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**世茂集團**

**SHIMAO GROUP HOLDINGS LIMITED**

**世茂集團控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 813)**

## **KEY FINDINGS OF INTERNAL CONTROL REVIEW**

### **INTRODUCTION**

Reference is made to the announcement of the Company dated 19 July 2022 (the “**Announcement**”) on the resumption guidance for the Company.

As set out in the Announcement, one of the resumption conditions is that the Company must conduct an independent internal control review and demonstrate that the Company has in place adequate internal controls and procedures to meet the obligations under the Listing Rules.

This announcement sets out the key findings of the Internal Control Review.

### **SCOPE OF THE INTERNAL CONTROL REVIEW**

On 2 September 2022, the Company engaged Zhonghui Anda Risk Services Limited to conduct the Internal Control Review, so as to assist the Board to assess if the Company’s internal control system and procedures are adequate to enable the Company to meet its obligations under the Listing Rules.

The Internal Control Review was conducted with reference to (i) Hong Kong Standard on Related Services 4400, “Engagements to Perform Agreed-Upon Procedures Regarding Financial Information” issued by HKICPA, (ii) “Corporate Governance Code” as set out in Appendix 14 to the Listing Rules, (iii) “Internal Control and Risk Management – A Basic Framework (2005)” published by HKICPA, and (iv) “A Guide on Better Corporate Governance Disclosure (2014)” published by HKICPA.

## **FINDINGS OF THE INTERNAL CONTROL REVIEW**

The Internal Control Consultant has listed out the issues identified in the Group's internal control system and procedures. The management of the Group has reviewed such issues and deficiencies, and has taken appropriate actions and steps to address those internal control issues and deficiencies with reference to the rectification recommendations of the Internal Control Consultant.

Major internal control issues identified by the Internal Control Consultant and the Company's subsequent responses are set out below:

### **1. Management procedures for risk assessment**

#### *Findings*

During the review period, the Company did not have a risk register at the Group level and a written summary record of the assessment of various types of risk matters.

#### *Rectification recommendations*

The Group should establish a risk register to assess the major risk issues, including business risk, operational risk, financial risk, compliance risk, and environmental and climate-related risks. After completing the preliminary risk assessment, formulate a risk mitigation plan for significant risk events, follow up the implementation of risk mitigation measures in a timely manner, and list the relevant results in the Group's risk assessment summary form or risk management report.

#### *Company's responses*

The Group's original risk management made assessment, analysis, countermeasures and mitigation plans of selected major risk issues based on the significance of risks, which were recorded in detail in the risk control and assessment reports of specific businesses and projects, and reported to the Board. The relevant risk responses and mitigation plans were specifically followed up and implemented.

In relation to the absence of the risk register and written summary records of assessment of various categories of risks by the Company, the Company has agreed to the relevant rectification recommendations, so as to improve the management procedures of risk assessment.

## 2. **Communication policy with external third parties and follow-up actions by management**

### a) *Findings*

The former auditor of the Company has identified four trust loan arrangements (the “**Trust Loans**”) where the Company and its subsidiaries have provided guarantees and pledges as security for the Trust Loans. However, the Company did not include the credit enhancement arrangements in relation to the Trust Loans in the lists of pledges and guarantees provided to the previous auditor in 2020 and mid-2021.

#### *Rectification recommendations*

When the Company’s associated companies and joint ventures entered into loan contracts with financial institutions, and where the Group provides asset or equity pledges or guarantees, the Company’s financing department must save the relevant signed documents to the Group’s financial management center for records.

Before the release of interim results and annual results, the financial personnel at the Group’s headquarters must verify whether the mortgages, pledges, and guarantees provided by the Company and all its subsidiaries for trust loans to associated companies and joint ventures have been registered in the relevant summary list, and the authorized personnel of the Group’s financial management center will review and disclose the relevant information to the auditors after verification.

The Group should also strengthen the relevant training for its management, employees of the Group’s financial management center and financing department on the disclosure requirements for the notes to the interim and annual financial reports, in particular on information related to mortgages, pledges and guarantees provided to financial institutions that are not self-owned loans.

#### *Company’s responses*

The Group has agreed to the relevant rectification recommendations and has adhered to the rectification measures. The registration of financing and guarantee-related information is the responsibility of the financing department, and the financing account processing is entered by the financial personnel of the respective company of the Group. Before the release of the interim results and the annual results, the financial personnel of the Group’s headquarters need to review the consistency between the financing record sheet and the book records.

In order to avoid providing the unverified trust loans information by unauthorised personnel to the auditor, the authorized personnel of the financial management center will provide the information on the asset pledges and guarantees in relation to the trust loan arrangements by the Group and its subsidiaries to the auditor according to its requirements.

Various functional departments of finance regularly organize special trainings to improve the professional competency of financial personnel. There will be at least once training a year on the requirements and changes to the annual report disclosure standards of listed companies.

*b) Other findings*

With regards to the other trust loan arrangements for 14 trade and procurement associated companies and joint ventures and 13 development associated companies and joint ventures, the Company's subsidiaries have provided asset pledges and corporate guarantees for these trust loans. However, the list of pledges and guarantees provided by the Company to the former auditor in 2020 and mid-2021 did not include those credit enhancement arrangements provided to the relevant trust institutions.

*Rectification recommendations*

When the Company's associated companies and joint ventures entered into loan contracts with financial institutions, and where the Group provides asset or equity pledges or guarantees, the Company's financing department must save the relevant signed documents to the Group's financial management center for records.

Before the release of interim results and annual results, the financial personnel at the Group's headquarters must verify whether the mortgages, pledges, and guarantees provided by the Company and all its subsidiaries for trust loans to associated companies and joint ventures have been registered in the relevant summary list, and the authorized personnel of the Group's financial management center will review and disclose the relevant information to the auditors after verification.

*Company's responses*

The Group has agreed to the relevant rectification recommendations and has adhered to the rectification measures. The financing department is responsible for the registration of joint venture financing and guarantee-related information, and the joint venture financing account handling is recorded by the financial personnel of each joint venture company. Before the release of the interim results and the annual results, the financial personnel of the Group's headquarters need to review the consistency between the financing record sheet and the book records.

In order to avoid providing the unverified trust loans information by unauthorised personnel to the auditor, the authorized personnel of the financial management center will provide the asset pledge and guarantee information in relation to the trust loan arrangement of the associated companies and joint ventures to the auditor according to its requirements.

### **3. Distribution of interim/annual reports and publication of results announcements**

#### *a) Findings*

The Group failed to comply with the requirements of Rules 13.49(1) and 13.46(2)(a) of the Listing Rules to publish the 2021 annual results and annual report within the specified period after the end of the year ended 31 December 2021.

#### *Rectification recommendations*

The Group should publish the annual results announcement and annual report for the year ended 31 December 2021 as soon as possible to comply with the financial information disclosure requirements of the Listing Rules.

#### *Company's responses*

The 2021 audit work is still in progress, and the 2021 annual results announcement and annual report will be published as soon as possible. It is expected that the 2021 annual results announcement will be published by the end of July 2023.

#### *b) Other findings*

The Group failed to meet the requirements under Rules 13.49(6) and 13.48(1) of the Listing Rules to publish the 2022 interim results and interim report within the specified period.

#### *Rectification recommendations*

The Group should publish the interim results and interim report for the period ended 30 June 2022 as soon as possible to comply with the financial information disclosure requirements of the Listing Rules.

#### *Company's responses*

Due to the delay in the publication of the 2021 annual results and the delay in the despatch of the 2021 annual report, the publication and despatch of the 2022 interim results and the 2022 interim report are also delayed. The Company will arrange publication of the 2022 interim results and the 2022 interim report as soon as possible. It is expected that the 2022 interim results announcement will be published by the end of July 2023.

#### **4. Bank loan approval process (including bank loan application and subsequent application for increase in credit line)**

##### *a) Findings*

In the Group's "Financing Business Risk Management System", the standard approval process for mortgages/pledges involving assets of the Group to lenders, including self-operated loans, guarantees for bank loans of third parties, joint ventures and associated companies, etc. and its record keeping requirements were not clearly specified.

##### *Rectification recommendations*

Where assets of the Group are pledged as security for lenders, including self-operated loans, bank loans of third parties, joint ventures and associated companies, relevant approval procedures and record keeping requirements should be formulated, the content of which should include, without limitation, to:

- (i) for contracts such as bank loans, providing assets as collateral, or providing guarantees to third parties, the contracts should be signed with all parties after the approval of the SAP system;
- (ii) for loans to third parties and the Group's provision of loans and guarantees for joint ventures and associated companies, the Group's financial management center, the person in charge of the Group's financial management center and the company secretary must be the approvers in the SAP system to ensure that the relevant loans or financial assistance information can be included in the financial statements and the relevant financial information can be disclosed in a timely manner;
- (iii) in compliance with Rules 13.13 to 13.15 of the Listing Rules, if the loan to an entity (i.e. third-party borrowing) exceeds 8% of the assets ratio defined under Rule 14.07(1), the Company must as soon as possible, announce the relevant information, including details of the balance owed, the nature of the event or transaction that gave rise to the payment, the identity of the debtor, interest rates, repayment terms and collateral;

In addition, in accordance with Rule 13.16 of the Listing Rules, if the loans to affiliated companies of the Group (i.e. joint ventures and associated companies) and guarantees for facilities granted to them together in aggregate exceed 8% under the assets ratio, relevant information shall be published in accordance with the requirements of Rule 13.16 above, including the amount of loans provided by the Company, the amount of guarantees made and its terms, interest rate, repayment method, maturity date and collateral; source of funds; and the amount used in bank financing obtained by the Company as a guarantee;

- (iv) Pursuant to Rules 14.04(1)(e) and 14.58(9) of the Listing Rules in relation to notifiable transactions for loans to affiliated companies and guarantees for their financing, the Company should calculate the percentage ratios in accordance with Rule 14.07 and comply with the notification, announcement and shareholders' approval requirements in accordance with Rule 14.33; if the relevant transaction involves a connected person, then compliance with the connected transaction requirements in accordance with Chapter 14A of the Listing Rules should also be made; and
- (v) If the Group is the provider of the collateral, and if the contract requires the Group to register the mortgagee and collateral information, the registration procedures with the relevant registration authority should be completed within the period specified in the relevant contract.

#### *Company's responses*

With respect to the matters referred to in (i), the Group's financial management center has already set up a corresponding approval process for financing matters (including pledges, guarantees, and loans, etc.). The stamping process can only be initiated after the SAP approval is completed.

For all types of financing matters referred to in (ii), the Group has established a policy on the continuing obligations, notifiable transactions and connected transactions under the Listing Rules, which provides for individual responsibilities for personnel according to their roles, and for timely disclosure of the relevant financial information for financial assistance.

For each financing matters referred to in (iii), the Group has incorporated the rectification recommendations into the abovementioned new policy. In the normal operation of the Group, the proportion of the target amount to the total assets will be calculated during the approval stage of the plan. In 2021 and the first half of 2022, the largest financing matter of the Company accounted for a proportion of total assets that was far below the disclosure requirement of 8%.

For the matters referred to in (iv), the Group has incorporated the rectification recommendations into the abovementioned new policy. The Company strictly follows the relevant requirements of the Listing Rules to calculate the size tests of connected transaction to determine whether disclosure is required. In 2021 and the first half of 2022, there was no connected transaction related to financing that need to be announced.

For the matters referred to in (v), all mortgages need to be approved in the financing process, and then go through mortgage registration in accordance with the financing contract.

*b) Other findings*

In the Internal Control Review, the Internal Control Consultant has selected 15 samples of bank loan guarantees of the Group to review. The relevant departments involved, including the legal department and the administrative department, used SAP system to approve the relevant bank loans in accordance with the requirements of the “Funds Allocation System” and “Implementation Rules for the Management of Shimao Group’s Seal Borrowing”. However, the Internal Control Consultant has noted (i) one case of variation to terms, and (ii) three cases of execution of the loan documents prior to the approval by the SAP system.

*Rectification recommendations*

For issue (i), the Internal Control Consultant recommended that the applicant can submit the application through the SAP system 15 working days before the proposed signing date of the loan documents to allow sufficient time for vetting.

For issue (ii), the Internal Control Consultant recommended that the loan documents should only be signed by all parties after the approval of the SAP system is completed.

*Company’s responses*

For issue (i), the relevant departments have provided approval opinions with non-principle issues, the approval is hence still valid; if the relevant departments have provided negative opinions, the application will be returned for revision.

For issue (ii), the approval process involves many steps and usually takes several days to complete, while the approval process is usually initiated on or after the finalization of the contractual documents. It is customary for financial institutions or applicants to date the documents on the date of their finalization and there may exist discrepancies between the date of execution and approval. However, there does not exist situation where contracts were executed without approvals.



**5. Bank loan guarantee approval process and related approval records (including guarantees for the Group’s companies, joint ventures, associated companies and third-party loans)**

*a) Findings – shareholder loan*

A wholly-owned subsidiary of the Group provided a shareholder loan in the amount of RMB3.76 billion to its subsidiary. However, the relevant loan did not stipulate interest rate, repayment method and due date in accordance with the requirements in the “Management Measures for the Calculation of Internal Fund Costs” of the “Fund Allocation System”.

*Rectification recommendations*

The Group should establish a new written policy on the basis of the “Management Measures for the Calculation of Internal Fund Costs” of the “Fund Allocation System”. When providing financial assistance to third parties, joint venture companies and associated companies, the Group should stipulate the interest rate, repayment method and due date of the principal amount and interest in the loan agreements, so as to form the basis for a timely disclosure of financial assistance under Chapter 13, Chapter 14 and Chapter 14A of the Listing Rules.

*Company’s responses*

The “Management Measures for the Calculation of Internal Fund Costs” is only for internal verification purposes after fund transfers among intra-Group companies, which do not require actual payments or make require any agreed interest rate, repayment method and maturity date to be the prerequisite conditions. The Group has established the new written policy recommended by the Internal Control Consultant.

The shareholder loan provided by the wholly-owned subsidiary to such subsidiary through the shareholder loan agreement is an interest-free shareholder loan with no fixed maturity date. Whether each shareholder party to a cooperation project to enter into a shareholder loan agreement for the shareholder loan provided for the project, or agree on the interest rate, repayment method, and maturity date is subject to the actual needs of each shareholder party.

*b) Findings – first trust loan*

A subsidiary of the Group entered into a trust financing arrangement for a project in 2020 and the outstanding balance of the loan was RMB6 billion in March 2022.

If it had been known at the time of providing collateral that all or part of the relevant trust financing amount would be diverted back to the Group, the relevant amount should have been listed in the SAP approval process in advance or at the same time. However, in the SAP approval process, it was not stated that all or part of the proceeds would be diverted back to the Group.

### *Rectification recommendations*

Before signing a trust financing contract with a trust corporation, if it is known that all or part of the relevant trust financing amount will be diverted back to the Group when providing collateral, the relevant amount should be listed in the SAP approval process in advance or at the same time, and the relevant company should only sign the contract after passing the SAP system approval process.

### *Company's responses*

The relevant project trust financing contracts had been approved through the SAP system.

The use and allocation of funds are all controlled through the allocation approval process, and the specific amount and time of each allocation are determined according to business needs of the Group. The approval of financing contracts, guarantees and pledges only focuses on the contract terms, financing conditions and structure, and does not involve allocation of fund.

### *c) Findings – second trust loan*

In September 2020, a RMB1.4 billion trust loan arrangement was established where the borrower was an associated company of the Group. A wholly-owned subsidiary of the Group provided a guarantee and a pledge of assets (land and shares) as security for the trust loan. The completion date of the SAP system approval was on 10 September 2020, where the relevant loan and guarantee documents were signed on 8 September 2020.

The borrower subsequently defaulted on the repayment, and the subsidiary guarantor become an obligor and signed the Debt Confirmation Agreement on 19 November 2021. However, the relevant departments did not keep written records of monitoring repayment of the loan by the borrower.

### *Rectification recommendations*

The relevant loan and guarantee documents should be signed by the parties after the approval of the SAP system is completed.

For the borrower's default in repayment, causing the subsidiary guarantor to become an obligor and the need to sign the Debt Confirmation Agreement, the relevant departments should immediately monitor the Borrower's repayments to the trust corporation right after the loan guarantee was signed. Where there is a delay in repayment, they should chase and follow-up on the repayment and keep relevant records.

### *Company's responses*

The Group has agreed to the relevant rectification recommendations and has strictly adhered to the rectification measures since 2023.

The Group's explanation for the occurrence of the internal control issues are as follows. The SAP approval process was initiated on 4 September 2020 and completed on 10 September 2020. The Cooperation Agreement was dated 8 September 2020 before the approval process was initiated. The agreement was signed after the completion of the approval process. It was just that the agreement date was not revised with the signing date. As it was only a difference of 2 days and the approval process was actually completed, the Company believes that there is no major impact.

The Company was aware of the delay in repayment at the relevant time and has negotiated an extension with the relevant trust corporation.

#### *d) Findings – third trust loan*

In June 2020, a trust corporation established a trust loan arrangement with an associated company of the Group and subsequently granted a loan of RMB500 million. Certain subsidiaries of the Company provided guarantee and asset (real estate and land) pledge as security and the proceeds of the loan was diverted back to the Group.

If it had been known that the whole or part of the relevant trust loan amount would be diverted back to the Group when the collateral was provided, the relevant amount should have been listed in the SAP approval process in advance or at the same time.

#### *Rectification recommendations*

If it is known that all or part of the amount of the relevant trust loan will be diverted back to the Group or other subsidiaries when providing collateral, the following details should be specified in the remarks of the relevant SAP approval process:

- (i) the proportion of funds that will be diverted back to the Group or other subsidiaries;
- (ii) the funds flow to the respective subsidiaries;
- (iii) the use of funds diverted back to the respective subsidiaries; and
- (iv) an assessment of the repayment capability of the respective subsidiaries.

The relevant amount to be diverted back should be listed in the SAP approval process in advance or at the same time.

*Company's responses*

The Group has agreed to the relevant rectification recommendations and has strictly adhered to the rectification measures.

The use and allocation of funds are all controlled through the allocation approval process, and the specific amount and time of each allocation are dynamically determined according to business needs. The approval of financing contracts, guarantees and pledges only focuses on the contract terms, financing conditions and structure, etc., but does not involve allocation of funds.

*e) Findings – fourth trust loan*

A trust corporation established a trust loan arrangement with a joint venture of the Company in 2020 and the outstanding balance of the trust loan at the end of 2021 was RMB330 million. Certain subsidiaries of the Company provided guarantee and asset (real estate and land) pledge as security and the proceeds of the loan was diverted back to the Group.

If it had been known that the whole or part of the relevant trust loan amount would be diverted back to the Group when the collateral was provided, the relevant amount should have been listed in the SAP approval process in advance or at the same time.

*Rectification recommendations*

If it is known that all or part of the amount of the relevant trust loan will be diverted back to the Group or other subsidiaries when providing collateral, the following details should be specified in the remarks of the relevant SAP approval process:

- (i) the proportion of funds that will be diverted back to the Group or other subsidiaries;
- (ii) the funds flow to the respective subsidiaries;
- (iii) the use of funds diverted back to the respective subsidiaries; and
- (iv) an assessment of the repayment capability of the respective subsidiaries.

The relevant amount to be diverted back should be listed in the SAP approval process in advance or at the same time.

*Company's responses*

The Group has agreed to the relevant rectification recommendations and has strictly adhered to the rectification measures.

The use and allocation of funds are all controlled through the allocation approval process, and the specific amount and time of each allocation are dynamically determined according to business needs. The approval of financing contracts, guarantees and pledges only focuses on the contract terms, financing conditions and structure, etc., but does not involve allocation of funds.

**6. Supervision of investment projects (including implementation of investment project delivery and follow-up supervision)**

*Findings*

The “Shimao Group Investment Management System” did not state the evaluation of the background and qualifications of target companies and keeps relevant records during the approval of equity investment projects.

*Rectification recommendations*

The Group should include in the “Shimao Group Investment Management System” that it is necessary to conduct background investigation and qualification assessment of the target companies and keep relevant records. If the shareholder of the target company is a legal person, its actual controller should also be identified, and if necessary, a detailed background review should be conducted, and its financial information and business information should be collected to evaluate its solvency for fulfilling the contract.

*Company’s responses*

Third-party agencies were actually hired to conduct legal and financial due diligence for the Company’s equity acquisition projects, but not all relevant records were kept.

According to the Internal Control Consultant’s recommendation, the legal affairs center of the Group has revised the “Shimao Group Investment Management System”, adding that in equity acquisition projects, it is necessary to hire a third party consultant to conduct financial and legal due diligence, and enhance the review of the background, qualifications and ability of the executors of the project, shareholders, and actual controllers. The revised system has been implemented since 1 January 2023.

**7. Bank account opening, maintenance and termination of income and expenditure management (including Internet banking)**

*Findings*

According to the fund management requirements of the “Financial Management System Manual” of the Group, bank accounts should be cleared up from time to time, and infrequently used bank accounts should be canceled in a timely manner. However, the review identified that certain companies in the Group did not regularly check whether the bank accounts were still valid.

### *Rectification recommendations*

The companies involved should regularly check that the bank accounts are still valid. For bank accounts that have not been used for a long time, they should be cleared and canceled in time to prevent other employees or any third party from illegally misappropriating the relevant accounts.

### *Company's responses*

The Group has agreed to the relevant rectification recommendations and has strictly adhered to the rectification measures since 1 October 2022.

## **8. Preparation of general ledger and maintenance of financial records and accounts**

### *Findings*

During the review period, it was found that in terms of the custody of the documents of the Group, some of the agreements under the Trust Loans could not be retrieved by the Group's personnel due to the resignation of the employees of the subsidiaries, and there were also situations where the Group headquarters personnel could not confirm the status of whether the relevant documents have finally been signed.

In addition, in relation to the sales and procurement, it was also found that the personnel of the Group's financial management center failed to retrieve relevant supporting documents in time due to the resignation of the employees of subsidiaries.

### *Rectification recommendations*

The legal affairs center of the Group should establish an upload link for the personnel of the financing department, sales department, and purchasing department of the relevant companies to upload the signed agreements, contracts, confirmation letters and other legally effective documents for the Group's record in accordance with the "Shimao Group Archives Scope and Retention Management Regulations".

When the personnel of the subsidiaries resign, they should hand over the originals of all legally effective documents in accordance with the "Shimao Group Archives Scope and Retention Management Regulations".

In addition, when a subsidiary completes the sale of its project or the project has no daily income and expenditure, it must submit the originals of all legally effective documents to the Group's legal affairs center in accordance with the requirements of the Group.

### *Company's responses*

Based on the Internal Control Consultant's recommendation, each department of the Group has set up a file upload link, and companies at all levels need to upload the electronic files of the signed documents in time for centralized management and query.

The Group manages the handover and document storage of resigned employees in accordance with the "Employee Resignation and Transfer Work Handover Management Regulations and Work Guidelines". From October 2022, the Group's human resources management center and audit department have strengthened the supervision, inspection and review of handover management for resigned employees.

All files of subsidiaries shall be filed regularly in accordance with the "Shimao Group Archives Scope and Retention Management Regulations". If a company is de-registered, the archived files must include the information on the deregistration filed with the administrative bureau for industry and commerce.

### **FOLLOW-UP REVIEW**

Following the initial review of the internal control systems, the Company has enhanced its internal control systems based on the rectification recommendations of the Internal Control Consultant. The Internal Control Consultant has conducted a follow-up review on the internal control systems of the Group, in particular on the financial reporting procedures. As of the date of this announcement, the Internal Control Review has been completed.

According to the report of the Internal Control Consultant on the Internal Control Review, after conducting the follow-up review, except a few matters that are subject to rectifications, the Group has carried out rectification measures for the relevant internal control deficiencies and inadequacies.

Having carefully reviewed the rectification recommendations and the follow-up review of the Internal Control Review conducted by the Internal Control Consultant, the Board is of the view that the Group's internal control systems and financial reporting procedures are sufficient to meet the obligations under the Listing Rules.

### **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.**

## DEFINITIONS

Unless the context requires otherwise, capitalized terms in this announcement shall have the meanings set out below:

“Board”	the board of directors of the Company;
“Company”	Shimao Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange (Stock Code: 813);
“connected person”	has the meaning ascribed to it under the Listing Rules;
“Director(s)”	the director(s) of the Company;
“Group”	the Company and its subsidiaries;
“HKICPA”	the Hong Kong Institute of Certified Public Accountants;
“Internal Control Consultant”	Zhonghui Anda Risk Services Limited;
“Internal Control Review”	the independent internal control review carried out by the Internal Control Consultant;
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited; and
“subsidiaries”	has the meaning ascribed to it under the Listing Rules.

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

Hong Kong, 21 July 2023

*As at the date of this announcement, the Board 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.*