in note 2(a) to the interim financial information, the Group incurred a loss attributable to equity holders of the Company of approximately RMB9.8 billion for the six months ended 30 June 2022. As at 30 June 2022, the Group had borrowings in a total of approximately RMB256.0 billion, out of which approximately RMB160.3 billion will be due for repayment within the next twelve months, while its total cash (including cash and cash equivalents and restricted cash) amounted to approximately RMB47.8 billion. As at 30 June 2022, the Group had not repaid borrowings of approximately RMB39.0 billion in aggregate according to their scheduled repayment dates. Up to the date of this report, the Group had not repaid borrowings with outstanding amount of approximately RMB102.4 billion in aggregate according to their scheduled repayment dates. In addition, the Group was involved in various litigation and arbitration cases for various reason as disclosed in note 20(c) to the interim financial information. The above events or conditions indicate the existence of material uncertainties which may cast significant doubt on the Group’s ability to continue as a going concern and, therefore, that the Group may not be able to realise its assets and discharge its liabilities in the normal course of business.

The interim financial information has been prepared on a going concern basis. The directors of the Company have been undertaking a number of plans and measures to mitigate the liquidity pressure and improve its financial position. The validity of the going concern assumption on which the interim financial information has been prepared depends upon the successful implementation of these measures, which are subject to multiple uncertainties, including (i) the success of completing the proposed offshore debt restructuring plans and extension of onshore debts with multiple lenders and creditors; (ii) the Group's ability to successfully obtain other alternative financing and borrowings; (iii) the success of resolving the pending litigations of the Group; (iv) the success of business strategy plan to accelerate the sales of its properties; and (v) the success of dispose of its equity interests in certain project development companies to generate additional cashflow.

Should the Group fail to achieve the above mentioned plans and measures, it might not be able to continue to operate as a going concern, and adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effect of these adjustments has not been reflected in the interim financial information.

We disclaimed our opinion on the consolidated financial statements for the year ended 31 December 2021 relating to the going concern basis of preparing the consolidated financial statements. The balances as at 31 December 2021 represented as corresponding figures in the interim condensed consolidated financial position as at 30 June 2022.

DISCLAIMER OF CONCLUSION

Because of the potential interaction of the multiple uncertainties related to going concern and their possible cumulative effect on the interim financial information described in the "Basis for Disclaimer of Conclusion" section of our report, we do not express a conclusion on the interim financial information.

OTHER MATTER

Had we not disclaimed our conclusion regarding the matters described in the Basis for Disclaimer of Conclusion section above, we would otherwise have qualified our conclusion regarding the scope limitations on our review relating to the matters detailed below.

Accounting treatment on a financing arrangement entered into between a subsidiary of the Group and a third-party trust company

As at 31 December 2021, the Group had a non-controlling interest attributable to a non-wholly owned subsidiary of the Group (the "Subsidiary") that amounted to approximately RMB5.9 billion which was initially a paid-up capital of approximately RMB4.9 billion contributed by an entity (the "Contributed Capital"), which is beneficially owned by a third-party trust company (the "Trust"), for the 30% equity interest of the Subsidiary. During the six months ended 30 June 2022, the Group and the Trust reached a consensus and renegotiated a temporary repayment plan to treat the entire arrangement as a fixed-term debt.

With reference to note 22(c)(ii) to the interim financial information, upon the consensus reached by the Group and the Trust in March 2022, the Group accounted for it as a deemed acquisition of 30% equity interest in the Subsidiary for a deemed consideration of RMB4.9 billion and classified the amount as borrowings in the consolidated financial statements. In addition, the Group recognised the provision of accrued interests of approximately RMB1.4 billion in the interim condensed consolidated profit or loss for the six months ended 30 June 2022.

We are not able to obtain direct confirmation or clarification from the Trust to verify the nature of the Contributed Capital and no other sufficient information is available up to the date of this report to justify whether the Contributed Capital still met the applicable criteria of equity instruments under Hong Kong Accounting Standard 32 “Financial Instruments: Presentation” as at 31 December 2021. Accordingly, we were unable to obtain sufficient appropriate audit evidence to satisfy ourselves as to the classification as equity of non-controlling interest balances attributable to the Subsidiary of approximately RMB5.9 billion as at 31 December 2021, and hence we were unable to justify whether any portion of the interest expenses of approximately RMB1.4 billion should be made in the current period or in prior years.

Any adjustments to the figures as described above might have a consequential effect on the Group’s interim condensed consolidated financial performance and cash flows for the six months ended 30 June 2022 and 2021 and the interim condensed consolidated financial position of the Group as at 31 December 2021, and the related disclosures thereof in the interim financial information.

The comparatives in the interim condensed consolidated statement of profit or loss and other comprehensive income, interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the six months ended 30 June 2021, and the related explanatory notes were reviewed by another auditor who expressed an unmodified conclusion on those statements on 30 August 2021.

CORPORATE GOVERNANCE CODE

The Company has complied with all the code provisions set out in the Corporate Governance Code as set out in Appendix 14 to the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) throughout the six months ended 30 June 2022.

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 2022.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 30 June 2022:

1. Shanghai Shimao, a 63.92%-owned subsidiary of the Company, redeemed on the Shanghai Stock Exchange an aggregate principal amount of RMB1,900,139,000 of long-term bonds at a fixed interest rate of 4.65% due on 17 January 2022, an aggregate principal amount of RMB950,044,000 of long-term bonds at a fixed interest rate of 4.64% due on 21 March 2022; and
2. Shanghai Shimao, redeemed RMB500,000,000 of private placement notes at a fixed interest rate of 4.50% and RMB50,000,000 of private placement notes at a fixed interest rate of 3.70% on Interbank Market Clearing House Co., Ltd..

Save as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of its listed securities during the six months ended 30 June 2022.

INTERIM DIVIDEND

The Board did not recommend the payment of an interim dividend for the six months ended 30 June 2022 (30 June 2021: HK70 cents per share in cash and/or in shares).

CONTINUED SUSPENSION OF TRADING

At the request of the Company, the trading in the shares of the Company on the Stock Exchange was suspended with effect from 9:00 a.m. on 1 April 2022. Trading in the shares of the Company will remain suspended until further notice.

Holders of the Company's securities and potential investors are advised to exercise caution when dealing in the securities of the Company.

On behalf of the Board
Shimao Group Holdings Limited
Hui Sai Tan, Jason
Vice Chairman and President

Hong Kong, 28 July 2023

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

* For identification purpose only