SHIMAO GROUP

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 2020

RESULTS HIGHLIGHTS

1. Contracted sales reached RMB110.475 billion for the first half of 2020, representing a year-on-year increase of 10.1%. Contracted gross floor area increased from 5.560 million sq.m. in the corresponding period of 2019 to 6.298 million sq.m. in the first half of 2020, representing a year-on-year increase of 13.3%.

2. As at 30 June 2020, the Group's land bank was approximately 83.93 million sq.m. (before interests). During the first half of 2020, the Group acquired land bank of 12.32 million sq.m. (before interests).

3. Revenue increased by 14.1% to RMB64.553 billion (1H 2019: RMB56.564 billion).

4. Gross profit increased by 14.6% to RMB19.512 billion (1H 2019: RMB17.020 billion). Gross profit margin maintained at a stable level of 30.2%.

5. Net profit from core business increased by 9.0% to approximately RMB8.255 billion (1H 2019: RMB7.576 billion). Net profit from core business attributable to shareholders increased by 4.7% to approximately RMB5.558 billion (1H 2019: RMB5.309 billion). Net profit margin from core business attributable to shareholders was 13.3%. Plus after-tax gain attributable to shareholders from the disposal of part of the equity of Shimao Services of approximately RMB600 million, net profit from core business attributable to shareholders for the period increased by 16.0% to approximately RMB6.158 billion.

6. As at 30 June 2020, net gearing ratio was 57.8%. The Group had sufficient capital funds, with book cash in the amount of approximately RMB69.921 billion, and available facilities from banks and other financial institutions of approximately RMB52.000 billion.

7. The Board declared the payment of an interim dividend of HK60 cents per share and a special dividend of HK10 cents per share, the total dividend for the period will amount to HK70 cents per share (1H 2019: interim dividend of HK60 cents).

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 2020.

Market and Outlook

In the first half of 2020, the outbreak of COVID-19 pandemic across the world has prompted various countries to implement an unprecedented lockdown, travel ban and other measures with the aim of curbing the spread of the COVID-19 pandemic, which has exerted an enormous impact on the development of the global economy. The PRC government also imposed stringent control measures nationwide to fight the epidemic since late January, including the lockdown measures and extension of business suspension in many cities. Such sudden outbreak of the epidemic has piled intense pressure to the domestic economy in the first quarter. According to the National Bureau of Statistics, the gross domestic product ("GDP") recorded a drop of 6.8% for the first quarter as compared with the corresponding period of last year, representing the first ever negative growth over the years. Due to continuous effectiveness of epidemic prevention and control measures, the resumption of operation and production of various industries have been progressing in an orderly manner since March. In addition, the central government has repeatedly emphasized its determination to ensure stability on six fronts, namely, stability in employment, finance, foreign trade, foreign investment, domestic investment, and expectations ("stability on six fronts") and comprehensively maintained security in six areas, namely, job security, basic living needs, operations of market entities, food and energy security, stable industrial and supply chains, and the normal functioning of primary-level governments ("security in six areas"). A series of economic stimulus policies implemented by the local governments contributed to the turnaround from negative to positive in the second quarter with GDP growth of 3.2% as compared with the corresponding period of last year, demonstrating a stable recovery of the overall economy.

With respect to the real estate industry, as the COVID-19 pandemic weakened the demand and lead to suspended production and sales, the sales of commodity properties in China in the first quarter recorded a year-on-year decrease of 24.7% to RMB2,036.5 billion. In the second quarter, as the situation of the COVID-19 pandemic continued to improve, monetary policies remained relatively loose with reasonable and sufficient market liquidity. Various cities adopted differentiated policies in a flexible manner, and introduced loose policies on both supply and demand fronts, for example, restrictions on pre-sales were eased, thresholds for talent to settle down were lowered and purchase subsidies for talent were provided, resulting in gradual recovery of the overall market. According to the National Bureau of Statistics, the sales of commodity properties in China in the first half of the year was RMB6,689.5 billion, representing a year-on-year decrease of 5.4% and a substantial drop of 19.3 percentage points as compared with the first quarter.

Looking forward to the second half of 2020, the uncertainties of the macro economy paralyzed by the COVID-19 pandemic will continue. In view of the priorities concerning "stability on six fronts" and "security in six areas" of the central government, the monetary policies will continue to remain relatively loose. The overarching principle of "houses are for inhabiting, not for speculation" will remain unchanged, and the local governments will continue to adopt differentiated policies. In the moderately stable and loose financial landscape, the real estate market will maintain a steady and positive improvement.

Sales Performance

The Group's contracted sales amounted to RMB110.48 billion in the first half of 2020, representing a year-on-year increase of 10.1%. The aggregate area of contracted sales reached approximately 6.298 million sq.m., representing a year-on-year increase of 13.3%. The average selling price was RMB17,542 per sq.m.. The growth rate of contracted sales stayed ahead of its peers, achieving "rapid and quality growth" in a steady manner.

It is expected the saleable resources of the Group in the second half of the year will reach 22.06 million sq.m.. The total saleable value will reach RMB400.0 billion, of which residential properties accounted for 79%, and the inventory less than a year accounted for 74%. Shimao is confident to achieve the annual sales target of RMB300.0 billion with sufficient resources and healthy inventory structure.

Shimao's Strategies

Leveraging on its insightful strategies, Shimao actively grasped the development opportunity of national strategic regions and cities and continuously deepened cultivation of the "core city clusters" with focus on the first-tier and second-tier cities and advanced third-tier and fourth-tier cities with remarkable economic development and strong demand. Shimao persistently upholds prudent and proactive attitude towards land bank. In addition to public auction, the Group also develops diversified methods such as cooperation, acquisition, urban renewal and strategic purchase to further expand its land resources. During the reporting period, the Group acquired land bank of 12.32 million sq.m.. In terms of the total land price, the first-tier and second-tier cities and advanced third-tier and fourth-tier cities contributed to 94%. As of 30 June 2020, the Group has 423 projects with a total area of 83.93 million sq.m. (before interests) of quality land in 135 cities across the country. Based on its development portfolio, Shimao has sufficient resources reserves of over RMB1,450.0 billion in popular regions across the country of which the total saleable value of the land bank in the Guangdong-Hong Kong-Macao Greater Bay Area was RMB408.0 billion. Quality land bank has provided a solid guarantee for the sustainable "rapid and quality growth" of Shimao in the future.

Shimao adheres to a "product-oriented and user-centered" approach, and continues to conduct an in-depth research as well as enhance product and customer satisfaction level amid fierce competition in the industry. During the reporting period, Shimao carried out research, development and upgrade on its standardized products and introduced new standards for "new products for epidemic prevention" as the needs for healthy and smart products increased rapidly after the COVID-19 pandemic. Shimao actively responded to customers' needs concerning quality and further enhanced its brand awareness while comprehensively enhancing products, laying a sound foundation to continuously strengthen its industry competitiveness.

Prudent Financial Strategies with Diversified and Innovative Financing

Upholding prudent financial strategies serves as an essential pillar for Shimao to secure continuous "rapid and quality growth". In the first half of 2020, the Group proactively overcame the adverse impact of the COVID-19 pandemic, continued to strengthen cashflow control, and fully seized the market and policy opportunities. During the reporting period, the amount from cash collection was RMB89.04 billion, representing an increase of 9.5% as compared with the corresponding period of last year. As at 30 June 2020, the Group maintained sufficient book cash of RMB69.92 billion, representing an increase of 17.3% as compared with the end of 2019. Net gearing ratio was 57.8%, representing a decrease of 1.9 percentage points as compared with the end of 2019. Shimao has maintained its net gearing ratio at a healthy level of below 60% for the ninth consecutive years.

Due to steady operation and financial performance, the Group received positive review from domestic and overseas credit ratings institutes. Moody's, Standard & Poor's, and Fitch maintained the credit ratings of the Group at "Ba1", "BB+" and "BBB-", respectively, and the outlook was "stable" while major domestic rating institutes maintained the highest corporate credit rating of "AAA".

We are gratified by the continued trust and support of the capital market. The Company's share was admitted as a constituent stock in the Hang Seng China Enterprises Index since June 2020, becoming one of the 50 constituent stocks. This has certainly demonstrated the recognition of Shimao by the capital market. The Group has repeatedly achieved success in overseas and domestic markets despite the market fluctuations during the first half of the year. During the reporting period, the Group's domestic subsidiaries issued 3-year and above corporate bonds of a total of RMB11.1 billion in tranches in the domestic open market, of which Shanghai Shimao Jianshe Co., Ltd. ("Shimao Jianshe") successfully issued a total of RMB3.1 billion 5-year bonds in May with the interest rate of 3.2%, marking a new record of the lowest funding cost of onshore bonds issued by Shimao. Meanwhile, the Group has been actively exploring different types of new financing so as to rapidly respond to changes brought by the epidemic. The Group issued financial products regarding the epidemic of RMB850 million in February. In April, the Group obtained the market's first 6-year CMBS issue quota relating to epidemic prevention of hotels in Wuhan in an aggregate amount of RMB840 million. In addition, the Group actively explored overseas financing and issued US$300 million of 4.6% senior notes due 2030 in July, marking a new record of the longest period and lowest interest rate of Shimao's offshore bonds.

The Group also captured market opportunities, and actively optimized its capital structure. Lead by internationally renowned long-term funds, the Group completed share placings in January and April, respectively, and raised capital with a lower discount. The net proceeds amounted to a total of approximately HK$6.95 billion. Such fund-raising activities further strengthened the Group's balance sheet and capital structure, effectively preventing external systematic risks and safeguarding future development.

Change of Company Name for Diversified and Strategic New Journey

Striving for values creation to shareholders, Shimao has been expanding its business scope over the past years. With such extensive business scope, the English name of the Company has been changed from "Shimao Property Holdings Limited" to "Shimao Group Holdings Limited" and its Chinese name has been changed from "世茂房地產控股有限公司" to "世茂集團控股有限公司" during the reporting period. The change of company name not only better reflects the current status of the Group's business but also reveals its determination regarding Shimao's future development, business optimization and diversification, promotion of sustainable development and the creation of "Century Shimao" brand.

Given the advantages of diversified business and insightful investment planning of Shimao, the Group officially kicked off a diversified business development model of "Giant Aircraft Strategy (大飛機戰略)" in 2020 with property development as its main body; commercial properties operation, hotel operation, property management and finance as its solid wings; investments in advanced technology, medical treatment, education, elderly care and culture as key empennage for balanced development. The "Aircraft" flown at full speed not only strengthens Shimao's competitiveness during the market cycle, but also brings strong driving force for its sustainable development.

In respect of the property management business, Shimao Services Holdings Limited ("Shimao Services") maintained rapid business development. During the reporting period, Shimao Services continued to expand through multiple channels. As of 20 June 2020, Shimao Services has expanded its property management portfolio to cover 495 properties and an aggregate contracted gross floor area ("GFA") of 124.4 million sq.m.. In May 2020, Sequoia Capital China and Tencent Holdings Limited ("Tencent") invested US$130 million and US$114 million in Shimao Services respectively. Following the above mentioned investment, Sequoia Capital China will support Shimao Services in accessing the valuable community business resources, bringing about synergies with the Sequoia Capital China ecosystem, and facilitate the improvement and optimization of operating efficiency and management capabilities at Shimao Services through the application of technologies such as Internet of Things, cloud computing and big data. Meanwhile, Tencent will capitalize on its platform that integrates both online and offline sectors and its capability of supporting new business ecosystem to foster the digital upgrade of Shimao Services. Shimao Services will keep optimizing the entire value chain of the property management service industry, promoting the digital intelligent development of life services, thereby leading to a new future for community lifestyle in China.

In respect of hotel business, Shimao always focuses on the development and operation of city-class and world-class landmark hotels. As of 30 June 2020, Shimao hotels penetrated in core cities, with 22 hotels in operation, including Hyatt on the Bund Shanghai, InterContinental Shanghai Wonderland, Conrad Xiamen and others. The number of hotel guest rooms reached close to 7,200. Besides, Shimao cooperated with Starwood Capital to establish Shimao Star Hotel Group ("Shimao Star") which managed 99 hotels, 11 hotels have been put into operation under Shimao Star. The overall tourism industry had been in a plight in February and March due to the impact of the COVID-19 pandemic. However, following the improvement in the situation of the COVID-19 pandemic in the PRC together with active response of the Shimao team, the operation results of the hotels began to recover steadily since the second quarter. In the second half of 2020, the renovation of Le Royal Méridien Shanghai and The Yuluxe Sheshan, A Tribute Portfolio Hotel, Shanghai will be fully completed, and will serve the customers with a fresh condition. Sheraton Hong Kong Tung Chung and Yu Resort Wuyi are scheduled to commence operation successively. The revenue from the hotel business is expected to rise substantially.

In respect of the commercial and entertainment business, Shimao endeavored to create different types of commercial benchmarking projects. Following the development over the years, Shimao has penetrated in 28 cities across the country with 51 commercial projects, among these 28 projects have been in operation. In addition, leveraging on group industry chain, the Group joined hand with world renowned cultural copyright owners to create self-owned entertainment projects with unique cultural & entertaining spirits. During the reporting period, the first Smurf theme park in Asia-Pacific region, jointly created by Shimao and Belgium Smurfs copyright owner, was officially launched. It was another masterpiece of "urban cultural entertainment lives empowered by cultural copyright" created by the Group following "Hello Kitty Shanghai Times".

Social Responsibility

Over the past 30 years, Shimao persistently emphasizes humanity care and proactively fulfills its corporate social responsibility. During the reporting period, it is the critical year that China and the world are fighting together to curb the COVID-19 pandemic as well as China achieves the target of eradication of poverty and prosperous society. At the beginning of the COVID-19 pandemic outbreak, Shimao donated HK$30 million for prevention and control of the COVID-19 pandemic in Wuhan and the surrounding areas. Shimao also donated 1.05 million pieces of the medical masks to domestic provinces and cities as well as overseas Chinese communities to safeguard the health and the safety of the citizens.

Over the years, Shimao commits to eradication of poverty and, especially in medical assistance, focuses on health of people in remote rural villages, contributing to the target of "Healthy China". As of the end of June 2020, Shimao has donated more than RMB1.65 billion and served population of more than 22.00 million, bringing the dream and hope to tens of thousands of families and individuals and contributing to eradication of poverty.

Interim and Special Dividends

To demonstrate our appreciation for our shareholders' support, the board of directors of the Company (the "Board") declared an interim dividend of HK60 cents per share for the six months ended 30 June 2020. Meanwhile, in response to the introduction of strategic investors by Shimao Services, the Board also declared a special dividend of HK10 cents per share, totalling HK70 cents per share (corresponding period of 2019: HK60 cents per share).

Appreciation

On behalf of the Board, I would like to thank our shareholders, partners, local governments and customers for their tremendous support. I would also like to extend my heartfelt gratitude and deepest respect to our directors, management and staff for all their valuable contributions. The Group's success together with fulfillment of corporate goals are attributable to their support and engagement. Shimao will continue to have deep insight into the needs of urban life with "Spirit of Craftmanship" and actively facilitate urban development with the Group's diversified business for a better life of people.

Hui Wing Mau
Chairman

Hong Kong, 25 August 2020

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 operations, hotel operations and property management. For the six months ended 30 June 2020, revenue of the Group reached RMB64.55 billion, representing an increase of 14.1% as compared to RMB56.56 billion for the corresponding period in 2019. During the period, revenue from property sales amounted to RMB61.47 billion, accounting for 95.2% of the total revenue and representing an increase of 15.5% over the corresponding period in 2019. In the first half of 2020, the recognized sales area was 3.950 million sq.m., representing an increase of 16.6% over the corresponding period in 2019, and the average recognized selling price was RMB15,562 per sq.m..

2) *Steady Sales Growth*

With respect to property sales, the Group's contracted sales amounted to RMB110.48 billion in the first half of 2020, representing a year-on-year increase of 10.1%. The aggregate area of contracted sales reached approximately 6.298 million sq.m., representing a year-on-year increase of 13.3%, with an average selling price of RMB17,542 per sq.m.. The growth rate of contracted sales stayed ahead of its peers and "rapid and quality growth" was steadily achieved.

In the first half of 2020, the Group actively coped with the impact of COVID-19 pandemic and boosted the steady growth in performance with a forward-looking layout by seizing the opportunity of differentiated policies adopted by various local governments in a flexible manner and the relatively loose monetary policies. Looking forward to the second half of 2020, the Group will launch saleable areas of approximately 12.79 million sq.m.. Together with the saleable areas of approximately 9.27 million sq.m. as at 30 June 2020, the Group's total saleable areas in the second half of 2020 will be approximately 22.06 million sq.m..

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

During the first half of 2020, the Group's floor area under construction reached 51.60 million sq.m.. The aggregate GFA completed was approximately 4.66 million sq.m.. Looking forward to 2020, the Group will maintain its quality growth with the full year planned floor area under construction of approximately 59.00 million sq.m. and the aggregate GFA completed of approximately 12.50 million sq.m..

4) Steady Expansion of Land Bank for Long-Term Sustainable Development

Leveraging on its insightful strategies, Shimao actively grasped the development opportunity of national strategic core regions and cities and continuously deepened cultivation of the "core city clusters" with focus on the first-tier and second-tier cities and advanced third-tier and fourth-tier cities with remarkable economic development and strong demand. During the reporting period, Shimao persistently upholds a prudent and proactive attitude and developed diversified land acquisition methods such as cooperation, acquisition, urban renewal and strategic purchase in addition to public auction, thereby acquiring land bank of 12.32 million sq.m.. In terms of the total land price, the first-tier and second-tier cities and advanced third-tier and fourth-tier cities contributed to 94%. In respect of land cost, the average floor price of the new land bank acquired was approximately RMB5,252 per sq.m.. The Group follows its longstanding prudent policy and strives to maintain a balance between development opportunity and risk control. As of 30 June 2020, the Group penetrated in 135 cities across the country, with 423 projects and a total area of 83.93 million sq.m. (before interests) of quality land. The average land cost after interests was RMB5,279 per sq.m.. The premium land bank and relatively low land cost have provided a solid guarantee for the sustainable "rapid and quality growth" of Shimao in the future.

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

New Land Parcels	Date of Acquisition	Usage	Land Cost (Attributable Interests) *(RMB million)*	Total Planned GFA (Before Interests) *('000 sq.m.)*	Cost per sq.m. *(RMB)*	Group's Interest
1. Qingdao Xin'an Parcel	January 2020	Residential	1,083	352	3,073	100%
2. Jinan Tangye Project (Project cooperated with Shanghai Shimao Co., Ltd. ("Shanghai Shimao"))	January 2020	Commercial	1,007	388	2,597	100%
3. Wuhan Zuolingxincheng Project (Project cooperated with Shanghai Shimao)	January 2020	Residential and commercial	355	268	4,405	30%
4. Yiwu Gumutang Parcel	February 2020	Residential and ancillary commercial	768	183	8,411	50%
5. Wenzhou Oujiangkou Shoal Phase I E-16-03 Parcel	February 2020	Residential and ancillary commercial	1,202	239	5,032	100%
6. Beijing Changping District Dongxiaokou Town HC-022,HC-027 Parcels	March 2020	Residential	2,703	170	37,407	43%
7. Dongguan Wanjiang No. 2020WR004 Parcel	March 2020	Residential and ancillary commercial	1,093	98	16,725	67%

New Land Parcels	Date of Acquisition	Usage	Land Cost (Attributable Interests) *(RMB million)*	Total Planned GFA (Before Interests) *('000 sq.m.)*	Cost per sq.m. *(RMB)*	Group's Interest
8. Foshan Chancheng Green Island Lake Parcel	March 2020	Residential	1,053	154	10,220	67%
9. Fuqing No. 2020-3 Parcel	April 2020	Residential and ancillary commercial	549	283	5,717	34%
10. Haikou Yuetai Lanxin Project	April 2020	Residential	868	225	7,708	50%
11. Parcel II of Hetandi, Duanzhou District, Zhaoqing	April 2020	Residential and ancillary commercial	1,043	398	2,623	100%
12. Fuzhou Changle 2020-01# Hangcheng No. 8 Parcel	April 2020	Residential and ancillary commercial	600	99	12,063	50%
13. Fuzhou 2020-15# Jinjixinyuan Parcel	April 2020	Residential and ancillary commercial	724	127	14,255	40%
14. Beijing Gongti West Road No. 3 Project	May 2020	Residential	580	28	52,605	40%
15. Shaoxing Jinghu Dayue Road No. 6 Parcel	May 2020	Residential and ancillary commercial	2,522	209	12,066	100%
16. Dongguan Shatian Town Fulusha Village 2020WR010	May 2020	Residential and ancillary commercial	505	126	11,785	34%
17. Parcel II of Difengjiang, Fuzhou (Project cooperated with Shanghai Shimao)	May 2020	Residential and commercial	2,091	520	11,832	34%
18. Parcel at the South of Xingying Peninsula, Tanzhou Village, Shunde, Foshan	May 2020	Residential and ancillary commercial	1,376	125	11,000	100%
19. Ningbo Panhuo Parcel (Project cooperated with Shanghai Shimao)	June 2020	Residential and commercial	3,380	221	15,318	100%
20. Dongguan Humen Town Longyan Community Parcel	June 2020	Residential and ancillary commercial	864	151	17,303	33%
21. Others (Projects with total land cost before interests less than RMB1.0 billion)	First half of 2020		14,098	7,959		
Total			38,464	12,323	5,252	

Commercial Properties Operation

In respect of commercial properties operation, Shimao Group is engaged in the development of commercial properties through a subsidiary, Shanghai Shimao. Shanghai Shimao is mainly engaged in the development and operation of commercial properties. It is the strategy of Shanghai Shimao to focus on the professional development and operation of commercial properties. Shanghai Shimao actively pursues opportunities of the domestic commercial property market to provide a wide range of commercial properties and quality services so as to enhance its comprehensive competitiveness to become a leading company specialized in the development and operation of commercial properties.

In 2020, Shanghai Shimao continues to adjust its leasing plan and promote brands upgrades to face challenges. In the first half of the year, newly and extended leased GFA of Jinan Shimao Plaza was more than 8,500 sq.m., with 44 brands newly introduced or refurbished and upgraded, realizing an increase in overall rental and sales. In addition, the project team actively re-arranged shops, introduced trendy brands, strengthened diverse retail environments, and boosted the consumer experience, thus laying a foundation for results growth in future. Shenzhen Shimao Qianhai Centre contracted GFA of nearly 15,000 sq.m. in the first half of the year, leading the Shenzhen Qianhai area in terms of the contracted GFA and sell-through rate. With the arrival of well-known companies and emerging technology and innovation companies, the project has established its positioning centered on “new economy and new headquarters” and “technology + finance” in the industry. With the opening of subway-connected passage during the year, the underground commercial part of the project became the first subway-connected centralized commercial that has officially appeared in the Qianhai area. In the future, Shenzhen Shimao Qianhai Centre will continue to promote the health concept of green office, enhance smart empowerment to the building, improve the quality standards of property service. It will use subway connection, high-quality commercial and landmark advantages to create the quality of business life in Qianhai, and interpret the new pattern of taste in the Bay Area. Changsha Shimao Global Financial Center was launched to the market in the second quarter of this year. In response to the slowdown status of the real economy, the project adopted a flexible lease strategy to actively overcome market challenges. A total of 13,800 sq.m. was contracted as at the end of June, with the contracted GFA and sell-through rate leading the Changsha Grade A office market. Furthermore, the project’s prominent rental level and customer quality have successfully attracted some of Fortune 500 companies to move in. The stable and diverse tenant structure of the project has laid a solid foundation for the steady performance improvement in the future.

In addition, Shimao commercial was highly recognized by its peers during the reporting period. Jinan Shimao Plaza was awarded “The Most Influential Brand 2019” (2019年度最具影響力品牌) by Sina, Nanjing Shimao Link Park received the “Asia Pacific Property Award – Mixed-use Architecture Award” (亞太房地產設計大獎－混合建築優秀獎) awarded by the International Property Award (國際房地產設計大獎), and Shenzhen Longgang Shimao Shenzhen-Hong Kong International Centre won the “Domestic Super Landmark Best New Arrival” (超級地標綜合體新秀獎) awarded by the 16th Hurun Best of Best (第十六屆胡潤尚品優選), proving the increasing brand awareness and recognition of Shimao commercial during the year.

Property Management

In respect of the property management, Shimao Services maintained rapid business development. During the reporting period, Shimao Services continued to expand through multiple channels, including the completion of the acquisition of Guangzhou Yuetai Property Services Co., Ltd. (廣州市粵泰物業服務有限公司) and Chengdu Xinyi Property Co., Ltd. (成都信誼物業有限公司) etc.. Shimao Services has newly obtained contracted GFA of over 20 million sq.m.. As of 20 June 2020, Shimao Services has expanded its business across the nation, with a property management portfolio covering 495 properties with an aggregate contracted GFA of 124.4 million sq.m..

In May 2020, Sequoia Capital China and Tencent invested US$130 million and US$114 million in Shimao Services respectively. Following the above mentioned investment, Sequoia Capital China will support Shimao Services in accessing the valuable community business resources, bringing about synergies with the Sequoia Capital China ecosystem, and facilitate the improvement and optimization of operating efficiency and management capabilities at Shimao Services through the application of technologies such as Internet of Things, cloud computing and big data. Meanwhile, Tencent will capitalize on its platform that integrates both online and offline sectors and its capability of supporting new business ecosystem to foster the digital upgrade of Shimao Services. Shimao Services will keep optimizing the entire value chain of the property management service industry, promoting the digital intelligent development of life services, thereby leading to a new future for community lifestyle in China.

Hotel Operations

As of 30 June 2020, the Group had a total of 22 hotels in operation, including Hyatt on the Bund Shanghai, InterContinental Shanghai Wonderland, Le Royal Méridien Shanghai, Conrad Xiamen, Hilton Wuhan Riverside, The Yuluxe Sheshan, A Tribute Portfolio Hotel, Shanghai, InterContinental Fuzhou, Hilton Nanjing Riverside, Hilton Shenyang and Crowne Plaza Shaoxing. Currently, the Group has around 7,200 hotel guest rooms. In addition, the Group had 5 directly managed leased hotels, including MiniMax Hotel Shanghai Songjiang, MiniMax Premier Hotel Shanghai Hongqiao, MiniMax Hotel Xiamen Central, MiniMax Premier Hotel Chengdu City Center and ETHOS Hotel Xiamen, offering over 900 hotel guest rooms. At the beginning of the outbreak of COVID-19 pandemic, the tourism industry as a whole was in a plight, with losses in both February and March; however, with the stabilization of the domestic epidemic, the Group used various sales platforms to further increase personal consumption in response to the reduction of business customers during the epidemic. The hotel's performance had begun to grow steadily since April and had seen pick-ups in sales month by month. The EBITDA of hotel business was RMB101 million in the first half of the year.

In the first half of 2020, Shimao Star launched the renewed luxury resorts hotel brand, "Yu Resort". The brand adheres to the core value of "Hidden, Inheritage, Exclusive (隱世、傳承、專享)", selects unique natural and cultural destinations around the world, and customizes an immersive vacation space that breaks the boundaries between natural and residential culture. Each Yu Resort hotel will inherit five millennia of wisdom, deeply integrate natural landscape with oriental traditional culture, and show the brand connotation of "Oriental Tranquility that composites Aroma of Trendy and Antique (御古融今的東方謐境)", allowing every guest to immerse in the landscape and culture, so as to feel the full awakening of their senses and mind.

As of 30 June 2020, Shimao Star's hotels in operation and in preparation for opening included 4 luxury resorts hotels, "Yu Resort", 17 luxury hotels, "Yuluxe", 20 high-end hotels, "Yu Hotels", 9 luxury serviced apartments, "Yu Residence", 4 lifestyle boutique hotels, "ETHOS", 13 high-end inspirational selected hotels, "MiniMax Premier", and 32 inspirational selected hotels, "MiniMax". Of the 99 hotels, 11 hotels have been put into operation and 88 hotels were in preparation for opening. Shimao Star's hotels have established significant presence in the first-tier and second-tier cities such as Beijing, Shanghai, Shenzhen, Chengdu, Wuhan and Xiamen, as well as the emerging cities with great potential in economic development and tourist hotspots, such as Kunming, Zhuhai and Tongxiang. Looking forward, while maintaining its focus on the fast-growing hotel market in China, Shimao Star will actively explore overseas markets, and striving to be a Chinese hotel group benchmark with global presence.

In the second half of 2020, the renovation of Le Royal Méridien Shanghai and The Yuluxe Sheshan, A Tribute Portfolio Hotel, Shanghai will be fully completed. These hotels will serve the customers with a fresh condition, and the income is expected to rise substantially. Sheraton Hong Kong Tung Chung is scheduled to commence operation at the end of 2020. With the gradual recovery of domestic tourism, hotel performance will also recover gradually, in particular, resorts hotels are well-positioned to be among the first to rebound.

In the second half of 2020, Shimao Star will actively explore new projects, constantly enhance its brand image and operation of its opened hotels, as an effort to maintain revenue growth. Its membership scheme "Shimao Star Dream Club" will be continuously promoted through diversified reward activities, with the aim of enhancing customer loyalty as well as providing a stronger customer source for its opened and upcoming hotels. The first hotel of luxury resorts brand "Yu Resort", Yu Resort Wuyi, the first Song Dynasty style "Drift Tranquilly (舟行謐境)" vacation experience space in China as well, will be grandly opened in August. The new lifestyle brand ETHOS's second hotel, Shimao ETHOS Hotel Wuhan, was grandly opened in July 2020. In the second half of 2020, Shimao Star will strive to realize the full potential of its hotels to cater for the diversified needs of its customers and actively explore new income sources.

FINANCIAL ANALYSIS

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

	1H 2020 *RMB million*	1H 2019 *RMB million*
Revenue	**64,553**	56,564
Gross profit	**19,512**	17,020
Operating profit	**15,623**	14,177
Profit attributable to shareholders	**5,266**	5,105
Earnings per share – Basic *(RMB cents)*	**152.58**	155.17

Revenue

For the six months ended 30 June 2020, the revenue of the Group was approximately RMB64,553 million (1H 2019: RMB56,564 million), representing an increase of 14.1% over the corresponding period in 2019. 95.2% (1H 2019: 94.1%) of the revenue was generated from the sales of properties and 4.8% (1H 2019: 5.9%) from hotel operation, commercial properties operation, property management and others.

The components of the revenue are analysed as follows:

	1H 2020 *RMB million*	1H 2019 *RMB million*
Sales of properties	**61,466**	53,236
Hotel operation income	**453**	996
Commercial properties operation income	**734**	722
Property management income, and others	**1,900**	1,610
Total	**64,553**	56,564

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

(i) Sales of Properties

Sales of properties for the six months ended 30 June 2020 and 2019 are set out below:

	1H 2020		1H 2019	
	Area (sq.m.)	***RMB million***	*Area (sq.m.)*	*RMB million*
Wenzhou	**307,592**	**7,255**	–	–
Beijing	**90,270**	**7,188**	149,511	5,328
Zhengzhou	**331,988**	**4,501**	–	–
Fuzhou	**320,184**	**4,094**	427,848	8,209
Nanjing	**109,671**	**3,931**	194,563	4,492
Hangzhou	**130,106**	**3,812**	49,662	1,166
Quanzhou	**512,149**	**3,704**	340,793	3,447
Suzhou	**188,754**	**3,506**	157,065	4,669
Nantong	**228,543**	**2,817**	–	–
Chongqing	**214,089**	**2,453**	39,234	474
Shaoxing	**134,283**	**1,785**	156,462	3,412
Shenzhen	**23,870**	**1,068**	8,062	212
Qingdao	**61,862**	**1,020**	233,592	2,467
Jinan	**91,919**	**908**	136,422	1,237
Yinchuan	**93,237**	**871**	129,518	1,156
Lanzhou	**81,374**	**857**	–	–
Hefei	**48,075**	**853**	41,683	600
Lishui	**39,256**	**689**	–	–
Zhongshan	**76,381**	**668**	–	–
Weifang	**55,880**	**638**	–	–
Kunming	**41,883**	**611**	–	–
Guangzhou	**6,217**	**539**	–	–
Wuxi	**40,783**	**538**	–	9
Nanchang	**39,035**	**510**	11,610	268
Others	**682,367**	**6,650**	459,541	4,103
Total	**3,949,768**	**61,466**	3,388,032	53,236

(ii) Hotel Income

Hotel operation income is set out as follows:

	Date of Commencement	**1H 2020** ***RMB million***	1H 2019 *RMB million*
InterContinental Shanghai Wonderland	November 2018	**86**	132
Hyatt on the Bund Shanghai	June 2007	**54**	186
Conrad Xiamen	August 2016	**35**	78
Le Royal Méridien Shanghai	September 2006	**29**	110
The Yuluxe Sheshan, A Tribute Portfolio Hotel, Shanghai	November 2005	**26**	56
InterContinental Fuzhou	January 2014	**24**	50
Crowne Plaza Shaoxing	March 2014	**24**	43
Hilton Wuhan Riverside	July 2016	**23**	61
Hilton Nanjing Riverside	December 2011	**22**	44
Hilton Shenyang	January 2018	**19**	41
Hilton Tianjin Eco-City	April 2015	**16**	29
Le Méridien Hangzhou Binjiang	September 2018	**16**	26
DoubleTree by Hilton Wuhu	October 2013	**15**	31
DoubleTree by Hilton Ningbo Beilun	December 2016	**15**	26
Hilton Yantai	August 2017	**14**	28
Yuluxe Hotel Taizhou	August 2014	**10**	14
Holiday Inn Shaoxing	September 2011	**8**	15
Holiday Inn Mudanjiang	December 2010	**4**	12
DoubleTree by Hilton Ningbo Chunxiao	December 2015	**3**	11
Others		**10**	3
Total		**453**	996

Hotel operation income decreased by approximately 54.5% to RMB453 million for the six months ended 30 June 2020 from RMB996 million over the corresponding period in 2019. The decrease of income was mainly due to (1) the global pandemic of the COVID-19 and the decline in international visitors, and (2) the renovation of Le Royal Méridien Shanghai and The Yuluxe Sheshan, A Tribute Portfolio Hotel, Shanghai.

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

Commercial properties operation income increased by approximately 1.7% to RMB734 million for the six months ended 30 June 2020 from RMB722 million over the corresponding period in 2019. Rental income decreased because some rent-free benefits were offered to tenants. Meanwhile, new income growth was achieved through diversified business such as "night market".

Commercial properties operation income is analysed as follows:

	Date of Commencement	**1H 2020** ***RMB million***	1H 2019 *RMB million*
Rental Income			
Shanghai Shimao Festival City	December 2004	**112**	116
Jinan Shimao International Plaza	May 2014	**76**	80
Beijing Shimao Tower	July 2009	**75**	86
Shaoxing Shimao Dear Town (Commercial)	May 2010	**40**	48
Kunshan Shimao Plaza	April 2012	**25**	29
Xiamen Shimao Straits Mansion	January 2017	**23**	29
Nanjing Yuhua Shimao (Commercial)	December 2018	**23**	21
Nanjing Straits City (Commercial)	December 2014	**18**	17
Shanghai Shimao Tower	December 2018	**18**	16
Shanghai Shimao Shangdu	November 2010	**17**	18
Quanzhou Shishi Shimao Skyscraper City	January 2017	**17**	17
Suzhou Shimao Canal Scene (Commercial)	June 2010	**16**	20
Changshu Shimao The Centre	January 2009	**10**	11
Xuzhou Shimao Dongdu (Commercial)	January 2012	**5**	6
Wuhu Shimao Riviera Garden (Commercial)	September 2009	**2**	3
Miscellaneous rental income		**27**	28
Rental income sub-total		**504**	545
Commercial properties related service income		**230**	177
Total		**734**	722

Property management income and other income increased by approximately 18.0% to RMB1,900 million for the six months ended 30 June 2020 from RMB1,610 million over the corresponding period in 2019, which was mainly due to the increase in property management area.

Cost of Sales

Cost of sales increased by 13.9% to approximately RMB45,041 million for the six months ended 30 June 2020 from RMB39,544 million for the six months ended 30 June 2019, which was in line with the growth in sales.

Cost of sales are analysed as follows:

	1H 2020 *RMB million*	1H 2019 *RMB million*
Land costs and construction costs	**40,653**	35,493
Capitalised borrowing costs	**2,986**	2,495
Direct operating costs for hotels, commercial properties operation and others	**1,016**	1,221
Sales taxes	**386**	335
Total	**45,041**	39,544

Fair Value Gains on Investment Properties – Net

During the period under review, the Group recorded aggregate fair value gains of approximately 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 RMB77 million recognized was RMB232 million (1H 2019: RMB474 million).

Other Income/Other Gains – Net

Other gains of approximately RMB353 million for the six months ended 30 June 2020 (1H 2019: RMB82 million), which mainly included gain on government grants of RMB77 million (1H 2019: RMB29 million) and net gains on acquisition and disposal of subsidiaries of RMB209 million (1H 2019: RMB20 million).

Selling and Marketing Costs and Administrative Expenses

The Group strictly linked actual cost with performance ratio through overall budget management and dynamic tracking. Selling and marketing costs and administrative expenses arising from property sales accounted for 2.8% of contracted sales in the first half of 2020 (1H 2019: 2.3%), which was competitive in the market.

Operating Profit

Operating profit amounted to RMB15,623 million for the six months ended 30 June 2020, increased by 10.2% from RMB14,177 million over the first half of 2019, which was mainly attributable to the increase of revenue and gross profit.

Finance (Costs)/Income – Net

Net finance costs was approximately RMB714 million (1H 2019: net finance costs of RMB170 million), mainly due to greater fluctuation and more net foreign exchange loss accrued in the first half of 2020 than that in the corresponding period of 2019.

Share of Results of Associated Companies and Joint Ventures

Share of profit of associated companies and joint ventures increased to profits of approximately RMB74 million in the first half of 2020 from RMB16 million in the corresponding period in 2019, which was mainly attributable to recognition of profit from Guangzhou Financial City Project.

Taxation

The Group's tax provisions amounted to approximately RMB6,961 million for the period, in which PRC land appreciation tax ("LAT") was RMB3,146 million (1H 2019: RMB6,454 million, in which LAT was RMB3,046 million). The increase in LAT was in line with the growth in gross margin.

Profit Attributable to Shareholders

Profit attributable to shareholders for the period increased by 3.1% from approximately RMB5.105 billion in the first half of 2019 to RMB5.266 billion in the first half of 2020. The increase was mainly attributable to the increase of core profit.

Excluding the net impact of major after-tax non-cash items, net profit from core business attributable to shareholders for the period increased by 4.7% to approximately RMB5.558 billion. Net profit margin from core business attributable to shareholders was 13.3% in the first half of 2020. Plus after-tax gain attributable to shareholders from the disposal of part of the equity of Shimao Services of approximately RMB600 million, net profit from core business attributable to shareholders for the period increased by 16.0% to approximately RMB6.158 billion.

The major after tax non-cash items include such as fair value gains on investment properties, exchange gains or losses, gains and loss on acquisition and disposal of subsidiaries, share of results of associated companies and joint ventures and depreciation and amortization from profit attributable to shareholders.

During the six months period ended 30 June 2020, the Group obtained RMB1.729 billion cash consideration from strategic investors to the Group's subsidiary Shimao Services for convertible redeemable shares of Shimao Services equivalent to 10% of its equity, of which 5% was issuance of new shares while 5% was disposal of the Group's original interest. The after tax gain on such disposal was RMB600 million, representing the excess of the consideration received from disposal of the Group's original interest over the attributable net assets value thereon, but that was not recognized in the Group's profit and loss account under the applicable accounting standard.

Liquidity and Financial Resources

As of 30 June 2020, the total assets of the Group were approximately RMB546.106 billion, of which current assets were approximately RMB422.729 billion. Total liabilities were approximately RMB414.311 billion, whereas non-current liabilities were approximately RMB111.499 billion. Total equity was approximately RMB131.795 billion, of which equity attributable to the shareholders of the Company amounted to approximately RMB75.331 billion.

As of 30 June 2020, the Group had aggregate cash and bank balances (including restricted cash) of approximately RMB69.921 billion (as at 31 December 2019: RMB59.623 billion). Total borrowings amounted to approximately RMB142.981 billion, including convertible redeemable shares of subsidiary RMB1.749 billion (as at 31 December 2019: RMB126.555 billion). Total net borrowings were RMB73.060 billion (as at 31 December 2019: RMB66.932 billion). Net gearing ratio is measured by the total net borrowings (total amount of borrowings net of aggregate cash and bank balances (including restricted cash balances)) over the total equity (excluding perpetual capital instruments). Net gearing ratio decreased slightly from 59.7% as at 31 December 2019 to 57.8% as at 30 June 2020. Net gearing ratio has been maintained around 60% for ninth consecutive years.

The maturity of the borrowings of the Group as at 30 June 2020 is set out as follows:

	RMB million
Bank borrowings and borrowings from other financial institutions and bonds	
Within 1 year	38,618
Between 1 and 2 years	28,110
Between 2 and 5 years	37,275
Over 5 years	4,683
Senior notes	
Within 1 year	948
Between 1 and 2 years	6,946
Between 2 and 5 years	17,620
Over 5 year	7,032
Total	141,232

Financing Activities

The Group continued to make outstanding achievements in financing, making full use of diversified innovative financing products and means to escort the development.

First of all, the Group seized the market opportunities and made full use of equity financing means to improve the capital structure and increase the share capital. The Company issued shares through top-up placing and obtained HK$4.6 billion and HK$2.3 billion respectively in January and May, totalling HK$6.9 billion. The Group not only won the leading investment of international well-known long-term funds, but also achieved a small discount. The Group gave full play to the advantages of Hong Kong stock equity financing and effectively defended market systemic risks.

Apart from equity financing from open market, financing from debt market also provided stable support. Despite the fluctuation of market conditions in the first half of the year, the Group actively explored all kinds of new financing and quickly responded to external changes under various adverse conditions. In February, financing product relating to the epidemic with a total amount of RMB850 million was issued and the interest rate was 3.6%. In April, the Group obtained a CMBS quota relating to epidemic prevention of hotels in Wuhan of RMB840 million with a maturity period of 6 years, which was the first in the local market of Wuhan.

The Group's corporate bonds were well recognized by the market. In March and May, Shimao Jianshe, issued RMB4.5 billion and RMB3.1 billion corporate bond with a long-term maturity respectively. The interest rate reached 3.2% which recorded the lowest of the Group.

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

As at 30 June 2020, the Group had sufficient financing reserves, and the balance of available facilities from bank and other financial institutions of approximately RMB52.000 billion. The Group has established strategic cooperation with more than 40 onshore and offshore institutions of middle to large scale, and proactively explored cooperation with local banks. The Group maintained stable cooperation relationship with overseas banks in terms of bond and syndicated loans.

With the Group's excellent development and multiple financing channels, the comprehensive financing cost of the Group in the first half of 2020 was around 5.50%, which 0.10 percentage point lower than 5.60% in the corresponding period of last year. The financing cost kept going down steadily and maintained advantage.

Placing and Subscription

On 17 January 2020, the Company entered into the placing and subscription agreement (the "1st Agreement") with the placing agents and the vendor, Gemfair Investments Limited ("Gemfair"), pursuant to which, the placing agents conditionally agreed to place to not less than six independent professional, institutional and/or individual investors, on a fully underwritten basis, 158,000,000 existing ordinary shares of the Company at the placing price of HK$29.58 per share and Gemfair conditionally agreed to subscribe for the same number of new ordinary shares of the Company as the placing shares placed by the placing agents at the placing price. The subscription shares have a nominal value of HK$15,800,000 and a market value of HK$5,071.8 million, based on the closing price of HK$32.10 per share on the last full trading day prior to the date of the 1st Agreement. The net price of the subscription is HK$29.35 per share. The Directors considered that the placing and the subscription represented an opportunity to raise capital for the Company while broadening its shareholder and capital base. The Company intended to apply the net proceeds for the development of the projects, to repay the Company's debts and for general working capital of the Group. Please refer to the announcement of the Company dated 17 January 2020 for further details. On 31 January 2020, the Company has completed the placing of the existing shares as well as the allotment and issuance of shares under the general mandate granted to the Directors pursuant to an ordinary resolution passed at the 2019 annual general meeting of the Company (the "General Mandate"). The net proceeds received by the Company after deducting relating fees and expense, were approximately HK$4,638 million. As of 30 June 2020, the Group has applied the net proceeds of approximately HK$293 million for the development of the projects, approximately HK$4,111 million for repaying the Company's debts and approximately HK$234 million for general working capital.

On 22 April 2020, the Company entered into the placing and subscription agreement (the "2nd Agreement") with the placing agent and the vendor, Gemfair, pursuant to which, the placing agent conditionally agreed to place to not less than six independent professional, institutional and/or individual investors, on a fully underwritten basis, 78,204,000 existing ordinary shares of the Company at the placing price of HK$29.73 per share and Gemfair conditionally agreed to subscribe for the same number of new ordinary shares of the Company as the placing shares placed by the placing agent at the placing price. The subscription shares have a nominal value of HK$7,820,400 and a market value of HK$2,377 million, based on the closing price of HK$30.40 per share on the last full trading day prior to the date of the 2nd Agreement. The net price of the subscription is HK$29.55 per share. The Directors considered that the placing and the subscription represented an opportunity to raise capital for the Company while broadening its shareholder and capital base. The Company intended to apply the net proceeds for the development of the projects, to repay the Company's debts and for general working capital of the Group. Please refer to the announcement of the Company dated 22 April 2020 for further details. On 5 May 2020, the Company has completed the placing of the existing shares as well as the allotment and issuance of shares under the General Mandate. The net proceeds received by the Company after deducting relating fees and expense, were approximately HK$2,311 million. As of 30 June 2020, the Group has applied the net proceeds of approximately HK$224 million for the development of the projects, approximately HK$1,971 million for repaying the Company's debts and approximately HK$116 million for general working capital.

Foreign Exchange Risks

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

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

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

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

Pledge of Assets

As of 30 June 2020, the Group had pledged property and equipment, investment properties, land use rights, properties under development, completed properties held for sale and restricted cash with a total carrying amount of RMB71.123 billion to secure bank facilities granted to the Group. The corresponding bank and other loans amounted to approximately RMB21.649 billion.

Contingencies

As of 30 June 2020, the Group had provided guarantees for approximately RMB23.423 billion in respect of the mortgage facilities granted by certain banks relating to the mortgage loans arranged for certain purchasers of the Group's properties. In addition, the Group had provided guarantees for approximately RMB9.809 billion in its portion of equity interests in associated companies and joint ventures for their borrowings.

Capital and Property Development Expenditure Commitments

As of 30 June 2020, the Group had contracted capital and property development expenditure but not provided for amounted to RMB68.638 billion.

Employees and Remuneration Policy

As of 30 June 2020, the Group employed a total of 26,136 employees, among whom 6,231 were engaged in property development. Total remuneration for the period amounted to approximately RMB1.436 billion. The Group has adopted a performance-based rewarding system to motivate its staff. The board of directors of the Company (the "Board") adopted a share award scheme (the "Share Award Scheme") of the Company on 30 December 2011. The purpose of the Share Award Scheme is to recognize the contributions by certain selected employees of the Group and to provide them with incentives in order to retain them for the continual operation and development of the Group and to attract suitable personnel for further development of the Group. In relation to staff training, the Group also provides different types of programs for its staff to improve their skills and develop their respective expertise.

UNAUDITED INTERIM RESULTS

The Board is pleased to present the unaudited consolidated results of the Group for the six months ended 30 June 2020 together with comparative figures. These interim financial statements have not been audited, but have been reviewed by the Company's Audit Committee.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2020

		Unaudited	
		Six months ended 30 June	
		2020	2019
	Note	***RMB'000***	*RMB'000*
Revenue	*3*	**64,552,722**	56,564,070
Cost of sales		**(45,040,972)**	(39,544,147)
Gross profit		**19,511,750**	17,019,923
Fair value gains on investment properties – net		**308,767**	632,195
Other income/other gains – net		**353,485**	81,822
Selling and marketing costs		**(1,506,578)**	(1,030,949)
Administrative expenses		**(2,659,040)**	(2,312,802)
(Provision for)/reversal of impairment losses on financial assets		**(1,414)**	22,536
Other operating expenses		**(384,361)**	(235,440)
Operating profit		**15,622,609**	14,177,285
Finance income		**560,549**	479,729
Finance costs		**(1,274,240)**	(649,299)
Finance costs – net		**(713,691)**	(169,570)
Fair value changes of convertible redeemable shares of subsidiary		**(20,076)**	–
Share of results of associated companies and joint ventures accounted for using the equity method		**73,999**	15,904
Profit before income tax		**14,962,841**	14,023,619
Income tax expense	*7*	**(6,960,794)**	(6,454,434)
Profit for the period		**8,002,047**	7,569,185

	Note	Unaudited Six months ended 30 June **2020** **RMB'000**	2019 RMB'000
Other comprehensive income:			
Item that will not be reclassified to profit or loss			
Fair value (losses)/gains on financial assets at fair value through other comprehensive income, net of tax		**(63,173)**	22,088
Total comprehensive income for the period		**7,938,874**	7,591,273
Profit for the period attributable to:			
Equity holders of the Company		**5,265,571**	5,105,035
Non-controlling interests		**2,736,476**	2,464,150
		8,002,047	7,569,185
Total comprehensive income for the period attributable to:			
Equity holders of the Company		**5,212,649**	5,118,618
Non-controlling interests		**2,726,225**	2,472,655
		7,938,874	7,591,273
Earnings per share for profit attributable to the equity holders of the Company			
– Basic (RMB cents)	*9*	**152.58**	155.17
– Diluted (RMB cents)	*9*	**152.34**	154.95

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2020

	Note	**Unaudited 30 June 2020 *RMB'000***	Audited 31 December 2019 *RMB'000*
ASSETS			
Non-current assets			
Property and equipment		**16,249,563**	15,922,942
Right-of-use assets		**8,322,283**	8,217,754
Investment properties		**58,305,433**	56,062,747
Intangible assets		**2,191,350**	2,009,346
Investments accounted for using the equity method		**25,244,760**	24,167,175
Amount due from related parties		**1,427,668**	1,440,840
Financial assets at fair value through other comprehensive income		**1,321,332**	988,995
Financial assets at fair value through profit or loss		**182,297**	179,637
Deferred income tax assets		**3,294,521**	3,055,128
Other non-current assets		**6,837,968**	5,483,634
		123,377,175	117,528,198
Current assets			
Inventories		**274,960,666**	234,467,515
Trade and other receivables and prepayments	*4*	**21,228,657**	18,732,702
Prepayment for acquisition of land use rights		**28,058,485**	13,651,351
Prepaid income taxes		**5,515,697**	4,407,190
Amounts due from related parties		**23,019,433**	22,981,077
Derivative financial instruments		**24,967**	63,004
Restricted cash		**7,613,792**	7,265,779
Cash and cash equivalents		**62,307,575**	52,357,251
		422,729,272	353,925,869
Total assets		**546,106,447**	471,454,067

	Note	Unaudited 30 June 2020 *RMB'000*	Audited 31 December 2019 *RMB'000*
EQUITY			
Equity attributable to the equity holders of the Company			
Share capital		**362,850**	341,575
Share premium		**6,280,587**	42,139
Reserves			
– Retained earnings		**65,191,583**	62,480,958
– Other reserves		**3,495,801**	3,390,209
		75,330,821	66,254,881
Non-controlling interests			
Perpetual capital instruments		**5,391,000**	4,665,000
Other non-controlling interests		**51,073,013**	45,784,305
		56,464,013	50,449,305
Total equity		**131,794,834**	116,704,186
LIABILITIES			
Non-current liabilities			
Borrowings		**101,665,951**	89,773,388
Lease liabilities		**64,647**	93,009
Convertible redeemable shares of subsidiary		**1,749,076**	–
Deferred income tax liabilities		**8,019,578**	7,533,056
		111,499,252	97,399,453
Current liabilities			
Trade and other payables	*5*	**90,076,582**	79,057,586
Dividend payable		**2,746,633**	–
Contract liabilities		**94,614,767**	74,652,393
Income tax payable		**27,906,408**	25,216,120
Borrowings		**39,566,374**	36,781,947
Lease liabilities		**103,716**	139,939
Amounts due to related parties		**47,797,881**	41,502,443
		302,812,361	257,350,428
Total liabilities		**414,311,613**	354,749,881
Total equity and liabilities		**546,106,447**	471,454,067

SELECTED NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED 30 JUNE 2020

1 GENERAL INFORMATION AND BASIS OF PREPARATION

Shimao Group Holdings Limited (the "Company", formerly named Shimao Property Holdings Limited) was incorporated in the Cayman Islands on 29 October 2004 as an exempted company with limited liability under the Cayman Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The Company is principally engaged in investment holding. The principal activities of the Company and its subsidiaries (together, the "Group") are property development, property investment and hotel operation in the People's Republic of China (the "PRC").

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 25 August 2020.

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

This interim condensed consolidated financial information for the six months ended 30 June 2020 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 2019 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 2019, 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.

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

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 2020 and have not been early adopted by the Group:

		Effective for annual periods beginning on or after
HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-current	1 January 2022
HKAS 16 (Amendments)	Property, Plant and Equipment: Proceeds before intended use	1 January 2022
HKAS 37 (Amendments)	Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
HKFRS 3 (Amendments)	Reference to the Conceptual Framework	1 January 2022
HKFRS 17	Insurance contracts	1 January 2023
HKFRS 10 and HKAS 28 (Amendments)	Sale or contribution of assets between an investor and its associate or joint venture	To be determined
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:

	Six months ended 30 June	
	2020	2019
	RMB'000	*RMB'000*
Sales of properties	**61,465,703**	53,236,237
Hotel operation income	**453,035**	996,492
Commercial properties operation income	**734,161**	721,889
Property management income, and others	**1,899,823**	1,609,452
	64,552,722	56,564,070

(b) Segment information

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

	Property development and investment				
	Shanghai Shimao Co., Ltd. ("Shanghai Shimao")*	Others	Hotel Operation	Unallocated**	Total
	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	1,862,493	–	–	1,899,823
Total revenue	9,156,367	55,001,880	394,475	–	64,552,722
Operating profit/(loss)	2,946,626	13,110,389	(115,489)	(318,917)	15,622,609
Finance income	63,844	466,719	644	29,342	560,549
Finance costs	(159,028)	(653,836)	(6,325)	(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	31,760	42,239	–	–	73,999
Profit/(loss) before income tax	2,883,202	12,945,435	(121,170)	(744,626)	14,962,841
Income tax expense					(6,960,794)
Profit for the period					8,002,047
Other segment items are as follows:					
Capital and property development expenditure	14,514,849	56,467,900	575,428	–	71,558,177
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	45,572	86,229	214,201	19,420	365,422
Depreciation and amortisation of right-of-use assets	64,914	15,341	33,924	–	114,179
Provision for/(reversal of) impairment losses on financial assets	2,525	(1,193)	82	–	1,414

* *The Group owns an effective equity interest of 63.92% in Shanghai Shimao.*

** *Unallocated mainly represent corporate level activities.*

The segment results for the six months ended 30 June 2019 are as follows:

	Property development and investment				
	Shanghai Shimao* *RMB'000*	Others *RMB'000*	Hotel Operation *RMB'000*	Unallocated** *RMB'000*	Total *RMB'000*
Revenue					
– Sales of properties	11,720,377	41,515,860	–	–	53,236,237
– Recognised at a point in time	11,378,086	40,524,079	–	–	51,902,165
– Recognised over time	342,291	991,781	–	–	1,334,072
– Hotel operation income	124,659	–	871,833	–	996,492
– Commercial properties operation income	501,488	220,401	–	–	721,889
– Property management income, and others	107,871	1,501,581	–	–	1,609,452
Total revenue	12,454,395	43,237,842	871,833	–	56,564,070
Operating profit/(loss)	3,580,991	11,016,051	104,463	(524,220)	14,177,285
Finance income	107,463	350,224	562	21,480	479,729
Finance costs	(208,994)	(40,886)	(9,427)	(389,992)	(649,299)
Share of results of associated companies and joint ventures accounted for using the equity method	175,024	(159,120)	–	–	15,904
Profit/(loss) before income tax	3,654,484	11,166,269	95,598	(892,732)	14,023,619
Income tax expense					(6,454,434)
Profit for the period					7,569,185
Other segment items are as follows:					
Capital and property development expenditure	15,594,343	43,158,508	1,120,205	–	59,873,056
Fair value gains on investment properties	451,705	180,490	–	–	632,195
Fair value gains on derivative financial instruments	–	–	–	18,374	18,374
Depreciation	42,364	61,316	201,930	26,359	331,969
Depreciation and amortisation of right-of-use assets	56,564	9,244	33,308	–	99,116
Provision for/(reversal of) impairment on financial assets	4,367	(26,849)	(54)	–	(22,536)

* *The Group owns an effective equity interest of 58.92% in Shanghai Shimao.*

** *Unallocated mainly represent corporate level activities.*

The segment assets and liabilities as at 30 June 2020 are as follows:

	Property development and investment			
	Shanghai Shimao *RMB'000*	Others *RMB'000*	Hotel operation *RMB'000*	Total *RMB'000*
Investments accounted for using the equity method	**1,461,268**	**23,783,492**	**–**	**25,244,760**
Intangible assets	**1,709,730**	**350,692**	**130,928**	**2,191,350**
Other segment assets	**129,831,148**	**352,080,672**	**28,396,616**	**510,308,436**
Total segment assets	**133,002,146**	**376,214,856**	**28,527,544**	**537,744,546**
Deferred income tax assets				**3,294,521**
Financial assets at fair value through other comprehensive income ("FVOCI")				**1,321,332**
Financial assets at fair value through profit or loss ("FVPL")				**182,297**
Derivative financial instruments				**24,967**
Other assets				**3,538,784**
Total assets				**546,106,447**
Borrowings	**24,514,969**	**49,085,275**	**11,090**	**73,611,334**
Other segment liabilities	**56,037,599**	**178,921,044**	**27,483,543**	**262,442,186**
Total segment liabilities	**80,552,568**	**228,006,319**	**27,494,633**	**336,053,520**
Corporate borrowings				**67,620,991**
Deferred income tax liabilities				**8,019,578**
Convertible redeemable shares of subsidiary				**1,749,076**
Other liabilities				**868,448**
Total liabilities				**414,311,613**

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

	Property development and investment			
	Shanghai Shimao *RMB'000*	Others *RMB'000*	Hotel operation *RMB'000*	Total *RMB'000*
Investments accounted for using the equity method	1,109,016	23,058,159	–	24,167,175
Intangible assets	1,709,730	168,688	130,928	2,009,346
Other segment assets	122,906,077	289,287,380	26,299,568	438,493,025
Total segment assets	125,724,823	312,514,227	26,430,496	464,669,546
Deferred income tax assets				3,055,128
Financial assets at FVOCI				988,995
Financial assets at FVPL				179,637
Derivative financial instruments				63,004
Other assets				2,497,757
Total assets				471,454,067
Borrowings	21,949,203	43,535,975	29,980	65,515,158
Other segment liabilities	52,438,277	141,111,002	25,734,359	219,283,638
Total segment liabilities	74,387,480	184,646,977	25,764,339	284,798,796
Corporate borrowings				61,428,177
Deferred income tax liabilities				7,533,056
Other liabilities				989,852
Total liabilities				354,749,881

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.

4 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	30 June 2020 *RMB'000*	31 December 2019 *RMB'000*
Trade receivables *(Note (a))*	**5,679,613**	5,191,560
Prepayments for construction costs	**4,935,796**	3,752,797
Bidding deposits for land use rights *(Note (b))*	**3,666,746**	4,544,293
Loan receivables *(Note (c))*	**2,057,144**	1,429,235
Prepaid value added taxes and other taxes	**1,380,896**	950,873
Other receivables	**3,820,682**	3,174,694
	21,540,877	19,043,452
Provision for impairment	**(312,220)**	(310,750)
	21,228,657	18,732,702

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:

	30 June 2020 *RMB'000*	31 December 2019 *RMB'000*
Within 180 days	**4,683,607**	4,121,346
Over 180 days and within 365 days	**287,634**	329,787
Over 365 days	**708,372**	740,427
	5,679,613	5,191,560

The Group applies the simplified approach to providing for expected credit losses prescribed by HKFRS 9.

(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 2020, loan receivables of RMB2,057,144,000 (31 December 2019: RMB1,429,235,000) were secured by the pledge of certain properties, notes receivable or credit guaranty of borrowers, bearing interest rate at a range from 4.2% to 18.0% per annum and repayable within one year.

As at 30 June 2020, a provision of RMB312,220,000 (31 December 2019: RMB310,750,000) was made against the gross amount of trade receivables, other receivables and loan receivables.

As at 30 June 2020, the fair value of trade receivables, bidding deposits for land use rights, loan receivables and other receivables of the Group approximate their carrying amounts, as the impact of discounting is not significant.

As at 30 June 2020 and 31 December 2019, trade and other receivables of the Group were mainly denominated in RMB.

5 TRADE AND OTHER PAYABLES

	30 June 2020 *RMB'000*	31 December 2019 *RMB'000*
Trade payables *(Note (a))*	**78,671,076**	68,618,406
Other payables *(Note (b))*	**4,803,476**	4,466,369
Other taxes payable	**4,222,237**	3,329,916
Accrued expenses	**2,379,793**	2,642,895
	90,076,582	79,057,586

Notes:

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

	30 June 2020 *RMB'000*	31 December 2019 *RMB'000*
Within 90 days	**78,287,711**	68,295,163
Over 90 days and within 1 year	**383,365**	323,243
	78,671,076	68,618,406

(b) Other payables comprise:

	30 June 2020 *RMB'000*	31 December 2019 *RMB'000*
Deposits received from customers	**2,087,053**	2,043,550
Deposits from constructors	**613,537**	511,103
Rental deposits from tenants and hotel customers	**925,580**	897,894
Fees collected from customers on behalf of government agencies	**301,056**	268,134
Others	**876,250**	745,688
	4,803,476	4,466,369

6 COMMITMENTS

Commitments for capital and property development expenditure

	30 June 2020 *RMB'000*	31 December 2019 *RMB'000*
Contracted but not provided for		
– Properties being developed for sale	**43,264,098**	43,023,356
– Land use rights (including those related to associated companies and joint ventures)	**22,537,401**	26,959,655
– Property and equipment and investment properties	**2,836,274**	2,448,055
	68,637,773	72,431,066

7 INCOME TAX EXPENSE

	Six months ended 30 June	
	2020	2019
	RMB'000	*RMB'000*
Current income tax		
– PRC enterprise and withholding income tax	**3,492,971**	3,155,586
– PRC land appreciation tax	**3,145,942**	3,045,600
	6,638,913	6,201,186
Deferred income tax		
– PRC enterprise and withholding income tax	**321,881**	253,248
	6,960,794	6,454,434

(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 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

	Six months ended 30 June	
	2020	2019
	RMB'000	*RMB'000*
Final dividends payable of HK85 cents (2018: HK70 cents) per ordinary share *(Note (a))*	**2,746,633**	1,971,784
Proposed interim dividends of HK70 cents (2019: HK60 cents) per ordinary share *(Note (b))*	**2,225,530**	1,783,599
	4,972,163	3,755,383

Notes:

(a) A final dividend in respect of the year ended 31 December 2019 of HK85 cents per ordinary share, amounting to approximately HK$3,007,043,000 (equivalent to RMB2,746,633,000) was proposed at the Company's board meeting held on 30 March 2020, and was approved at the annual general meeting of the Company held on 27 May 2020.

(b) An interim dividend in respect of the six months ended 30 June 2019 of HK60 cents per ordinary share, amounting to approximately HK$1,980,896,000 (equivalent to RMB1,783,599,000) was paid in September 2019.

At a meeting held on 25 August 2020, the Board declared an interim dividend of HK60 cents per ordinary share and a special dividend of HK10 cents per ordinary share for the six months ended 30 June 2020, amounting to approximately HK$2,476,388,000 (equivalent to RMB2,225,530,000). 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.

	Six months ended 30 June	
	2020	2019
Profit attributable to the equity holders of the Company *(RMB'000)*	**5,265,571**	5,105,035
Weighted average number of ordinary shares in issue *(thousands)*	**3,451,115**	3,289,981
Basic earnings per share *(RMB cents)*	**152.58**	155.17

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares in issue for the potential dilutive effect caused by the shares granted under the Share Award Scheme assuming they were exercised. The conversion of the convertible redeemable shares of subsidiary would result in an anti-dilutive effect on the diluted earnings per share for the six months ended 30 June 2020.

	Six months ended 30 June	
	2020	2019
Profit attributable to the equity holders of the Company *(RMB'000)*	**5,265,571**	5,105,035
Weighted average number of ordinary shares in issue *(thousands)*	**3,451,115**	3,289,981
Adjustments for shares granted under the Share Award Scheme *(thousands)*	**5,252**	4,713
Weighted average number of ordinary shares for diluted earnings per share *(thousands)*	**3,456,367**	3,294,694
Diluted earnings per share *(RMB cents)*	**151.34**	154.95

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 2020 except for one deviation as set out below.

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

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 2020.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 30 June 2020,

(1) Shanghai Shimao Co., Ltd., a 63.92%-owned subsidiary of the Company, redeemed an aggregate principal amount of RMB1,300,000,000 of medium-term notes at a fixed interest rate of 4.50% due on 5 January 2020 and an aggregate principal amount of RMB1,000,000,000 of short-term financing bonds at a fixed interest rate of 3.67% due on 23 March 2020.

(2) the Company allotted and issued 158,000,000 shares on 31 January 2020 at an issue price of HK$29.58 per share on completion of the placing and subscription agreement dated 17 January 2020.

(3) the Company allotted and issued 78,204,000 shares on 5 May 2020 at an issue price of HK$29.73 per share on completion of the placing and subscription agreement dated 22 April 2020.

Save as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2020.

INTERIM DIVIDEND, SPECIAL DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

The Board has today declared an interim dividend of HK60 cents per ordinary share and a special dividend of HK10 cents per ordinary share, totalling HK70 cents per ordinary share for the six months ended 30 June 2020. The dividends will be payable on Friday, 25 September 2020 to shareholders whose names appear on the register of members of the Company on Thursday, 10 September 2020.

The register of members of the Company will be closed on Wednesday, 9 September 2020 and Thursday, 10 September 2020 for the purpose of ascertaining shareholders' entitlement to the interim and special dividends. During these two days no transfer of shares will be registered. In order to qualify for the interim and special dividends, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on Tuesday, 8 September 2020.

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

Hong Kong, 25 August 2020

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; and three Independent Non-executive Directors, namely, Ms. Kan Lai Kuen, Alice, Mr. Lyu Hong Bing and Mr. Lam Ching Kam.