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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)

**INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2025**

RESULTS HIGHLIGHTS

1. Contracted sales were RMB13.523 billion for the first half of 2025. Contracted gross floor area amounted to 1.109 million sq.m..
2. Revenue of the Group was approximately RMB14.827 billion.
3. Revenue generated from hotel operation, commercial properties operation, property management and others was RMB5.922 billion (1H 2024: RMB6.021 billion), representing a decrease of approximately 1.6% compared to the first half of 2024.
4. Gross loss of the Group was approximately RMB908 million (1H 2024: gross profit of RMB15 million).
5. Loss for the period attributable to equity holders of the Company was approximately RMB8.934 billion (1H 2024: RMB22.668 billion). The loss has significantly narrowed by approximately 60.6% compared to the first half of 2024.
6. As at 30 June 2025, the Group's land bank was approximately 40.02 million sq.m. (before interests).
7. The Board did not recommend the payment of any interim dividend for 1H 2025.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Property Development

1) *Recognized Sales Revenue*

Shimao Group Holdings Limited (“Shimao Group”, “Shimao” or the “Company”) and its subsidiaries (collectively the “Group”) generates its revenue primarily from sales of properties, property management, hotel operation and commercial properties operation business. For the six months ended 30 June 2025, revenue of the Group reached RMB14.827 billion. During the period, revenue from property sales amounted to RMB8.905 billion, accounting for 60.1% of the total revenue and the recognized sales area was 0.767 million sq.m..

2) *Contracted Sales Performance*

In the first half of 2025, the real estate industry kept up its momentum to “reverse the downturn and stabilize the market” under the dual influences of policy support and market adjustments. However, the commodity properties sales segment has yet to witness a substantial recovery. Facing the new normal of scale contraction in the industry, the Group remained committed to product innovation as its core driving force, and continued to improve product quality through deep understanding of customer needs and focus on the core sensitive points of living experiences. During the period when market is restoring full confidence, the Group recorded RMB13.523 billion for contracted sales and recorded 1.109 million sq.m. for contracted floor area.

3) *Revitalizing resources and making prudent operations*

In response to the market downturn and the pressure on resources, the Group continued to take on prudent business strategies and strengthened the refined management over existing projects in the first half of 2025. Through measures such as asset inventory, disposal of inefficient assets, and optimization of development pace, the Group deeply tapped into potential. On the premise of ensuring ongoing supply, it continued to maintain and increase production added value and maximize the asset values. As of 30 June 2025, the Group had over 213 projects and a total area of approximately 40.02 million sq.m. (before interests) land bank, which provided the necessary support for the Group’s future sales and development.

4) *Enhance competitiveness to ensure delivery*

In the real estate sector, new quality productive forces are redefining the process of property development for the time being. Capitalizing on this trend, the Group firmly drew upon the new quality productive forces to empower residential development, with product quality improvement as the core focus. The Group centered on what customers really need to develop market-competitive products that are recognized by them. In implementation, new projects stood out from the crowd via iterative improvements in floor plans, beautified landscape, and the integration of smart community systems; while existing projects enhanced customer loyalty by optimizing the use of small spaces, enriching community scenarios, and strengthening post-delivery services. As of 30 June 2025, the Group had an area under construction of approximately 13.21 million sq.m. and completed area of approximately 1.5 million sq.m. during the period, solidifying its market reputation with stable product delivery.

Property Management

In respect of property management business, Shimao Group is engaged in property management business through its subsidiary, Shimao Services Holdings Limited (“Shimao Services”).

In the first half of 2025, China’s real estate industry was generally persisted on adjustment trend. The logic behind China’s urbanisation will shift from “building new cities” to “renovating old cities”, from “property development” to “urban operation”, and from “scale expansion” to “people orientation”. During this process, property management services companies, with their natural advantage being rooted in communities and close to the residents, have become an indispensable part in city governance. Their participations assist in grassroots governance and improve the overall efficiency of city governance.

In the first half of 2025, Shimao Services focused on market expansion as its core mission, made solid progress and strived for advancement. Shimao Services recorded revenue of RMB3,619.8 million, gross profit of RMB709.0 million and profit for the period of RMB22.3 million for the interim period. The gross floor area (“GFA”) under management amounted to 222.3 million sq.m. and the contracted GFA amounted to 343.4 million sq.m..

In the future, Shimao Services will transform service professionalism into a business barrier, human connections into ecosystem development momentum, and spatial operations into value creation, in a bid to truly achieve the transformation from property manager to integrated service provider, and secure a leading position in the industry development.

Hotel Operation

As of 30 June 2025, the Group had a total of 23 hotels in operation, including Conrad Shanghai, InterContinental Shanghai Wonderland, Sheraton Hong Kong Tung Chung Hotel, Conrad Xiamen, Hilton Wuhan Riverside, The Yuluxe Sheshan, Shanghai, a Tribute Portfolio Hotel, InterContinental Fuzhou, Hilton Nanjing Riverside, Hilton Shenyang, Hilton Changsha Riverside and Yuluxe Hotel Chengdu, offering nearly 8,000 hotel guest rooms. In addition, the Group has four directly managed leased hotels, including, MiniMax Hotel Shanghai Songjiang, MiniMax Premier Hotel Shanghai Hongqiao, MiniMax Premier Hotel Chengdu Center and ETHOS Hotel Wuhan Riverside, offering nearly 800 hotel guest rooms.

The hotel market in China was still at the stage of mild recovery as it entered 2025. Revenue Per Available Room (RevPAR) declined by 5% on year-to-year basis in the first half of 2025, and both occupancy rates and Average Daily Rate (ADR) showed a downward trend. With flexible pricing strategies and expansion of overseas customer base, Shimao hotels maintained stable operating fundamentals against this backdrop: average occupancy rate for the first half of 2025 was 67%, remaining stable compared to the same period in 2024; total revenue was RMB1.057 billion, representing a year-to-year decrease of 1.6%.

Shimao hotels continued to strengthen service quality and anchored medium- to long-term growth through product innovation. Building on the launch of sought-after products that were redeemable nationwide for a limited period last year, Shimao hotels have further enriched their product portfolios this year by introducing new offers such as nationwide redemption cards for buffet breakfasts and buffet lunches/dinners. Concurrently, Shimao hotels were focusing on their retail business, developing and launching products with high quality-price ratio to meet a broader range of consumer needs while optimizing the hotels' revenue structure and driving revenue growth.

Commercial Properties Operation

In respect of commercial properties operation, Shimao Group is principally engaged in the development of commercial properties through its subsidiary, Shanghai Shimao Co., Ltd. (“Shanghai Shimao”). Shanghai Shimao is determined to develop premium commercial complexes, and regards fulfilling the growing public demand for a better life as its impetus for development.

In the first half of 2025, the Company’s commercial properties operation remained stable, with positive growth in foot traffic and sales data for projects under management. During the reporting period, for commercial projects under management, the foot traffic increased 5% as compared with the same period last year, but cumulative sales recorded a slight year-to-year decrease of 1%. As of the end of June 2025, the Company recorded nearly 90% for overall occupancy rate of commercial projects under management and 70% for overall occupancy rate of office buildings. The Company’s office buildings under management are in prime locations of their respective cities. In the first half of 2025, the Company placed efforts in maintaining stable occupancy rates by adopting flexible leasing strategies and strengthening tenant relationships. At the same time, its entertainment projects under management have revitalized their operations and achieved revenue growth from multiple channels by way of, among others, entertainment content updates, online marketing promotion, increase in media spending and crossover with other industries.

In the future, Shimao commercial will seize the opportunities from favorable policy, adhere to the principle of “one building, one strategy; one tenant, one strategy” and continue to prioritize increasing occupancy rates and reducing vacant space. Shimao commercial will collaborate with tenants to boost their confidence. In terms of operation and management, Shimao commercial will continue to take cash flow as core by strengthening rent collection and optimizing cost structure. For city park projects, the focus will be on key marketing events, cross-industry expansion and the merchandise development, aiming to surpass revenue target.

FINANCIAL ANALYSIS

Key consolidated statement of profit or loss figures are set out below:

	1H 2025 RMB million	1H 2024 RMB million
Revenue	14,827	29,195
Gross (loss)/profit	(908)	15
Operating loss	(5,254)	(14,232)
Loss attributable to equity holders of the Company	(8,934)	(22,668)
Losses per share – Basic (<i>RMB</i>)	(2.36)	(5.98)

Revenue

For the six months ended 30 June 2025, the revenue of the Group was approximately RMB14,827 million (1H 2024: RMB29,195 million), representing a decrease of 49.2% over the corresponding period in 2024. Of which, 60.1% (1H 2024: 79.4%) of the revenue was generated from the sales of properties and 39.9% (1H 2024: 20.6%) from hotel operation, commercial properties operation, property management and others.

The components of the revenue are set out as follows:

	1H 2025 RMB million	1H 2024 RMB million
Sales of properties	8,905	23,174
Hotel operation income	1,057	1,074
Commercial properties operation income	812	826
Property management income, and others	4,053	4,121
Total	14,827	29,195

* The income does not include revenue from the Group.

(i) Sales of Properties

Sales of properties for the six months ended 30 June 2025 and 2024 are set out below:

	1H 2025		1H 2024	
	Area (sq.m.)	RMB million	Area (sq.m.)	RMB million
Jiangsu, Zhejiang and Shanghai Region	204,995	3,705	268,189	3,965
Southeast Region	141,924	1,946	486,836	4,118
Midwest Region	252,041	1,746	472,984	5,103
Northern Region	167,594	1,508	280,240	9,988
Total	766,554	8,905	1,508,249	23,174

(ii) Hotel Income

For the six months ended 30 June 2025, hotel operation income was approximately RMB1,057 million (1H 2024: RMB1,074 million) and slightly decreased by 1.6%.

Hotel operation income is analysed as follows:

	Date of Commencement	1H 2025 RMB million	1H 2024 RMB million
Conrad Shanghai	September 2006	168	161
Four Points by Sheraton Hong Kong Tung Chung	January 2021	131	124
Sheraton Hong Kong Tung Chung Hotel	December 2020	102	93
InterContinental Shanghai Wonderland	November 2018	70	66
Conrad Xiamen	August 2016	68	65
Hilton Changsha Riverside	July 2021	50	50
The Yuluxe Sheshan, Shanghai, a Tribute Portfolio Hotel	November 2005	47	51
Hilton Wuhan Riverside	July 2016	46	52
InterContinental Fuzhou	January 2014	46	49
Hilton Shenyang	January 2018	39	41
Hilton Nanjing Riverside	December 2011	38	47
Crowne Plaza Shaoxing	March 2014	31	39
Hilton Yantai	August 2017	31	33
Le Méridien Hangzhou Binjiang	September 2018	29	28
Yuluxe Hotel Chengdu	August 2018	27	30
DoubleTree by Hilton Ningbo Beilun	December 2016	21	25
DoubleTree by Hilton Ningbo Chunxiao	December 2015	14	10
Yuluxe Hotel Taizhou	August 2014	11	13
Holiday Inn Mudanjiang	December 2010	8	11
Minimax Hotel Chengdu Longquanyi	October 2021	6	6
Others		74	80
Total		1,057	1,074

(iii) *Commercial Properties Operation Income*

Commercial properties operation income slightly decreased by approximately 1.7% to RMB812 million for the six months ended 30 June 2025 compared to approximately RMB826 million in the corresponding period in 2024. Rental income decreased by 1.4%, and commercial properties operating related service income decreased by 2.5%.

Commercial properties operation income is analysed as follows:

	Date of Commencement	1H 2025 RMB million	1H 2024 RMB million
Rental Income			
Shanghai Shimao Festival City	December 2004	128	109
Chengdu Shimao Festival City	April 2021	67	55
Jinan Shimao Festival City	May 2014	66	71
Beijing Shimao Tower	July 2009	59	63
Shanghai Shimao Tower	December 2018	40	50
Changsha Shimao Global Financial Center	September 2020	33	34
Shenzhen Shimao Qianhai Center	July 2020	31	49
Kunshan Shimao Plaza	April 2012	24	27
Shaoxing Shimao Dear Town (Commercial)	May 2010	24	27
Nanjing Yuhua Shimao (Commercial)	December 2018	23	25
Nanjing Straits City (Commercial)	December 2014	21	26
Xiamen Jimei Shimao Festival City	April 2021	17	18
Xiamen Shimao Straits Mansion	January 2017	17	18
Suzhou Shimao Canal Scene (Commercial)	June 2010	16	12
Quanzhou Shishi Shimao Skyscraper City	January 2017	12	10
Wuhu Shimao Riviera Garden (Commercial)	September 2009	4	4
Miscellaneous rental income		34	27
Rental income sub-total		616	625
Commercial properties operation related service income		196	201
Total		812	826

(iv) *Property Management Income, and Others*

Property management income, and others decreased by approximately 1.7% to RMB4,053 million for the six months ended 30 June 2025 compared to RMB4,121 million over the corresponding period in 2024, which were mainly due to decreased revenues from city services.

Cost of Sales

Cost of sales decreased by 46.1% to approximately RMB15,735 million for the six months ended 30 June 2025 from RMB29,180 million for the six months ended 30 June 2024, which was in line with the decrease in revenue.

Gross Profit Margin

For the six months ended 30 June 2025, the Group's gross profit margin was approximately -6.1% (1H 2024 gross profit margin: 0.1%). The decrease in gross profit margin was due to decreasing recognized selling price of properties from Midwest and Northern Region.

Fair Value Losses on Investment Properties – Net

For the six months ended 30 June 2025, the Group recorded aggregate fair value losses of approximately RMB238 million (1H 2024: RMB36 million), mainly caused by the decrease in fair value of certain investment properties due to the slump in the local commercial property market. Aggregate net fair value losses after deferred income tax of approximately RMB59 million was RMB179 million (1H 2024: RMB27 million).

Other Income/Other Gains or (Losses) – Net

For the six months ended 30 June 2025, the Group recognized net other gains of approximately RMB357 million (1H 2024: net other losses of RMB10,917 million), which mainly included net gains of approximately RMB386 million from the liquidation of several subsidiaries which were adjudged bankrupt and under receivership procedures. During the comparable period, the loss on settlement of indebtedness of approximately RMB9,654 million was recognized.

Selling and Marketing Costs and Administrative Expenses

For the six months ended 30 June 2025, the Group's selling and marketing costs increased by 22.6% to approximately RMB420 million from approximately RMB343 million for the same period in 2024. This increase was mainly due to rising channel cost led by heightened sales challenge amid the market downturn.

For the six months ended 30 June 2025, the Group's administrative expenses decreased by 14.2% to approximately RMB1,641 million from approximately RMB1,912 million for the same period in 2024, benefiting from the Group's continuous focus on organization and business efficiency improvement.

Provision for Impairment on Financial Assets

Given the combined impact of multiple unfavorable factors in macroeconomic, industry and financing environments, the Group made further provisions for expected credit losses of approximately RMB1,758 million for the six months ended 30 June 2025.

Impairment Losses on Intangible Assets

For the six months ended 30 June 2025, impairment losses on intangible assets were RMB35 million (1H 2024: nil).

The impairment losses was mainly due to Shimao Services' impairment losses on goodwill arising from business combinations in prior years. Based on prudence principle, Shimao Services provided for certain impairment on goodwill of the acquired companies with lower-than-expected operating performance.

Finance Costs – Net

For the six months ended 30 June 2025, net finance costs decreased to approximately RMB3,181 million from approximately RMB8,633 million for the same period in 2024, which was mainly due to the following reasons: some of the borrowings achieved reduction of effective interest rate; some high-interest-cost borrowings were settled by disposal of assets; and foreign exchange gain of borrowings was recorded due to the appreciation of RMB against USD during the first half of 2025 instead of foreign exchange loss recognized in the corresponding period of 2024.

Taxation

The Group's tax provisions amounted to approximately RMB909 million for the period, in which PRC land appreciation tax ("LAT") was RMB495 million (1H 2024: RMB1,111 million, in which LAT was RMB605 million). The decrease in LAT was in line with the decrease in revenue of sales of properties.

Loss Attributable to Equity Holders of the Company

Loss attributable to equity holders of the Company for the six months ended 30 June 2025 decreased to approximately RMB8.934 billion from approximately RMB22.668 billion for the six months ended 30 June 2024. The decrease in loss was mainly due to the decrease in other losses.

Liquidity and Financial Resources

As at 30 June 2025, the Group had aggregate cash and bank balances (including restricted cash) of approximately RMB15,357 million, representing a decrease of approximately RMB395 million as compared to approximately RMB15,752 million at 31 December 2024, of which restricted cash of approximately RMB4,129 million (31 December 2024: RMB4,399 million) and guarantee deposits for construction of pre-sale properties with an amount of approximately RMB4,135 million (31 December 2024: RMB5,318 million) were included.

As at 30 June 2025, the total amount of borrowings was approximately RMB249.629 billion, representing a decrease of approximately RMB2.422 billion as compared to approximately RMB252.051 billion at 31 December 2024.

The Group's borrowings-to-assets ratio (total borrowings divided by total assets) was approximately 59.1% as at 30 June 2025 (31 December 2024: 57.8%). The Group's current ratio (current assets divided by current liabilities) was approximately 0.9 as at 30 June 2025 (31 December 2024: 0.9).

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 will take measures to mitigate the risk of exchange rate fluctuation if necessary.

Pledge of Assets

As at 30 June 2025, the Group's total secured borrowings of approximately RMB218.262 billion were secured by its property and equipment, investment properties, land use rights, properties under development, completed properties held for sale and restricted cash (with a total carrying amount of RMB136.901 billion), and/or secured by the pledge of the shares or the equity interests of certain subsidiaries of the Group.

Capital and Property Development Expenditure Commitments

As of 30 June 2025, the Group had contracted capital and property development expenditure but not provided for amounted to RMB26.890 billion.

Employees and Remuneration Policy

As of 30 June 2025, the Group employed a total of 40,141 employees, among whom 816 were engaged in property development. Total remuneration for the period amounted to approximately RMB2.189 billion. The Group has adopted a performance-based rewarding system to motivate its staff. The board of directors of the Company (the "Board") adopted two share award schemes (the "Share Award Schemes") of the Company on 30 December 2011 and 3 May 2021 (the "2021 Shimao Group Share Award Scheme") respectively, and the 2021 Shimao Group Share Award Scheme was terminated on 3 May 2024. The board of directors of Shimao Services also adopted a share award scheme (the "Shimao Services Share Award Scheme") of Shimao Services on 28 June 2021. The purpose of the Share Award Schemes and the Shimao Services 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 presents the unaudited interim condensed consolidated results of the Group for the six months ended 30 June 2025 together with comparative figures for the corresponding period of the previous year. These interim financial statements have not been audited but have been reviewed by the Company's Audit Committee.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2025

		Unaudited	
		Six months ended 30 June	
		2025	2024
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	3	14,826,914	29,194,689
Cost of sales	8	(15,734,618)	(29,179,830)
Gross (loss)/profit		(907,704)	14,859
Fair value losses on investment properties – net		(238,372)	(35,738)
Other income/other gains or (losses) – net	7	357,041	(10,916,673)
Selling and marketing costs	8	(420,494)	(342,866)
Administrative expenses	8	(1,641,061)	(1,912,031)
Provision for impairment on financial assets	8	(1,758,075)	(517,144)
Impairment losses on intangible assets	8	(34,742)	–
Other operating expenses	8	(610,669)	(522,762)
Operating loss		(5,254,076)	(14,232,355)
Finance income		1,109,238	66,650
Finance costs		(4,289,935)	(8,699,988)
Finance costs – net	9	(3,180,697)	(8,633,338)
Share of results of associated companies and joint ventures accounted for using the equity method		(402,399)	(238,342)
Loss before income tax		(8,837,172)	(23,104,035)
Income tax expenses	10	(908,744)	(1,110,649)
Loss for the period		(9,745,916)	(24,214,684)

		Unaudited	
		Six months ended 30 June	
		2025	2024
<i>Notes</i>		RMB'000	RMB'000
Other comprehensive (loss)/income for the period:			
<u><i>Items that will not be reclassified to profit or loss</i></u>			
Fair value losses on financial assets at fair value through other comprehensive income, net of tax		(46)	(8)
Share of other comprehensive (loss)/income of joint ventures accounted for using the equity method		(31,622)	44,241
<u><i>Items that may be reclassified to profit or loss</i></u>			
Exchange differences on translation of foreign operations		(1,526)	13,503
Total comprehensive loss for the period		(9,779,110)	(24,156,948)
Loss for the period attributable to:			
Equity holders of the Company		(8,934,138)	(22,667,515)
Non-controlling interests		(811,778)	(1,547,169)
		(9,745,916)	(24,214,684)
Total comprehensive loss for the period attributable to:			
Equity holders of the Company		(8,956,636)	(22,624,743)
Non-controlling interests		(822,474)	(1,532,205)
		(9,779,110)	(24,156,948)
Loss per share for loss attributable to the equity holders of the Company			
– Basic (RMB)	11	(2.36)	(5.98)
– Diluted (RMB)	11	(2.36)	(5.98)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2025

		Unaudited	Audited
		30 June	31 December
		2025	2024
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
ASSETS			
Non-current assets			
Property and equipment		13,661,655	13,904,656
Right-of-use assets		4,283,884	4,349,689
Investment properties		40,817,782	41,735,180
Intangible assets		2,197,258	2,155,161
Investments accounted for using the equity method		15,619,369	16,132,916
Amounts due from related parties		5,634,732	5,644,798
Financial assets at fair value through other comprehensive income		260,013	260,059
Deferred income tax assets		506,699	1,060,771
Other non-current assets		2,137,197	2,174,041
		85,118,589	87,417,271
Current assets			
Inventories		207,614,916	218,513,766
Trade and other receivables and prepayments	4	38,965,271	40,838,595
Prepayment for acquisition of land use rights		3,096,513	3,775,484
Prepaid income taxes		1,255,686	1,429,828
Amounts due from related parties		67,206,802	67,480,889
Restricted cash		4,128,538	4,398,874
Cash and cash equivalents		11,228,176	11,352,828
		333,495,902	347,790,264
Assets of a disposal group classified as held for sale	6	3,413,655	1,221,462
		336,909,557	349,011,726
Total assets		422,028,146	436,428,997

		Unaudited 30 June 2025 RMB'000	Audited 31 December 2024 RMB'000
	<i>Notes</i>		
EQUITY			
Equity attributable to the equity holders of the Company			
Share capital		384,165	384,165
Reserves		(30,956,993)	(22,038,498)
		(30,572,828)	(21,654,333)
Non-controlling interests		23,970,902	25,000,269
Total equity		(6,601,926)	3,345,936
LIABILITIES			
Non-current liabilities			
Borrowings		29,915,460	41,835,621
Lease liabilities		24,633	25,628
Deferred income tax liabilities		6,925,517	6,987,554
		36,865,610	48,848,803
Current liabilities			
Trade and other payables	5	85,577,812	83,083,588
Contract liabilities		42,534,095	48,355,145
Dividend payable		878,778	892,268
Income tax payable		20,318,862	20,015,870
Borrowings		219,713,281	210,215,789
Lease liabilities		22,691	31,531
Amounts due to related parties		19,767,533	20,425,864
		388,813,052	383,020,055
Liabilities of a disposal group classified as held for sale	6	2,951,410	1,214,203
		391,764,462	384,234,258
Total liabilities		428,630,072	433,083,061
Total equity and liabilities		422,028,146	436,428,997

NOTES

1 GENERAL INFORMATION

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

The Company’s shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 5 July 2006.

This interim condensed consolidated financial statements are presented in thousands of Renminbi (“RMB’000”), unless otherwise stated.

2 ACCOUNTING POLICIES

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

2.1 Going concern basis

For the six months ended 30 June 2025, the Group incurred a loss attributable to equity holders of the Company of approximately RMB8.9 billion. As at 30 June 2025, the Group had borrowings in total of approximately RMB249.6 billion, out of which approximately RMB219.7 billion will be due for repayment within the next twelve months, while its total cash (including cash and cash equivalents and restricted cash) amounted to approximately RMB15.4 billion. As at 30 June 2025, the Group had not repaid borrowings of RMB179.3 billion in aggregate according to their scheduled repayment dates. In addition, the Group was involved in various litigation and arbitration cases for various reasons.

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

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

- (i) On 21 July 2025, all the conditions precedent to the Group’s proposed offshore indebtedness restructuring scheme (the “Restructuring Scheme”) have been satisfied and the Restructuring Scheme became effective. As a result, the Group’s offshore indebtedness under the Restructuring Scheme, including the US\$-denominated senior notes with a total principal amount of approximately US\$6.8 billion and borrowings from various offshore banks and financial institutions with the total principal amounts of approximately US\$2.1 billion and HK\$20.4 billion together with the relevant accrued interests, will be fully discharged by the relevant scheme creditors in exchange for the issue of new short term instruments, new long term instruments and the zero coupon mandatory convertible bonds in the second half of 2025;

- (ii) Concurrent with the Restructuring Scheme becoming effective, amounts and dividend payable in the aggregate amount of approximately HK\$7.8 billion due to the controlling shareholder of Company by the Group will be discharged in exchange for the controlling shareholder notes and controlling shareholder mandatory convertible bonds in the second half of 2025;
- (iii) Save for the Restructuring Scheme, the Group has also been actively negotiating with other PRC onshore lenders and creditors on the extension or restructuring of borrowings. Due to the diverse lender base and changing market conditions, time is still required to determine the extension plans or restructuring plans on a case-by-case basis. Taking into account the extension cases and the Group's credit history and longstanding relationships with the relevant lenders and creditors, the Directors believe that the Group will be able to complete the signing of the relevant extension or restructuring agreements for the existing borrowings step by step;
- (iv) Up to the date of these consolidated financial statements, a total of approximately RMB451 million new loans was drawn according to the local governments' whitelists, a financing coordination mechanism launched by the Ministry of Housing and Urban-Rural Development and the National Financial Regulatory Administration in year 2024 that qualifies the property projects of the PRC property developers for financial support from financial institutions;
- (v) The Group will continuously focus on the acceleration of sales and delivery of its existing inventory of properties;
- (vi) The Group will actively seek other alternative financing and borrowings to finance the settlement of its existing financial obligations and future operating and capital expenditures; and
- (vii) The Group will actively face the current situation and seek various ways to resolve the pending litigations of the Group. The Group is positive that it will be able to reach a solution to the litigations which have not yet reached a definite outcome at the current stage.

The Directors are of the opinion that, assuming the above plans and measures can be successfully implemented as scheduled, the Group is able to continue as a going concern and would have sufficient financial resources to finance the Group's operations and meet its financial obligations as and when they fall due within the following twelve months from 30 June 2025. Accordingly, it is appropriate to prepare the interim condensed consolidated financial statements on a going concern basis.

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

2.2 Adoption of new or amended HKFRS Accounting Standards

In the current period, the Group has adopted all the new and revised HKFRS Accounting Standards issued by the HKICPA, that are relevant to its operations and effective for its accounting period beginning on 1 January 2025. HKFRS Accounting Standards comprise Hong Kong Financial Reporting Standards (“HKFRS”); Hong Kong Accounting Standards; and Interpretations. The adoption of these new and revised HKFRS Accounting Standards did not resulting in significant changes to the Group’s accounting policies, presentation of the Group’s interim condensed consolidated financial statements and amounts reported for the current period and prior years.

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

3 SEGMENT INFORMATION

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

As majority of the Group’s consolidated revenue and results are attributable to the market in the PRC and most of the Group’s consolidated assets are located in the PRC, therefore no geographical information is presented.

The CODM assesses the performance of the operating segments based on a measure of revenue and (loss)/profit before income tax. The information provided to the CODM is measured in a manner consistent with that in the financial statements.

(a) Revenue

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

	Six months ended 30 June	
	2025	2024
	<i>RMB’000</i>	<i>RMB’000</i>
	(Unaudited)	(Unaudited)
Sales of properties	8,905,408	23,174,321
Hotel operation income	1,057,192	1,074,075
Commercial properties operation income	811,860	825,594
Property management income, and others	4,052,454	4,120,699
	14,826,914	29,194,689

(b) Segment information

The segment results for the six months ended 30 June 2025 are as follows:

	Property development and investment		Shimao Services Holdings Limited ("Shimao Services")**	Unallocated***	Total
	Shanghai Shimao Co., Ltd. ("Shanghai Shimao")*	Others	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)
Revenue					
– Sales of properties					
– Recognized at a point in time	2,614,668	6,290,740	–	–	8,905,408
– Hotel operation income	108,511	948,681	–	–	1,057,192
– Commercial properties operation income	606,115	205,745	–	–	811,860
– Property management income, and others	272,946	280,244	3,619,813	–	4,173,003
Total revenue before elimination	3,602,240	7,725,410	3,619,813	–	14,947,463
Elimination					(120,549)
Total revenue					14,826,914
Operating (loss)/profit	(228,890)	(5,094,187)	39,696	29,305	(5,254,076)
Finance income	3,084	1,091,212	12,720	2,222	1,109,238
Finance costs	(1,018,436)	(3,256,727)	(14,772)	–	(4,289,935)
Share of results of associated companies and joint ventures accounted for using the equity method	13,265	(407,529)	(8,135)	–	(402,399)
(Loss)/profit before income tax	(1,230,977)	(7,667,231)	29,509	31,527	(8,837,172)
Income tax expense					(908,744)
Loss for the period					(9,745,916)
Other segment items are as follows:					
Capital expenditures	1,480	11,311	317,441	–	330,232
Fair value losses on investment properties					
– net	(110,587)	(127,785)	–	–	(238,372)
Depreciation and amortisation charge	47,609	194,766	92,477	5,066	339,918
Amortisation of right-of-use assets	4,545	51,419	14,633	–	70,597
Provision for impairment on financial assets	963,021	599,728	195,326	–	1,758,075
Impairment losses on intangible assets	–	–	34,742	–	34,742
Provision for impairment losses on properties under development and completed properties held for sale	252,186	2,130,140	–	–	2,382,326

* The Group owns an effective equity interest of 66.18% in Shanghai Shimao as at 30 June 2025.

** The Group owns an effective equity interest of 58.41% in Shimao Services as at 30 June 2025.

*** Unallocated mainly represent corporate level activities.

The segment results for the six months ended 30 June 2024 are as follows:

	Property development and investment		Shimao	Unallocated***	Total
	Shanghai Shimao*	Others	Services**		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue					
– Sales of properties					
– Recognized at a point in time	1,784,772	21,389,549	–	–	23,174,321
– Hotel operation income	113,874	960,201	–	–	1,074,075
– Commercial properties operation income	624,096	201,498	–	–	825,594
– Property management income, and others	188,262	5,556	4,031,765	–	4,225,583
Total revenue before elimination	<u>2,711,004</u>	<u>22,556,804</u>	<u>4,031,765</u>	<u>–</u>	<u>29,299,573</u>
Elimination					(104,884)
Total revenue					<u>29,194,689</u>
Operating (loss)/profit	(537,413)	(13,880,595)	252,032	(66,379)	(14,232,355)
Finance income	6,649	31,705	22,115	6,181	66,650
Finance costs	(281,023)	(7,713,328)	(19,171)	(686,466)	(8,699,988)
Share of results of associated companies and joint ventures accounted for using the equity method	<u>(156,871)</u>	<u>(88,521)</u>	<u>7,050</u>	<u>–</u>	<u>(238,342)</u>
(Loss)/profit before income tax	(968,658)	(21,650,739)	262,026	(746,664)	(23,104,035)
Income tax expense					<u>(1,110,649)</u>
Loss for the period					<u>(24,214,684)</u>
Other segment items are as follows:					
Capital expenditures	652	19,634	65,491	–	85,777
Fair value (losses)/gains on investment properties – net	(42,917)	7,179	–	–	(35,738)
Depreciation and amortisation charge	54,264	295,164	158,037	–	507,465
Amortisation of right-of-use assets	2,593	52,239	18,860	–	73,692
Provision for impairment on financial assets	206,132	210,428	100,584	–	517,144
Provision for impairment losses on properties under development and completed properties held for sale	292,067	2,896,020	–	–	3,188,087
Impairment losses on right-of-use assets	<u>999,589</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>999,589</u>

* The Group owns an effective equity interest of 66.18% in Shanghai Shimao as at 30 June 2024.

** The Group owns an effective equity interest of 62.87% in Shimao Services as at 30 June 2024.

*** Unallocated mainly represent corporate level activities.

The segment assets and liabilities at 30 June 2025 are as follows:

	Property development and investment		Shimao Services**	Total
	Shanghai Shimao*	Others		
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Investments accounted for using the equity method	677,081	14,459,505	482,783	15,619,369
Intangible assets	1,588	41,497	2,154,173	2,197,258
Other segment assets	69,920,908	320,941,417	8,442,487	399,304,812
Total segment assets	<u>70,599,577</u>	<u>335,442,419</u>	<u>11,079,443</u>	<u>417,121,439</u>
Deferred income tax assets				506,699
Financial assets at FVOCI				260,013
Assets of a disposal group classified as held for sale				3,413,655
Other assets				<u>726,340</u>
Total assets				<u>422,028,146</u>
Borrowings	28,875,747	141,461,715	–	170,337,462
Other segment liabilities	43,843,823	106,251,466	3,320,848	153,416,137
Total segment liabilities	<u>72,719,570</u>	<u>247,713,181</u>	<u>3,320,848</u>	<u>323,753,599</u>
Corporate borrowings				79,291,279
Deferred income tax liabilities				6,925,517
Liabilities of a disposal group classified as held for sale				2,951,410
Other liabilities				<u>15,708,267</u>
Total liabilities				<u>428,630,072</u>

The segment assets and liabilities at 31 December 2024 are as follows:

	Property development and investment		Shimao Services**	Total
	Shanghai Shimao*	Others	RMB'000	RMB'000
	(Audited)	(Audited)	(Audited)	(Audited)
Investments accounted for using the equity method	688,126	14,943,361	501,429	16,132,916
Intangible assets	2,054	51,945	2,101,162	2,155,161
Other segment assets	71,576,081	335,232,299	7,970,915	414,779,295
Total segment assets	<u>72,266,261</u>	<u>350,227,605</u>	<u>10,573,506</u>	<u>433,067,372</u>
Deferred income tax assets				1,060,771
Financial assets at FVOCI				260,059
Assets of a disposal group classified as held for sale				1,221,462
Other assets				819,333
Total assets				<u>436,428,997</u>
Borrowings	29,698,041	142,583,156	–	172,281,197
Other segment liabilities	44,070,736	112,149,669	2,780,268	159,000,673
Total segment liabilities	<u>73,768,777</u>	<u>254,732,825</u>	<u>2,780,268</u>	<u>331,281,870</u>
Corporate borrowings				79,770,213
Deferred income tax liabilities				6,987,554
Liabilities of a disposal group classified as held for sale				1,214,203
Other liabilities				13,829,221
Total liabilities				<u>433,083,061</u>

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

Total segment liabilities comprise operating liabilities. They exclude corporate liabilities, corporate borrowings, deferred income tax liabilities and liabilities of a disposal group classified as held for sale.

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

	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
Related to development and sales of properties contracts		
Contract liabilities (Note)	<u>42,534,095</u>	<u>48,355,145</u>

Note: Contract liabilities have been disclosed with value-added-tax of RMB2.7 billion deducted as at 30 June 2025 (31 December 2024: approximately RMB3.1 billion).

4 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
Trade receivables (<i>Note (a)</i>)	8,705,828	8,684,777
Bidding deposits for land use rights (<i>Note (b)</i>)	3,718,263	3,720,756
Prepayments for construction costs	8,940,276	9,010,356
Loan receivables (<i>Note (c)</i>)	360,985	361,767
Prepaid tax and surcharges on pre-sale proceeds	737,266	742,499
Deposits paid	7,016,243	8,284,367
Receivables from disposal of equity interests	220,884	222,808
Payments on behalf of customers	422,220	417,086
Other receivables	12,653,175	12,099,929
	42,775,140	43,544,345
Provision for impairment	(3,809,869)	(2,705,750)
	38,965,271	40,838,595

Notes:

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

	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
Within 180 days	5,848,837	5,834,694
Over 180 days and within 365 days	1,259,080	1,256,036
Over 365 days	1,597,911	1,594,047
	8,705,828	8,684,777

As at 30 June 2025, receivables arising from sales of properties were approximately RMB3,178,027,000 (31 December 2024: RMB3,663,029,000).

- (b) Bidding deposits for land use rights mainly represented deposits placed by the Group to various government related bodies for the acquisition of leasehold land.
- (c) As at 30 June 2025, loan receivables of RMB360,985,000 (31 December 2024: RMB361,767,000) were secured by the pledge of certain properties, notes receivable or credit guaranty of borrowers, bearing interest rate at a range from 10.0% to 18.0% per annum and payable within one year.

Due to the short-term nature of the current receivables, their carrying amount is considered to be the same as their fair value. As at 30 June 2025, the fair value of trade receivables, bidding deposits for land use rights, loan receivables and other receivables of the Group approximate their carrying amounts, as the impact of discounting is not significant.

5 TRADE AND OTHER PAYABLES

	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
Trade payables (<i>Note (a)</i>)	31,776,413	33,928,563
Other payables (<i>Note (b)</i>)	11,195,527	10,786,223
Other taxes payable	6,027,092	6,410,906
Accrued expenses	36,578,780	31,957,896
	85,577,812	83,083,588

Notes:

- (a) The ageing analysis of the trade payables based on invoice date is as follows:

	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
Within 90 days	10,645,099	14,240,868
Over 90 days and within 1 year	18,423,964	17,652,608
Over 1 year	2,707,350	2,035,087
	31,776,413	33,928,563

- (b) As at 30 June 2025, other payables mainly included amount due to liquidated subsidiaries or disposed subsidiaries amounted to RMB4,557,342,000 (31 December 2024: RMB3,798,845,000) and deposits received from customers amounted to RMB2,698,117,000 (31 December 2024: RMB2,653,344,000). Except this, the residual amounts mainly included payables for equity interest, deposits from constructors, rental deposits from tenants and hotel customers, and fees collected from customers on behalf of government agencies.

6 A DISPOSAL GROUP OF ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE

As at 30 June 2025, the completion of certain debt settlement arrangements entered into during 2024 was pending the Group's satisfaction of necessary conditions precedent. The inventories and investment properties associated with these arrangements were amounted to approximately RMB0.97 billion as at that date. All other related assets and liabilities were disposed of by the Group during the six months ended 30 June 2025.

In addition to the above, the Group entered into several equity transfer agreement and supplementary agreements with an independent third party, pursuant to which the Group conditionally agreed to sell and the independent third parties conditionally agreed to purchase 100% equity interest in a property development company, an indirect non-wholly-owned subsidiary of the Company, for a consideration of RMB462.2 million.

In these regards, the management of the Group classified the group of relevant assets and liabilities as assets and liabilities held for sale and is presented separately in the interim condensed consolidated statement of financial position as at 30 June 2025. The major classes of assets and liabilities classified as held for sale are as follows:

	At 30 June 2025 RMB'000 (Unaudited)
Property and equipment	247
Investment properties	1,474,433
Intangible assets	20
Inventories	1,343,516
Trade and other receivables and prepayments	148,199
Deferred income tax assets	442,594
Cash and cash equivalents	4,646
	<hr/>
Assets of a disposal group classified as held for sale	3,413,655
	<hr/>
Trade and other payables	940,848
Contract liabilities	266,832
Deferred income tax liabilities	46,878
Borrowings	1,696,852
	<hr/>
Liabilities of a disposal group classified as held for sale	2,951,410
	<hr/>

As at 31 December 2024, certain debt settlements entered before remain pending completion as the Group is still in the process of satisfying the necessary conditions precedent. The Group's inventories and investment properties associated with these debt settlements amounted to approximately RMB1.19 billion as at 31 December 2024.

In addition to the above, the Group entered into an equity transfer agreement with two independent third parties on 31 December 2024, pursuant to which the Group conditionally agreed to sell and the independent third parties conditionally agreed to purchase 51% equity interest in a property management company, an indirectly non-wholly owned subsidiary of the Company, for a consideration of RMB2.8 million. The transaction was completed during the six months ended 30 June 2025.

In this regard, the management of the Group classified the group of relevant assets and liabilities as a disposal group of assets and liabilities held for sale and is presented separately in the consolidated statement of financial position as at 31 December 2024. The major classes of assets and liabilities of a disposal group classified as held for sale are as follows:

	At 31 December 2024 RMB'000 (Audited)
Property and equipment	144
Investment properties	228,000
Intangible assets	1,737
Inventories	957,000
Trade and other receivables and prepayments	14,273
Deferred income tax assets	781
Cash and cash equivalents	19,527
	<hr/>
Assets of a disposal group classified as held for sale	1,221,462
	<hr/>
Trade and other payables	20,843
Contract liabilities	7,739
Deferred income tax liabilities	621
Borrowings	1,185,000
	<hr/>
Liabilities of a disposal group classified as held for sale	1,214,203
	<hr/>

7 OTHER INCOME/OTHER GAINS OR (LOSSES) – NET

	Six months ended 30 June	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Other income		
Government grants received	10,429	10,369
	<hr/>	<hr/>
Other gains/(losses) – net		
Penalty income (<i>note</i>)	24,585	22,832
Net (losses)/gains on disposal of subsidiaries with loss of control	(45,244)	32,287
Net gains/(losses) on liquidation of subsidiaries	385,550	(614,337)
Loss on impairment of assets classified as held for sale	(73,333)	–
Loss on settlement of indebtedness	–	(9,653,825)
Provision for impairment losses on right-of-use assets	–	(999,589)
Others	55,054	285,590
	<hr/>	<hr/>
	346,612	(10,927,042)
	<hr/>	<hr/>
	357,041	(10,916,673)
	<hr/>	<hr/>

Note: Penalty income represents penalty received from property buyers who do not execute sales and purchase agreements on property sales or from tenants who early terminate tenancy agreements.

8 EXPENSES BY NATURE

	Six months ended 30 June	
	2025	2024
	<i>RMB'000</i> (Unaudited)	<i>RMB'000</i> (Unaudited)
Cost of properties sold and others	11,567,024	23,876,359
Taxes and surcharges on sales of properties	93,361	162,557
Staff costs – including directors' emoluments	1,999,138	2,302,738
Advertising, promotion and commission costs	383,621	314,950
Direct expenses arising from hotel operation	378,666	373,522
Corporate and office expenses	343,809	379,586
Consulting fee	58,083	97,889
Depreciation and amortisation	339,918	507,465
Amortisation of right-of-use assets	70,597	73,692
Charitable donations	–	205
Penalties	440,050	489,144
Provision for impairment on financial assets	1,758,075	517,144
Provision for impairment losses on properties under development and completed properties held for sale	2,382,326	3,188,087
Impairment losses on intangible assets	34,742	–
Other expenses	350,249	191,295
	20,199,659	32,474,633

9 FINANCE COSTS – NET

	Six months ended 30 June	
	2025	2024
	<i>RMB'000</i> (Unaudited)	<i>RMB'000</i> (Unaudited)
Finance income		
– interest income on short-term bank deposits	(29,935)	(66,650)
– net foreign exchange gain (<i>note</i>)	(1,079,303)	–
	(1,109,238)	(66,650)
Interest on borrowings	3,850,004	8,256,430
Interest on senior notes	1,151,184	1,141,234
Interest charges paid/payable for lease liabilities	1,430	2,490
	5,002,618	9,400,154
Net foreign exchange loss (<i>note</i>)	–	791,673
Less: interest and foreign exchange losses capitalised	(712,683)	(1,491,839)
Finance costs	4,289,935	8,699,988
Net finance costs	3,180,697	8,633,338

Note: Net foreign exchange gain and loss is mainly derived from the translation of foreign currency borrowings.

10 INCOME TAX EXPENSE

	Six months ended 30 June	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Current income tax		
– PRC enterprise income tax	402,530	491,476
– PRC land appreciation tax	494,678	604,686
	<u>897,208</u>	<u>1,096,162</u>
Deferred income tax		
– PRC enterprise income tax	11,536	14,487
	<u>908,744</u>	<u>1,110,649</u>

(a) Hong Kong profits tax

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits.

(b) PRC enterprise income tax

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

(c) PRC land appreciation tax

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

(d) PRC withholding income tax

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

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

11 LOSS PER SHARE

Basic loss per share is calculated by dividing the loss 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	
	2025	2024
	(Unaudited)	(Unaudited)
Loss attributable to the equity holders of the Company (<i>RMB'000</i>)	(8,934,138)	(22,667,515)
Weighted average number of ordinary shares (<i>thousands</i>)	3,787,569	3,787,569
Basic loss per share (<i>RMB</i>)	(2.36)	(5.98)

Diluted loss 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. Diluted loss per share is the same as basic loss per share for the six months ended 30 June 2025 and 2024 as the effect caused by the shares granted under the Share Award Scheme is anti-dilutive.

12 DIVIDENDS

No interim dividend for the six months ended 30 June 2025 was proposed by the Board (six months ended 30 June 2024: Nil).

13 COMMITMENTS

Commitments for capital and property development expenditure

	30 June	31 December
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Contracted but not provided for		
– Property and equipment	514,517	516,707
– Land use rights (including those related to associated companies and joint ventures)	5,907,469	5,897,469
– Properties being developed by the Group for sale	20,467,793	21,199,167
	26,889,779	27,613,343

14 EVENTS AFTER THE REPORTING PERIOD

- (a) On 3 July 2025, an indirect wholly-owned subsidiary of the Company (the “Vendor”), entered into the agreement with Fuhua Property Co., Ltd. (the “Purchaser”), Beijing Fuhua Yuntong Real Estate Development Co., Ltd. (the “Project Company”) and the Fuhua Yongjia Culture Group Co., Ltd., under which the Vendor agreed to sell its 50% equity interests in the Project Company and the creditor’s right to the Purchaser for an aggregate consideration of approximately RMB156.2 million.

The Project Company is a property development company and holds the project, a mixed-use business and commercial complex in Beijing. Upon completion of the disposal, the Group will cease to have any interests in the Project Company.

- (b) As for progress of the restructuring of the Group’s offshore debt, each of the restructuring conditions have been satisfied and the Restructuring Effective Date occurred on 21 July 2025. As a result, the Group’s offshore indebtedness under the Restructuring Scheme was fully discharge and released in exchange for the issuance of certain amount of the New Debt Instruments to the Scheme Creditors on the Restructuring Effective Date in accordance with the terms of the Scheme.

Concurrent with the Restructuring Scheme becoming effective, amounts and dividend payable in the aggregate amount of approximately HK\$7.8 billion due to the controlling shareholder of Company by the Group will be discharged in exchange for the controlling shareholder notes and controlling shareholder mandatory convertible bonds in the second half of 2025.

- (c) Subsequent to the reporting period and up to the date of approval of these interim condensed consolidated financial statements, a total number of 4,233,933,124 new shares were issued at the conversion price of HK\$6 per share pursuant to the conversion of the Zero Coupon Mandatory Convertible Bonds due 2026 issued on 21 July 2025, which accounted for 111.48% of the total number of issued shares before the relevant event.

CORPORATE GOVERNANCE CODE

The Company complied with the code provisions set out in the Corporate Governance Code (the “Code”) contained in Appendix C1 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 2025, except for the following deviations:

Under code provision C.1.7, the Company should arrange appropriate insurance cover for legal action against its directors (the “Directors”). The Company is in the process of obtaining insurance proposals from the insurers with the intent to purchase the relevant liability insurance for Directors within 2025.

During the reporting period, the roles of the Chairman of the board of Directors (the “Board”) and the President are served by Mr. Hui Sai Tan, Jason (“Mr. Hui”) and have not been segregated as required under code provision C.2.1 of the Code. The Company believes that Mr. Hui’s dual roles as Chairman and President will enable the Group to execute its business strategies effectively and facilitate daily operations. Although the responsibilities of the Chairman and the President are vested in one person, all major decisions are made in consultation with the Management and the Board. The Board considers that there is a sufficient balance of power and enhances the efficiency of the operation of the Group. The Board currently comprises three Executive Directors, two Non-executive Directors and three Independent Non-executive Directors and, therefore, has a strong independent element in its composition.

Under code provision F.1.3, the chairman of the Board should attend the annual general meeting. Mr. Hui did not attend the annual general meeting of the Company held on 12 June 2025 due to other commitment.

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 C3 to the Listing Rules as the code of conduct regarding securities transactions by 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 2025.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 30 June 2025, the Company decreased its holdings of 110,000,000 shares of Shimao Services through its wholly-owned subsidiary, with an average consideration of HK\$0.76 per share.

Save as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of its listed securities during the six months ended 30 June 2025.

INTERIM DIVIDEND

The Board did not recommend the payment of any interim dividend for the six months ended 30 June 2025 (for the six months ended 30 June 2024: Nil).

REVIEW OF INTERIM RESULTS

The Audit Committee of the Company has reviewed the unaudited interim condensed consolidated financial statements of the Group for the six months ended 30 June 2025.

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

Hong Kong, 27 August 2025

As at the date of this announcement, the Board comprises three Executive Directors, namely, Mr. Hui Sai Tan, Jason (Chairman and President), Mr. Xie Kun and Mr. Zhao Jun; two Non-executive Directors, namely, Ms. Hui Mei Mei, Carol and Mr. Shao Liang; and three Independent Non-executive Directors, namely, Mr. Lyu Hong Bing, Mr. Lam Ching Kam and Mr. Fung Tze Wa.