



2026

INTERIM REPORT 中期報告

SHIMAO GROUP HOLDINGS LIMITED

世茂集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(於開曼群島註冊成立之有限公司)

Stock Code 股份代號: 813

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CORPORATE INFORMATION

Board of Directors

Executive Directors

Hui Sai Tan, Jason (*Chairman and President*)
Zhao Jun

Non-executive Director

Hui Mei Mei, Carol

Independent Non-executive Directors

Lyu Hong Bing
Lam Ching Kam
Fung Tze Wa

Audit Committee

Fung Tze Wa (*Committee Chairman*)
Lyu Hong Bing
Lam Ching Kam

Remuneration Committee

Lyu Hong Bing (*Committee Chairman*)
Lam Ching Kam
Fung Tze Wa

Nomination Committee

Lam Ching Kam (*Committee Chairman*)
Lyu Hong Bing
Fung Tze Wa
Hui Mei Mei, Carol

Company Secretary

Lam Yee Mei, Katherine

Auditor

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Hong Kong Branch Share Registrar and Transfer Office

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

Principal Share Registrar and Transfer Office

Conyers Trust Company (Cayman) Limited
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Place of Listing

The Stock Exchange of Hong Kong Limited
Stock code: 813

Investor and Media Relations

Investor Relations Department
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CHAIRMAN'S STATEMENT

Dear shareholders,

I hereby represent Shimao Group Holdings Limited (“Shimao Group”, “Shimao” or the “Company”) and its subsidiaries (collectively, the “Group”) to present the interim results of the Group for the six months ended 30 June 2026.

Market and Outlook

Since the first half of 2026, the focus of property market policy has shifted from “promoting a halt to the decline and a return to stability” to “focusing on stabilizing the property market”. Local authorities across the country have implemented various initiatives tailored to their specific circumstances to “control new supply, reduce inventory and optimize supply”, thereby driving the industry to accelerate the establishment of a new development model.

Against this policy backdrop, the national property market as a whole remained in a bottoming phase in the first half of the year. On the one hand, according to the National Bureau of Statistics, in the first half of 2026, national investment in property development stood at RMB3,807.4 billion, representing a year-on-year decline of 18.0%; the gross floor area under construction by property developers totaled 5,540.49 million sq.m., representing a year-on-year drop of 12.5%; the sales area of newly-built commodity properties stood at 401.4 million sq.m., representing a year-on-year decrease of 11.6%, with indicators for new housing investment, construction and sales remaining on a downward trajectory. On the other hand, the residential price index for 70 large and medium-sized cities highlighted pronounced structural disparities within the market: residential prices in first-tier cities exhibited indications of stabilization, whilst the second-hand housing market demonstrated relative resilience; however, the markets in most second – and third-tier cities remained in a phase of adjustment. The overall market is characterized by “a slowing contraction in total volume and intensifying structural divergence”.

Looking ahead to the second half of the year, the market recovery still faces numerous uncertainties, and a full-scale recovery is expected to take additional time. At the end of August, a series of institutional policies centered on the “ready-to-move-in property sales system” were introduced, signaling a profound shift in the industry’s development model. The property industry is transitioning from the old path of scale expansion and sales driven by expectations to a new cycle defined by quality delivery and product excellence.

Operational Review

During the reporting period, the Group closely followed policy guidelines, adhered to a prudent approach to operations, and steered all activities with the core principles of safeguarding cash flow security and mitigating operational risks. Faced with an external environment characterized by the industry continuing to bottom out and increasing market polarization, the Group operated with caution, achieving operating revenue of RMB10.961 billion during the reporting period and stabilizing its core business operations against a backdrop of overall industry pressure.

In terms of contract sales, the Group capitalized on structural opportunities in the market, flexibly adjusted its marketing strategies and maintained a steady pace of destocking. During the reporting period, the Group achieved contracted sales of RMB8.208 billion. In particular, benefiting from the improved supply-demand dynamics in the Hong Kong residential market, the Group’s BEACON PEAK project delivered outstanding sales performance, generating contracted sales of approximately RMB1.6 billion from a single project. This fully demonstrates the product competitiveness of the Group’s high-quality projects and its ability to capitalize on regional market opportunities.

CHAIRMAN'S STATEMENT

In terms of existing asset management, the Group strictly curtailed the pace of investment, did not acquire any land during the reporting period, and concentrated limited resources on core regions and high-quality existing projects. The Group continued to refine the quality of its products, maintained uncompromised construction standards and ensured timely delivery, thereby improving the operational performance of its projects; at the same time, it has systematically advanced the revitalization and disposal of underperforming and non-core assets, effectively alleviating overall operational pressure.

In terms of financial management, as debt reduction efforts proceed, the Group's total borrowings have shrunk. As at 30 June 2026, the Group's total borrowings amounted to approximately RMB176.143 billion, representing a reduction of approximately RMB6.123 billion compared with the end of 2025; at the same time, the Group continued to advance organizational restructuring and management streamlining, with a view to reducing various operating expenses and continuously enhancing the level of refined management.

Diversified Business

During the reporting period, the Group continued to pursue its "One Core with Two Wings" development strategy, fully leveraging the advantages of its diversified industrial portfolio, continuously strengthening synergies across all business segments, and pooling operational strengths to support the Group's sound business operations.

In terms of property management, as the industry continues to develop, the market has entered a new phase characterized by competition based on quality and value. In the first half of 2026, Shimao Services focused on improving efficiency across its existing portfolio, fostering value synergies and ensuring sustainable development. In line with market trends, Shimao Services deepened the application of digital technology, continued to broaden its scope for development and tapped into the potential for business growth. As at 30 June 2026, Shimao Services' operations spanned 126 cities and 1,354 projects; for the period, Shimao Services generated revenue of RMB3.3503 billion and a gross profit of RMB452.3 million. Looking ahead, Shimao Services will remain committed to delivering high-quality services, focus on developing multiple high-potential sectors, continuously improve service delivery standards and the customer experience, capitalize on urban regeneration opportunities, and participate in the refurbishment and subsequent operation and maintenance of existing properties, thereby achieving long-term, stable operations through high-quality property services.

In terms of the hotel business, during the first half of 2026, the domestic accommodation market was undergoing structural adjustment, presenting both opportunities and challenges. Shimao hotels solidified its operational foundation through measures such as flexible pricing strategies, refined holiday operations and the proactive expansion of overseas guest sources, achieving total revenue of RMB1.030 billion in the first half of the year. Regardless of changes in the market environment, Shimao hotels have always remained true to the essence of service. The "Hospitality Experience Ambassadors" program has been in place for over four years, with a team of more than 80 members, and continue to uphold the service commitment of "being responsible for your experience". Leveraging the upgraded online marketing platform "Shi You Pin (世有品)", Shimao hotels collaborate with the Group's diverse business segments to continuously build a private-domain membership ecosystem and unlock the value of membership operations.

CHAIRMAN'S STATEMENT

In terms of commercial and entertainment business, the domestic consumer market in the first half of 2026 was characterized by a modest recovery and structural divergence, with the commercial property sector having fully entered the stage of existing property operation. Faced with structural pressures in the commercial and office markets, Shimao commercial deepened its collaborative operations with tenants and promoted business iteration and innovation. As a result, its commercial projects under management achieved growth in both footfall and sales, whilst commercial occupancy rates rose steadily and office occupancy rates remained stable. At the same time, Shimao commercial actively advanced its light-asset business strategy by entering into multiple new light-asset projects during the reporting period to further expand its business presence. Looking ahead to the second half of the year, Shimao commercial will focus on three key areas, namely the improvement of the quality and efficiency of projects under management, flexible operational strategies for office projects, and the expansion of its light-asset business, to continue driving steady operations and high-quality development.

Appreciation

On behalf of the Board, I would like to express my most sincere gratitude and deepest respect to all our shareholders, customers, partners and government departments at all levels for their unwavering support. I would also like to extend my heartfelt gratitude and deepest respect to our directors, management and all staff who have weathered every storm and remained steadfast with the Company. As the industry undergoes institutional restructuring, traditional business models have undergone profound changes, and the market headwinds remain. In the second half of the year, Shimao will proactively adapt to the industry's new development model, set clear objectives, focus on growth, remain grounded, maintain strategic resolve, steadily advance all operational initiatives, and resolutely pursue a path of high-quality development.

Hui Sai Tan, Jason*Chairman and President*

Hong Kong, 28 August 2026

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 2026, revenue of the Group reached RMB10.961 billion. During the period, revenue from property sales amounted to RMB5.918 billion, accounting for 54.0% of the total revenue, and the recognized sales area was 0.516 million sq.m..

2) *Contracted Sales Performance*

In the first half of 2026, the real estate industry continued its deep adjustment, with the market showing characteristics of weak recovery and pronounced divergence. Sales performance varied significantly across cities and product types, while the pace of recovery in property buyers' confidence remained relatively slow. The industry focus continued to shift away from a scale-oriented approach toward cash-flow stability and refined operations. The Group prudently assessed market trends, optimized its inventory structure, concentrated on key projects with solid sales potential, and accelerated inventory sales through targeted marketing initiatives. During the reporting period, the Group's aggregated contracted sales amounted to RMB8.208 billion, with a contracted sold area of 667,945 sq.m.. The average selling price was RMB12,289 per sq.m..

In the meantime, the supply-demand balance in the Hong Kong property market continued to improve, with transaction volumes remaining resilient. During the reporting period, the Group's residential project in the city, BEACON PEAK, achieved contracted sales of approximately RMB1.6 billion. The Group is positive about the development potential of the Hong Kong property market and will continue to monitor changes in market policies, dynamically adjust its sales deployment, and strive for steady growth in sales performance.

3) *Land Bank and Existing Portfolio Management*

Amidst the ongoing adjustment of the industry environment, the Group has actively advanced asset streamlining and the disposal of inefficient assets by flexibly adjusting the development and construction pace of various projects, and coordinating the allocation of available resources to focus on the construction and revitalization of key projects. As of 30 June 2026, the Group had an area under construction of approximately 8.83 million sq.m. and an area completed of approximately 0.32 million sq.m.. In terms of land reserve management, and taking into account market conditions, the current land bank, and operating liquidity, the Group did not acquire any land during the period. As of the end of the period, the Group had about 182 projects and a total area of approximately 32.37 million sq.m. (before interests) land bank, providing necessary support for the future supply of salable resources.

MANAGEMENT DISCUSSION AND ANALYSIS

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”). With the advancement of China’s new urbanization initiatives, the ongoing optimization of social governance at the grassroots level, and the comprehensive upgrade in living standards and public service needs, the property services sector has completed a strategic transformation from traditional basic support to a modern, comprehensive public service.

The focus of the industry’s development has shifted from scale expansion to optimizing operational quality, and Shimao Services is no exception. In the first half of 2026, Shimao Services continued to advance its efforts to enhance service quality, strengthened its focus on refined management, pursued market expansion with caution, actively developed value-added community services, and consolidated the foundations of its overall business. In the first half of 2026, Shimao Services recorded revenue of RMB3.3503 billion, a gross profit of RMB452.3 million and operating loss of RMB108.7 million. As at 30 June 2026, Shimao Services had businesses presence in 126 cities and provided property management services and a wide variety of community value-added services for 1,354 projects; the gross floor area (“GFA”) under management was 190.2 million sq.m. and the contracted GFA was 306.5 million sq.m..

In the future, Shimao Services will focus on delivering high-quality services as its core objective and will deepen its commitment to core sectors, including residential communities, universities and colleges and industrial parks, and will enhance its operational capabilities and unleash the value of existing properties; and will enhance management efficiency and unleash its digital and intelligent potential.

Hotel Operation

As of 30 June 2026, the Group had more than 20 hotels in operation, including Conrad Shanghai, InterContinental Shanghai Wonderland, Conrad Xiamen, Hilton Wuhan Riverside, Le Méridien Shanghai Sheshan, InterContinental Fuzhou, Hilton Nanjing Riverside, Hilton Shenyang, Hilton Changsha Riverside and Yuluxe Hotel Chengdu, offering nearly 7,000 hotel guest rooms. In addition, the Group has one directly managed leased hotel, namely MiniMax Premier Hotel Shanghai Hongqiao, offering nearly 300 hotel guest rooms.

According to the STR report, in the first half of 2026, the hotel occupancy rate index in Mainland China remained broadly unchanged from the previous year, the Average Daily Rate (ADR) index grew by 1%, and the Revenue Per Available Room (RevPAR) index increased by 2%. Against this backdrop, Shimao hotels maintained stable operational fundamentals through flexible pricing strategies, enhanced holiday operations, and expansion of the overseas customer base. As a result, Shimao hotels achieved an occupancy rate of 66% for the first half of the year and total revenue of RMB1.030 billion.

Leveraging “Shi You Pin (世有品)”, its upgraded online marketing platform, Shimao hotels collaborated with the Group’s diversified business segments in launching nationwide redemption products, which span commercial, cultural and entertainment, and online retail spaces to develop a large-scale membership ecosystem, unlocking the value of membership operations step by step.

MANAGEMENT DISCUSSION AND ANALYSIS

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 2026, the commercial market in the PRC evolved into one characterized by existing property operations, with light-asset management and revitalization of existing projects dominating. High-quality commercial properties in prime locations across first- and second-tier cities remained stable, whilst operational pressure intensified in non-prime areas, highlighting a pattern of polarization. In response, Shimao commercial focused on collaborative operations with tenants by creating marketing ideas and traffic generation campaigns together, thereby boosting their brand visibility, footfall and sales performance. During the reporting period, Shimao commercial's sales of tenants of commercial projects under management and footfall showed a trend of dual growth. Overall occupancy rate stood at 92% for commercial projects under management, up by approximately 3 percentage points from the same period last year, and 71% for office buildings, which remained generally stable despite a strained market.

Looking ahead to the second half of the year, Shimao commercial will focus on three key areas: improving the quality and efficiency of projects under management, adopting flexible operational strategies for office projects, and expanding light-asset businesses, to sustain steady operations and high-quality development.

FINANCIAL ANALYSIS

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

	1H 2026 RMB million	1H 2025 RMB million
Revenue	10,961	14,827
Gross loss	(36)	(908)
Operating loss	(4,156)	(5,254)
Loss attributable to equity holders of the Company	(6,187)	(8,934)
Loss per share – Basic (RMB)	(0.66)	(2.36)

Revenue

For the six months ended 30 June 2026, the revenue of the Group was approximately RMB10.961 billion (1H 2025: RMB14.827 billion), representing a decrease of 26.1% over the corresponding period in 2025. The decrease in revenue was mainly due to the decrease in delivered floor area, which resulted from decreased contracted sales in recent years. And 54.0% (1H 2025: 60.1%) of the revenue was generated from the sales of properties and 46.0% (1H 2025: 39.9%) from hotel operation, commercial properties operation, property management and others.

MANAGEMENT DISCUSSION AND ANALYSIS

The components of the revenue are set out as follows:

	1H 2026 RMB million	1H 2025 RMB million
Sales of properties	5,918	8,905
Hotel operation income	1,030	1,057
Commercial properties operation income	563	812
Property management income, and others	3,450	4,053
Total	10,961	14,827

* The income does not include revenue from the Group.

(i) Sales of Properties

Sales of properties for the six months ended 30 June 2026 and 2025 are set out below:

	1H 2026		1H 2025	
	Area (sq.m.)	RMB million	Area (sq.m.)	RMB million
Southern District	81,716	2,009	88,471	1,247
Fujian District	134,049	1,553	53,453	699
Western District	108,123	822	56,513	365
Shandong District	96,089	762	125,969	1,207
Zhejiang District	21,294	265	176,267	3,285
Middle District	33,154	185	194,225	1,362
Jiangsu District	19,849	163	14,006	177
Northern District	18,226	125	42,928	320
Shanghai District	3,772	34	14,722	243
Total	516,272	5,918	766,554	8,905

MANAGEMENT DISCUSSION AND ANALYSIS

(ii) Hotel Income

For the six months ended 30 June 2026, hotel operation income was approximately RMB1,030 million (1H 2025: RMB1,057 million) and slightly decreased by 2.6%.

Hotel operation income is analysed as follows:

	Date of Commencement	1H 2026 RMB million	1H 2025 RMB million
Conrad Shanghai	September 2006	182	168
Four Points by Sheraton Hong Kong Tung Chung	January 2021	131	131
Sheraton Hong Kong Tung Chung Hotel	December 2020	97	102
Conrad Xiamen	August 2016	70	68
InterContinental Shanghai Wonderland	November 2018	51	70
InterContinental Fuzhou	January 2014	47	46
Le Méridien Shanghai Sheshan	November 2005	45	47
Hilton Changsha Riverside	July 2021	43	50
Hilton Wuhan Riverside	July 2016	42	46
Hilton Nanjing Riverside	December 2011	38	38
Hilton Shenyang	January 2018	37	39
Crowne Plaza Shaoxing	March 2014	31	31
Hilton Yantai	August 2017	28	31
Le Méridien Hangzhou Binjiang	September 2018	26	29
Yuluxe Hotel Chengdu	August 2018	25	27
DoubleTree by Hilton Ningbo Beilun	December 2016	21	21
DoubleTree by Hilton Ningbo Chunxiao	December 2015	13	14
Holiday Inn Mudanjiang	December 2010	8	8
Yuluxe Hotel Taizhou	August 2014	6	11
Minimax Hotel Chengdu Longquanyi	October 2021	6	6
Others		83	74
Total		1,030	1,057

MANAGEMENT DISCUSSION AND ANALYSIS

(iii) Commercial Properties Operation Income

Commercial properties operation income decreased by approximately 30.7% to RMB563 million for the six months ended 30 June 2026 compared to approximately RMB812 million in the corresponding period in 2025. The decrease in commercial properties operation income was primarily due to the drop in average rental levels, as well as a reduction in leasable area in certain office buildings and shopping malls as a result of indebtedness settlement with assets.

Commercial properties operation income is analysed as follows:

	Date of Commencement	1H 2026 RMB million	1H 2025 RMB million
Rental Income			
Shanghai Shimao Festival City	December 2004	135	128
Jinan Shimao Festival City	May 2014	61	66
Chengdu Shimao Festival City	April 2021	55	67
Changsha Shimao Global Financial Center	September 2020	38	33
Shanghai Shimao Tower	December 2018	32	40
Shenzhen Shimao Qianhai Centre	July 2020	18	31
Kunshan Shimao Plaza	April 2012	18	24
Suzhou Shimao Canal Scene (Commercial)	June 2010	15	16
Nanjing Straits City (Commercial)	December 2014	14	21
Xiamen Shimao Straits Mansion	January 2017	14	17
Nanjing Yuhua Shimao (Commercial)	December 2018	10	23
Quanzhou Shishi Shimao Skyscraper City	January 2017	10	12
Wuhu Shimao Riviera Garden (Commercial)	September 2009	4	4
Beijing Shimao Tower	July 2009	–	59
Shaoxing Shimao Dear Town (Commercial)	May 2010	–	24
Miscellaneous rental income		26	51
Rental income sub-total			
		450	616
Commercial properties operation related service income		113	196
Total			
		563	812

(iv) Property Management Income, and Others

Property management income, and others decreased by approximately 14.9% to RMB3,450 million for the six months ended 30 June 2026 compared to RMB4,053 million over the corresponding period in 2025, which were mainly due to decreased revenues from property management services.

Cost of Sales

Cost of sales decreased by 30.1% to approximately RMB10,997 million for the six months ended 30 June 2026 from RMB15,735 million for the six months ended 30 June 2025, which was in line with the decrease in revenue.

MANAGEMENT DISCUSSION AND ANALYSIS

Gross Loss

For the six months ended 30 June 2026, the Group's gross loss was decreased to approximately RMB36 million (1H 2025: RMB908 million).

Fair Value Losses on Investment Properties – Net

For the six months ended 30 June 2026, the Group recorded aggregate fair value losses of approximately RMB372 million (1H 2025: RMB238 million), mainly caused by the decrease in fair value of certain investment properties due to the slump in the local commercial property market.

Other (Losses)/Gains and Other Income – Net

For the six months ended 30 June 2026, the Group recognized net other losses of approximately RMB413 million (1H 2025 other income and gains: RMB357 million), which mainly included net losses of approximately RMB595 million from the liquidation of several subsidiaries which were adjudged bankrupt and under receivership procedures, net losses of approximately RMB476 million on the disposal of subsidiaries, net gains of approximately RMB410 million on debt capitalisation and net gains of approximately RMB120 million on liquidation of a joint venture. During the comparable period, net gains of approximately RMB386 million from the liquidation of several subsidiaries were recognized.

Selling and Marketing Costs and Administrative Expenses

For the six months ended 30 June 2026, the Group's selling and marketing costs decreased by 11.3% to approximately RMB373 million from approximately RMB420 million for the same period in 2025, which was mainly due to the decline in the Group's contracted sales.

For the six months ended 30 June 2026, the Group's administrative expenses decreased by 6.2% to approximately RMB1,539 million from approximately RMB1,641 million for the same period in 2025, 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 RMB804 million for the six months ended 30 June 2026.

Finance Costs – Net

For the six months ended 30 June 2026, net finance costs decreased to approximately RMB2,300 million from approximately RMB3,181 million for the same period in 2025, which was mainly due to reduction of effective interest rate and more foreign exchange gains on borrowings was recorded due to the continuous appreciation of RMB against USD in the first half of 2026.

Share of Results of Associated Companies and Joint Ventures

For the six months ended 30 June 2026, share of results of associated companies and joint ventures was losses of approximately RMB251 million, representing a decrease in loss of approximately RMB151 million compared with the same period in 2025. With the decline in revenue of associated companies and joint ventures, less losses were recognized accordingly.

Taxation

The Group's tax provisions amounted to approximately RMB129 million for the period, in which PRC land appreciation tax ("LAT") was RMB50 million (1H 2025: RMB909 million, in which LAT was RMB495 million). The decrease in LAT was mainly due to the decrease in revenue of sales of properties.

MANAGEMENT DISCUSSION AND ANALYSIS

Loss Attributable to Equity Holders of the Company

Loss attributable to equity holders of the Company for the six months ended 30 June 2026 decreased to approximately RMB6.187 billion from approximately RMB8.934 billion for the six months ended 30 June 2025. The decrease in loss was mainly due to the decrease in gross loss and provision for impairment on financial assets.

Liquidity and Financial Resources

As at 30 June 2026, the Group had aggregate cash and bank balances (including restricted cash) of approximately RMB10,844 million, representing a decrease of approximately RMB1,226 million as compared to approximately RMB12,070 million at 31 December 2025, of which restricted cash of approximately RMB3,151 million (31 December 2025: RMB3,622 million) and guarantee deposits for construction of pre-sale properties with an amount of approximately RMB3,103 million (31 December 2025: RMB3,590 million) were included.

As at 30 June 2026, the total amount of borrowings was approximately RMB176.143 billion, representing a decrease of approximately RMB6.123 billion as compared to approximately RMB182.266 billion at 31 December 2025.

The Group's borrowings-to-assets ratio (total borrowings divided by total assets) was approximately 51.4% as at 30 June 2026 (31 December 2025: 51.0%). The Group's current ratio (current assets divided by current liabilities) was approximately 1.0 as at 30 June 2026 (31 December 2025: 1.0).

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 2026, the Group's total secured borrowings of approximately RMB155.638 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 RMB114.788 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 2026, the Group had contracted capital and property development expenditure but not provided for amounted to RMB25.499 billion.

Employees and Remuneration Policy

As of 30 June 2026, the Group employed a total of 38,775 employees, among whom 442 were engaged in property development. Total remuneration for the period amounted to approximately RMB1.966 billion. The Group has adopted a performance-based rewarding system to motivate its staff. The board of directors of the Company (the "Board") adopted a share award scheme (the "Share Award Scheme") of the Company on 30 December 2011. The purpose of the Share Award Scheme is to recognize the contributions by certain selected employees of the Group and to provide them with incentives in order to retain them for the continual operation and development of the Group and to attract suitable personnel for further development of the Group. Further information regarding the Share Award Scheme is set out in the section headed "Share Award Schemes" included in the "Corporate Governance and Other Information" section in this Interim Report. 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.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Share Award Schemes

Shimao Group Holdings Limited (the “Company”, together with its subsidiaries, the “Group”) and Shimao Services Holdings Limited (“Shimao Services”, together with its subsidiaries, the “Shimao Services Group”), a subsidiary of the Company, have adopted two share award schemes. The purpose of the share award schemes is to recognize the contributions by certain selected employees of the Group and Shimao Services Group and to provide them with incentives in order to retain them for the continual operation and development of the Group and Shimao Services Group and to attract suitable personnel for further development of the Group and Shimao Services Group.

No acceptance price of awarded shares will be payable upon acceptance of the said awards and no purchase price is payable by the selected employees upon acceptance of awards granted under each share award scheme.

Details of each of the share award schemes are set out below:

1. 2011 Shimao Group Share Award Scheme

A share award scheme of the Company (the “2011 Shimao Group Share Award Scheme”) was initially adopted by the board (the “Board”) of directors of the Company (the “Directors”) on 30 December 2011 (the “Adoption Date I”), with subsequent amendments thereafter. On 26 March 2019, the Board approved the 2011 Shimao Group Share Award Scheme to be valid and effective until 30 December 2027. The participants of the 2011 Shimao Group Share Award Scheme include any employee (including directors, supervisors or senior management) of any member of the Group.

The maximum number of shares which can be awarded under the 2011 Shimao Group Share Award Scheme is 2% of the shares of the Company (the “Shimao Group Shares”) in issue as at the Adoption Date I (i.e. 69,319,016 Shimao Group Shares). The maximum number of Shimao Group Shares which may be subject to an award or awards to a selected employee under the 2011 Shimao Group Share Award Scheme must not exceed 1% of the total number of issued Shimao Group Shares as at the Adoption Date I (i.e. 34,659,508 Shimao Group Shares).

The number of Shimao Group Shares granted is determined based on the grantee’s position, experience, years of service, performance and contribution to the Group. The Shimao Group Shares granted will automatically lapse if the grantee, among other things, terminates his/her service or employment relationship with the Group and other circumstances as provided in accordance with the rules of the 2011 Shimao Group Share Award Scheme.

CORPORATE GOVERNANCE AND OTHER INFORMATION

During the six months ended 30 June 2026, no Shimao Group Share was granted, vested or cancelled under the 2011 Shimao Group Share Award Scheme. Details of the movement of Shimao Group Shares granted under the 2011 Shimao Group Share Award Scheme during the six months ended 30 June 2026 are set out below:

		Number of Shimao Group Shares				
		Outstanding as at 1 January 2026	Granted during the period	Vested during the period	Lapsed/ cancelled during the period	Outstanding as at 30 June 2026
Name of grantees	Date of grant					
Directors						
Hui Sai Tan, Jason	15 April 2020 ^(Note 1)	64,168	–	–	–	64,168
	15 April 2021 ^(Note 2)	55,325	–	–	–	55,325
		119,493	–	–	–	119,493
Xie Kun (resigned on 5 June 2026)	15 April 2020 ^(Note 1)	48,445	–	–	(48,445)	–
	15 April 2021 ^(Note 2)	208,059	–	–	(208,059)	–
		256,504	–	–	(256,504)	–
Shao Liang (resigned on 14 July 2026)	15 April 2020 ^(Note 1)	32,680	–	–	–	32,680
	15 April 2021 ^(Note 2)	28,708	–	–	–	28,708
		61,388	–	–	–	61,388
Sub-total		437,385	–	–	(256,504)	180,881
Other Employees of the Group	15 April 2020 ^(Note 1)	328,870	–	–	(21,092)	307,778
	15 April 2021 ^(Note 2)	1,590,556	–	–	(107,517)	1,483,039
Sub-total		1,919,426	–	–	(128,609)	1,790,817
Total		2,356,811	–	–	(385,113) ^(Note 3)	1,971,698

CORPORATE GOVERNANCE AND OTHER INFORMATION

Notes:

1. Subject to the satisfaction of the vesting criteria and conditions of the 2011 Shimao Group Share Award Scheme, 60% of awarded Shimao Group Shares will be vested after 12 months from the date of grant and 40% of awarded Shimao Group Shares will be vested after 24 months from the date of grant. The closing price of the Shimao Group Shares immediately before the date on which the awards were granted was HK\$30.00 per share. The fair value of the awards at the date of grant was HK\$29.56 per share, based on the closing price of the Shimao Group Shares on that date.
2. Subject to the satisfaction of the vesting criteria and conditions of the 2011 Shimao Group Share Award Scheme, 60% of awarded Shimao Group Shares will be vested after 12 months from the date of grant and 40% of awarded Shimao Group Shares will be vested after 24 months from the date of grant. The closing price of the Shimao Group Shares immediately before the date on which the awards were granted was HK\$23.10 per share. The fair value of the awards at the date of grant was HK\$23.35 per share, based on the closing price of the Shimao Group Shares on that date.
3. 385,113 Shimao Group Shares were lapsed during the period.

Since the Adoption Date I and up to the date of this report, a total of 48,751,338 Shimao Group Shares had been granted under the 2011 Shimao Group Share Award Scheme, representing approximately 1.41% of the total number of issued Shimao Group Shares as at Adoption Date I. The number of Shimao Group Shares available for future grant under the 2011 Shimao Group Share Award Scheme was 20,567,678 Shimao Group Shares, representing approximately 0.20% of the total number of issued Shimao Group Shares as at the date of this report.

2. Shimao Services Shares Award Scheme

A share award scheme of Shimao Services (the “Shimao Services Share Award Scheme”) was adopted by the Board of Shimao Services on 28 June 2021 (the “Adoption Date II”). The Shimao Services Share Award Scheme shall be valid and effective for a term of ten years commencing on the Adoption Date II. The participants of the Shimao Services Share Award Scheme include any employee of any member of the Shimao Services Group.

The maximum number of Shimao Services Shares which can be awarded under the Shimao Services Share Award Scheme is 3% of the Shimao Services Shares in issue as at the Adoption Date II (i.e. 70,919,190 Shimao Services Shares). The maximum number of Shimao Services Shares which may be subject to an award or awards to a selected employee under the Shimao Services Share Award Scheme must not exceed 3% of the total number of issued Shimao Services Shares as at the Adoption Date II (i.e. 70,919,190 Shimao Services Shares).

The number of Shimao Services Shares granted is determined based on the grantee’s position, experience, years of service, performance and contribution to the Shimao Services Group. The Shimao Services Shares granted will automatically lapse if the grantee, among other things, terminates his/her service or employment relationship with the Shimao Services Group and other circumstances as provided in accordance with the rules of the Shimao Services Share Award Scheme.

CORPORATE GOVERNANCE AND OTHER INFORMATION

During the six months ended 30 June 2026, no Shimao Services Share was granted, vested, lapsed or cancelled under the Shimao Services Share Award Scheme. Details of the movement of Shimao Services Shares granted under the Shimao Services Share Award Scheme during the six months ended 30 June 2026 are set out below:

Name of grantees	Date of grant	Number of Shimao Services Shares				Outstanding as at 30 June 2026
		Outstanding as at 1 January 2026	Granted during the period	Vested during the period	Lapsed/ cancelled during the period	
Employees of Shimao Services Group	16 November 2022 (Note 1)	1,247,511	–	–	–	1,247,511
	19 June 2023 (Note 2)	2,097,966	–	–	–	2,097,966
Total		3,345,477	–	–	–	3,345,477

Notes:

1. Subject to the satisfaction of the vesting criteria and conditions of the Shimao Services Share Award Scheme, 60% of awarded Shimao Services Shares will be vested after 6 months from the date of grant and 40% of awarded Shimao Services Shares will be vested after 18 months from the date of grant. The closing price of the Shimao Services Shares immediately before the date on which the awards were granted was HK\$2.65 per Shimao Services Share. The fair value of the awards at the date of grant was HK\$2.29 per share, based on the closing price of the Shimao Services Shares on that date.
2. Subject to the satisfaction of the vesting criteria and conditions of the Shimao Services Share Award Scheme, 60% of awarded Shimao Services Shares will be vested after 12 months from the date of grant and 40% of awarded Shimao Services Shares will be vested after 24 months from the date of grant. The closing price of the Shimao Services Shares immediately before the date on which the awards were granted was HK\$1.74 per Shimao Services Share. The fair value of the awards at the date of grant was HK\$1.68 per share, based on the closing price of the Shimao Services Shares on that date.

Since the Adoption Date II and up to the date of this report, a total of 7,542,551 Shimao Services Shares have been granted under the Shimao Services Share Award Scheme, representing approximately 0.32% of the total number of issued Shimao Services Shares as at Adoption Date II. The number of Shimao Services Shares available for future grant under the Shimao Services Share Award Scheme was 63,376,639 Shimao Services Shares, representing approximately 2.57% of the total number of issued Shimao Services Shares as at the date of this report.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Changes in Information of Directors

The changes in the information of the Directors which are required to be disclosed pursuant to Rule 13.51B(1) of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited ("HKEx") since the publication of the 2025 annual report of the Company are set out below:

Name of Directors	Details of Changes
Mr. Hui Sai Tan, Jason	Ceased as a director of Shanghai Shimao Co., Ltd. ("Shanghai Shimao") on 31 July 2026
Mr. Xie Kun	Resigned as an Executive Director on 5 June 2026
Mr. Shao Liang	Resigned as a Non-executive Director on 14 July 2026

Save as disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

Disclosure of Interests in Securities**Directors' and Chief Executive's Interests and Short Position in the Company and the Associated Corporation**

As at 30 June 2026, the interests and short position of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")) as recorded in the register required to be kept by the Company under section 352 of the SFO or as otherwise to be notified to the Company and HKEx pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix C3 to the Listing Rules were as follows:

(1) Long Position in the shares of the Company

Name of Directors	Capacity/ Nature of interests	Number of ordinary shares held	Approximate percentage of issued share capital
Hui Sai Tan, Jason	Beneficial owner	3,682,198 ^(Note 1)	0.038%
Shao Liang (resigned on 14 July 2026)	Beneficial owner	61,388 ^(Note 2)	0.001%

Notes:

- The interests disclosed include deemed interests in 119,493 Shimao Group Shares granted under the 2011 Shimao Group Share Award Scheme.
- The interests disclosed include deemed interests in 61,388 Shimao Group Shares granted under the 2011 Shimao Group Share Award Scheme.

CORPORATE GOVERNANCE AND OTHER INFORMATION

(2) Long Position in the shares of associated corporation – Shimao Services

Name of Directors	Capacity/ Nature of interests	Number of ordinary shares held	Approximate percentage of issued share capital
Hui Sai Tan, Jason	Beneficial owner	57,129	0.002%
Zhao Jun	Beneficial owner	37,945	0.002%
Shao Liang (resigned on 14 July 2026)	Beneficial owner	35,016	0.001%

Save as disclosed above, no other interests or short position in the shares, underlying shares or debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) were recorded in the register.

Directors' Right to Acquire Shares or Debentures

Save as disclosed above, at no time during the six months ended 30 June 2026 was the Company, any of its subsidiaries, or its holding company a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Interests of Substantial Shareholders

As at 30 June 2026, the interests and short position of substantial shareholders in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO were as follows:

Long/short Position in the shares or underlying shares of the Company

Name	Nature of interests	Number of shares or underlying shares held	Approximate percentage of issued share capital
Long position			
Hui Wing Mau	Note 1	2,941,252,584	29.967%
Gemfair Investments Limited ("Gemfair")	Beneficial owner	2,564,158,314	26.125%
GIC Private Limited ("GIC")	Note 2	552,040,159	5.624%

Notes:

- The interests disclosed represent 2,564,158,314 Shimao Group Shares held by Gemfair and 377,094,270 Shimao Group Shares held by Shiyang Finance Limited ("Shiyang Finance"). Both Gemfair and Shiyang Finance are directly wholly-owned by Mr. Hui Wing Mau. By virtue of the SFO, Mr. Hui Wing Mau is deemed to be interested in Shimao Group Shares held by Gemfair and Shiyang Finance.
- The interests disclosed represent 122,226,115 Shimao Group Shares held by GIC as an investment manager and 429,814,044 Shimao Group Shares held by GIC through its controlled corporation.

Save as disclosed above, no other interest and short position in the shares and underlying shares of the Company were recorded in the register.

CORPORATE GOVERNANCE AND OTHER INFORMATION

The Board

As at the date of this report, the Board consisted of six Directors, comprising two Executive Directors, one Non-executive Director together with three Independent Non-executive Directors who all possess appropriate academic and professional qualifications or related financial management expertise and have brought a wide range of business and financial experience to the Board. Their diverse range of business and professional expertise ensures that the Board has the skills and experience necessary to both promote the Company's success and monitor its affairs.

The Board has the collective responsibility for leadership and control of, and for promoting the success of, the Company by directing and supervising the Company's affairs. The Board sets strategies for the Company and monitors the performance and activities of the management. The Board is also responsible for performing the corporate governance duties set out in the code provision A.2.1 of the Corporate Governance Code (the "CG Code") as set out in Appendix C1 of the Listing Rules.

Audit Committee

The audit committee of the Company (the "Audit Committee") consists of three members, all of whom being Independent Non-executive Directors, namely, Mr. Fung Tze Wa (as the chairman of the Audit Committee), Mr. Lyu Hong Bing and Mr. Lam Ching Kam.

The primary duties of the Audit Committee are to assist the Board to review the financial reporting process, internal control and risk management systems of the Company, nominate and monitor external auditor and provide advice and comments to the Directors.

The Audit Committee meets the external auditor at least twice a year to discuss any significant items during the audits and considers any matters raised by the Company's staff responsible for the accounting and financial reporting function or auditor. The Audit Committee reviews the interim and annual reports before submission to the Board. The Audit Committee focuses not only on the impact of the changes in accounting policies and practices but also on the compliance with accounting standards, the Listing Rules and the legal requirements in the review of the Company's interim and annual reports.

The unaudited interim condensed consolidated financial statements of the Group for the six months ended 30 June 2026 have been reviewed by the Audit Committee.

Remuneration Committee

The remuneration committee of the Company (the "Remuneration Committee") consists of three members, all of whom being Independent Non-executive Directors, namely, Mr. Lyu Hong Bing (as the chairman of the Remuneration Committee), Mr. Lam Ching Kam and Mr. Fung Tze Wa.

The primary functions of the Remuneration Committee are to evaluate the performance and make recommendations to the Board on the remuneration package of the Directors and senior management and to evaluate as well as make recommendations on the Company's share award scheme.

Nomination Committee

The nomination committee of the Company (the "Nomination Committee") consists of four members, three Independent Non-executive Directors and one Non-executive Director, namely, Mr. Lam Ching Kam (as the chairman of the Nomination Committee), Mr. Lyu Hong Bing, Mr. Fung Tze Wa and Ms. Hui Mei Mei, Carol.

The primary function of the Nomination Committee is to identify and nominate suitable candidates, for the Board's consideration and recommendation to stand for election by shareholders at annual general meeting, or when necessary, make recommendations to the Board to fill Board vacancies when they arise.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Company Secretary

Ms. Lam Yee Mei, Katherine is a full-time employee of the Company with professional qualifications and extensive experience to discharge the functions of Company Secretary of the Company. The Company Secretary plays an important role in supporting the Board by ensuring efficient information flow within the Board and that Board procedures, and all applicable law, rules and regulations are followed. The Company Secretary reports to the Board through the Chairman whilst all Directors have access to the advice and services of the Company Secretary.

Directors' Securities Transactions

The Company has adopted the Model Code as the code of conduct regarding securities transactions by the Directors. Before the Group's interim and annual results are announced, notifications are sent to the Directors to remind them not to deal in the securities of the Company during the blackout periods. 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 2026.

Corporate Governance Code

The Company complied with the code provisions set out in the CG Code throughout the six months ended 30 June 2026, except for the following deviations:

- (a) Under code provision C.1.7, the Company should arrange appropriate insurance cover for legal action against its Directors. The Company has not yet made this insurance arrangement as director liability insurance with a reasonable insurance premium while providing adequate suitable security to the Directors has not yet been identified on the market.
- (b) Under code provision C.2.1, the roles of chairman and chief executive should be separate and should not be performed by the same individual. The Company believes that Mr. Hui Sai Tan, Jason's dual roles as Chairman of the Board and President of the Company 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 two Executive Directors, one Non-executive Director and three Independent Non-executive Directors and, therefore, has a strong independent element in its composition.

Purchase, Sale or Redemption of Listed Securities

During the six months ended 30 June 2026, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

Mandatory Convertible Bonds

The Company's offshore debt restructuring scheme (the "Offshore Debt Restructuring") became effective on 21 July 2025.

On 21 July 2025, the Company issued zero coupon mandatory convertible bonds due 2026 ("MCB") in the aggregate principal amount of US\$4,999,668,072, including the MCB issued to the controlling shareholder of the Company in exchange for part of the outstanding shareholder loans, as part of the consideration for the Offshore Debt Restructuring. Further details of the Offshore Debt Restructuring and the MCB are set out in the announcements and circular of the Company from 25 March 2024 to 21 July 2025.

During the six months ended 30 June 2026, the MCB in the aggregate principal amount of US\$875,562,915 was converted at the conversion price of HK\$6.00 per Shimao Group Share, and the agreed exchange rate of US\$1 = HK\$7.82. A total of 1,141,150,235 Shimao Group Shares were allotted and issued to the holders of the MCB upon conversion.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Dilutive Impact of the Conversion of the MCB

As at 30 June 2026, US\$437,781,457 in aggregate principal amount of the MCB remained outstanding. Assuming there is full conversion of the MCB, based on the conversion price of HK\$6.00 per Shimao Group Share, and the agreed exchange rate of US\$1 = HK\$7.82, the MCB can be converted into a maximum aggregate of 570,575,165 Shimao Group Shares, representing approximately 5.813% of the total number of Shimao Group Shares in issue as at 30 June 2026 (i.e. 9,815,030,803 shares) and approximately 5.494% of the total number of Shimao Group Shares in issue as enlarged by the allotment and issue of such conversion shares (i.e. 10,385,605,968 shares) (assuming no other change in the issued share capital of the Company).

Set out below is the dilutive impact on the respective shareholdings of the substantial shareholders (within the meaning of the Listing Rule) of the Company if there had been full conversion of the MCB as at 30 June 2026:

Name	As at 30 June 2026		Assume upon full conversion of the outstanding MCB as at 30 June 2026	
	Number of Shimao Group Shares held	Approximate percentage of shareholding	Number of Shimao Group Shares held	Approximate percentage of shareholding
Hui Wing Mau ^(Note)	2,941,252,584	29.967%	2,941,252,584	28.320%
Gemfair ^(Note)	2,564,158,314	26.125%	2,564,158,314	24.690%

Note: Details of the nature of the shareholding of the substantial shareholder are set out in the “Interests of Substantial Shareholders” section of this interim report.

As calculated based on the loss attributable to the equity holders of the Company of approximately RMB6.187 billion for the six months ended 30 June 2026, basic loss per Shimao Group Share amounted to RMB0.66, and diluted loss per Shimao Group Share amounted to RMB0.66 on the assumption of full conversion of the MCB. The MCB will be mandatorily convertible into Shimao Group Shares upon maturity and will not be redeemed by cash.

Issue of New Shares

On 15 May 2026, the Company and Shanghai Shimao entered into two debt settlement agreements with creditors pursuant to which the Company agreed to settle the debts owed by the Group to the creditors through the issue of an aggregate of 71,540,479 Shimao Group Shares to the creditors at the issue price of HK\$6.00 per Shimao Group Share. Such debts included the aggregate principal amount of RMB379 million of medium-term notes issued by Shanghai Shimao and held by the creditors and the aggregate accrued interest of approximately RMB41 million. The Company issued such shares to settle the aforesaid debts on 3 June 2026. For details, please refer to the Company’s announcement dated 15 May 2026.

Interim Dividend

The Board did not recommend the payment of any interim dividend for the six months ended 30 June 2026 (for the six months ended 30 June 2025: Nil).

On behalf of the Board
Hui Sai Tan, Jason
Chairman and President

Hong Kong, 28 August 2026

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2026

	Notes	Six months ended 30 June	
		2026 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)
Revenue	5	10,960,579	14,826,914
Cost of sales	15	(10,996,679)	(15,734,618)
Gross loss		(36,100)	(907,704)
Fair value losses on investment properties – net		(371,995)	(238,372)
Other (losses)/gains and other income – net	16	(412,745)	357,041
Selling and marketing costs	15	(372,978)	(420,494)
Administrative expenses	15	(1,539,316)	(1,641,061)
Provision for impairment on financial assets	15	(803,660)	(1,758,075)
Impairment losses on intangible assets	15	(8,000)	(34,742)
Other operating expenses	15	(611,072)	(610,669)
Operating loss		(4,155,866)	(5,254,076)
Finance income		22,155	29,935
Finance costs		(2,321,784)	(3,210,632)
Finance costs – net	17	(2,299,629)	(3,180,697)
Share of results of associated companies and joint ventures accounted for using the equity method		(250,880)	(402,399)
Loss before income tax		(6,706,375)	(8,837,172)
Income tax expenses	18	(128,869)	(908,744)
Loss for the period		(6,835,244)	(9,745,916)
Other comprehensive loss for the period			
<i>Items that will not be reclassified to profit or loss:</i>			
Fair value losses on financial assets at fair value through other comprehensive income, net of tax		(5)	(46)
Share of other comprehensive loss of joint ventures accounted for using the equity method		(14,617)	(31,622)
<i>Items that may be reclassified to profit or loss:</i>			
Exchange differences on translation of foreign operations		(378)	(1,526)
Total comprehensive loss for the period		(6,850,244)	(9,779,110)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)
For the six months ended 30 June 2026

		Six months ended 30 June	
	Notes	2026 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)
Loss for the period attributable to:			
– Equity holders of the Company		(6,187,418)	(8,934,138)
– Non-controlling interests		(647,826)	(811,778)
		(6,835,244)	(9,745,916)
Total comprehensive loss for the period attributable to:			
– Equity holders of the Company		(6,197,474)	(8,956,636)
– Non-controlling interests		(652,770)	(822,474)
		(6,850,244)	(9,779,110)
Loss per share for loss attributable to the equity holders of the Company			
– Basic (RMB)	20	(0.66)	(2.36)
– Diluted (RMB)	20	(0.66)	(2.36)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2026

	Notes	30 June 2026 RMB'000 (Unaudited)	31 December 2025 RMB'000 (Audited)
ASSETS			
Non-current assets			
Property and equipment	6	10,389,696	10,999,451
Right-of-use assets		3,935,116	3,985,682
Investment properties		31,091,349	31,464,433
Intangible assets		2,261,218	2,186,296
Investments accounted for using the equity method		14,920,766	14,419,370
Amounts due from related parties	7	5,313,501	5,353,577
Financial assets at fair value through other comprehensive income		260,004	260,009
Financial assets at fair value through profit or loss		582,120	582,120
Deferred income tax assets		585,118	609,471
Other non-current assets		2,351,806	2,337,737
		71,690,694	72,198,146
Current assets			
Inventories		153,844,069	163,002,829
Trade and other receivables and prepayments	8	37,638,812	37,304,277
Prepayment for acquisition of land use rights		1,704,838	2,791,837
Prepaid income taxes		961,793	1,086,169
Amounts due from related parties	7	63,436,937	66,195,130
Financial assets at fair value through profit or loss		45,000	110,000
Restricted cash	9	3,150,627	3,621,845
Cash and cash equivalents	9	7,693,082	8,448,072
		268,475,158	282,560,159
Assets of a disposal group classified as held for sale	10	2,456,655	2,456,655
		270,931,813	285,016,814
Total assets		342,622,507	357,214,960
EQUITY			
Equity attributable to the equity holders of the Company			
Share capital	11	930,380	820,994
Reserves		(7,094,904)	(987,891)
		(6,164,524)	(166,897)
Non-controlling interests		12,212,351	12,806,654
Total equity		6,047,827	12,639,757

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 30 June 2026

	Notes	30 June 2026 RMB'000 (Unaudited)	31 December 2025 RMB'000 (Audited)
LIABILITIES			
Non-current liabilities			
Borrowings	12	64,778,129	63,704,774
Lease liabilities		18,764	19,433
Deferred income tax liabilities		6,045,474	6,027,312
Amounts due to related parties	14	2,190,076	2,029,993
		73,032,443	71,781,512
Current liabilities			
Trade and other payables	13	81,948,143	79,872,455
Contract liabilities		32,687,902	36,896,450
Income tax payable		21,402,031	22,244,935
Borrowings	12	111,365,060	118,561,395
Derivative financial instruments		36,277	277,921
Lease liabilities		25,806	14,532
Amounts due to related parties	14	14,082,608	12,931,593
		261,547,827	270,799,281
Liabilities of a disposal group classified as held for sale	10	1,994,410	1,994,410
		263,542,237	272,793,691
Total liabilities		336,574,680	344,575,203
Total equity and liabilities		342,622,507	357,214,960

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2026

	Notes	Attributable to the equity holders of the Company					Non-controlling interests RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
		Share capital RMB'000 (Unaudited)	Share premium RMB'000 (Unaudited)	Other reserves RMB'000 (Unaudited)	Accumulated losses RMB'000 (Unaudited)	Total RMB'000 (Unaudited)		
Balance as at 1 January 2026		820,994	6,632,616	17,763,208	(25,383,715)	(166,897)	12,806,654	12,639,757
Comprehensive loss								
Loss for the period		-	-	-	(6,187,418)	(6,187,418)	(647,826)	(6,835,244)
Other comprehensive loss for the period								
<i>Items that will not be reclassified to profit or loss</i>								
Fair value loss on financial assets at fair value through other comprehensive income, net of tax		-	-	(5)	-	(5)	-	(5)
Share of other comprehensive loss of joint ventures accounted for using the equity method		-	-	(9,673)	-	(9,673)	(4,944)	(14,617)
<i>Items that may be reclassified to profit or loss</i>								
Exchange differences on translation of foreign operations		-	-	(378)	-	(378)	-	(378)
Total comprehensive loss for the period		-	-	(10,056)	(6,187,418)	(6,197,474)	(652,770)	(6,850,244)
Capital contribution from non-controlling interests of subsidiaries	23(c)	-	-	-	-	-	106	106
Disposal of subsidiaries	23(a)	-	(295)	(68,305)	68,305	(295)	(101,882)	(102,177)
Liquidation of subsidiaries	23(b)	-	-	(45,958)	45,958	-	175,805	175,805
Appropriation to reserve		-	-	46,924	(46,924)	-	-	-
Dividends and distributions		-	-	-	-	-	(15,562)	(15,562)
Shares issued upon the conversion of the mandatory convertible bonds ("MCB(s)")		103,069	87,282	-	-	190,351	-	190,351
Issue of new shares under general mandate for debt capitalisation		6,317	3,474	-	-	9,791	-	9,791
Total transactions with owners		109,386	90,461	(67,339)	67,339	199,847	58,467	258,314
Balance at 30 June 2026		930,380	6,723,077	17,685,813	(31,503,794)	(6,164,524)	12,212,351	6,047,827

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the six months ended 30 June 2026

	Attributable to the equity holders of the Company					Other non-controlling interests RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
	Share capital RMB'000 (Unaudited)	Share premium RMB'000 (Unaudited)	Other reserves RMB'000 (Unaudited)	Accumulated losses RMB'000 (Unaudited)	Total RMB'000 (Unaudited)		
Balance as at 1 January 2025	384,165	4,903,674	13,034,152	(39,976,324)	(21,654,333)	25,000,269	3,345,936
Comprehensive loss							
Loss for the period	–	–	–	(8,934,138)	(8,934,138)	(811,778)	(9,745,916)
Other comprehensive loss for the period							
<i>Items that will not be reclassified to profit or loss</i>							
Fair value loss on financial assets at fair value through other comprehensive income, net of tax	–	–	(46)	–	(46)	–	(46)
Share of other comprehensive loss of joint ventures accounted for using the equity method	–	–	(20,926)	–	(20,926)	(10,696)	(31,622)
<i>Items that may be reclassified to profit or loss</i>							
Exchange differences on translation of foreign operations	–	–	(1,526)	–	(1,526)	–	(1,526)
Total comprehensive loss for the period	–	–	(22,498)	(8,934,138)	(8,956,636)	(822,474)	(9,779,110)
Capital contribution from non-controlling interests of subsidiaries	–	–	–	–	–	19,850	19,850
Changes in ownership interests in subsidiaries without change of control	–	37,655	–	–	37,655	(103,276)	(65,621)
Disposal of subsidiaries	–	–	–	–	–	25,808	25,808
Liquidation of subsidiaries	–	–	(749)	749	–	(145,745)	(145,745)
Equity-settled share-based payment							
– Value of employee services	–	–	486	–	486	–	486
Appropriation to reserve	–	–	26,686	(26,686)	–	–	–
Dividends and distributions	–	–	–	–	–	(3,530)	(3,530)
Total transactions with owners	–	37,655	26,423	(25,937)	38,141	(206,893)	(168,752)
Balance at 30 June 2025	384,165	4,941,329	13,038,077	(48,936,399)	(30,572,828)	23,970,902	(6,601,926)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2026

	Six months ended 30 June	
	2026 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)
Cash flows from operating activities		
Net cash generated from operations	1,681,003	2,100,200
Interest received	22,155	29,935
Interest paid	(215,554)	(199,974)
PRC income tax paid	(199,957)	(349,813)
Net cash generated from operating activities	1,287,647	1,580,348
Cash flows from investing activities		
Additions of property and equipment and investment properties	(120,374)	(133,951)
Disposal of property and equipment	7,992	27,108
Disposal of investment properties	1,468	6,193
Disposal of land use rights	11,339	–
Purchase of intangible assets	(16,615)	(160,187)
Disposal of intangible assets	261	–
Net cash outflow on disposal of subsidiaries	(310,246)	(17,240)
Net cash outflow on liquidation of subsidiaries	(6,261)	(54,047)
Decrease of financial assets at fair value through profit or loss	65,000	–
Capital injections to associated companies	(40,599)	(1,490)
Repayments from joint ventures and associated companies	–	71,643
Dividends received from associated companies and joint ventures	13,500	12,278
Net cash used in investing activities	(394,535)	(249,693)
Cash flows from financing activities		
Proceeds from borrowings	60,722	553,717
Repayments of borrowings	(2,296,247)	(1,865,187)
Capital contribution from non-controlling interests of subsidiaries	106	3,850
Net cash inflow on transaction with non-controlling interests	–	76,611
Dividends paid to non-controlling interests	(15,562)	(3,530)
Repayments to non-controlling interests	(4,486)	(616,403)
Advances from joint ventures and associated companies	77,073	151,153
Decrease in restricted cash pledged for borrowings	551,311	254,814
Lease payment	(9,717)	(20,355)
Net cash used in financing activities	(1,636,800)	(1,465,330)
Net decrease in cash and cash equivalents	(743,688)	(134,675)
Cash and cash equivalents at the beginning of the period	8,448,072	11,372,355
Effect of foreign exchange rate changes	(6,656)	(4,858)
Cash and cash equivalents at the end of the period	7,697,728	11,232,822
Analysis of balance of cash and cash equivalents:		
Cash and cash equivalents	7,693,082	11,228,176
Cash and cash equivalents included in assets of a disposal group classified as held for sale	4,646	4,646
	7,697,728	11,232,822

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2026

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 property 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.

These interim condensed consolidated financial statements are presented in Renminbi (“RMB”), unless otherwise stated.

2. Basis of preparation

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.

These interim condensed consolidated financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2025. The accounting policies and methods of computation used in the preparation of these interim condensed consolidated financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2025.

Going concern basis

For the six months ended 30 June 2026, the Group incurred a loss attributable to equity holders of the Company of approximately RMB6.2 billion. As at 30 June 2026, the Group had borrowings in total of approximately RMB176.1 billion, out of which approximately RMB111.4 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 RMB10.8 billion. As at 30 June 2026, the Group had not repaid borrowings of RMB98.2 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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2026

2. Basis of preparation (CONTINUED)**Going concern basis** (continued)

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) Since the offshore debt restructuring scheme became effective on 21 July 2025, the Company has been performing its obligations under the new terms, and the mandatory convertible bonds held by the creditors have been gradually and smoothly converted into new shares of the Company. As at 21 July 2026, approximately US\$5.0 billion in aggregate principal amount of the mandatory convertible bonds have been converted into the new shares of the Company, representing approximately 100% of the total mandatory convertible bonds issued on the restructuring effective date;
- (ii) Save for the offshore debt restructuring, 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. The coming into effect of the offshore debt restructuring scheme and the completion of conversions of mandatory convertible bonds have released positive signals to the Group’s onshore lenders and creditors, and it is expected that the extension or restructuring agreements for the existing onshore loans can be gradually implemented;
- (iii) The Group will continuously focus on the acceleration of sales and delivery of its existing inventory of properties;
- (iv) 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
- (v) 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 2026. 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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2026

2. Basis of preparation (CONTINUED)**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 2026. HKFRS Accounting Standards comprise Hong Kong Financial Reporting Standards ("HKFRS"); HKAS; 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. Critical judgements and key accounting estimates

The preparation of interim condensed consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these interim condensed consolidated financial statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2025.

4. Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk, cash flow and fair value interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

The interim condensed consolidated financial statements do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2025.

There have been no significant changes in any risk management policies since the year end.

(a) Liquidity risk

Compared to year end, there was no material change in the contractual undiscounted cash outflows for financial liabilities.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2026

4. Financial risk management (CONTINUED)**(b) Fair values**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following disclosures of fair value measurements use a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value:

Level 1 inputs: quoted prices (unadjusted) in active markets for identical asset or liability that the Group can access at the measurement date.

Level 2 inputs: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs: unobservable inputs for the asset or liability.

The Group's policy is to recognise transfers into and transfers out of any of the three levels as of the date of the event or change in circumstances that caused the transfer.

i) Disclosures of level in fair value hierarchy for the Group's financial assets:

	Fair value measurement using:			Total RMB'000 (Unaudited)
	Level 1 RMB'000 (Unaudited)	Level 2 RMB'000 (Unaudited)	Level 3 RMB'000 (Unaudited)	
At 30 June 2026				
Financial assets				
Financial assets at fair value through other comprehensive income ("FVOCI")				
– investment in listed equity securities	4	–	–	4
– investment in structured products	–	–	260,000	260,000
Financial assets at fair value through profit or loss ("FVTPL")				
– wealth management products	–	45,000	–	45,000
– investment in unlisted equity investments	–	–	582,120	582,120
Financial liabilities				
Derivative financial instruments	–	–	36,277	36,277

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2026

4. Financial risk management (CONTINUED)**(b) Fair values (continued)***i) Disclosures of level in fair value hierarchy for the Group's financial assets: (continued)*

	Fair value measurement using:			
	Level 1	Level 2	Level 3	Total
	RMB'000	RMB'000	RMB'000	RMB'000
	(Audited)	(Audited)	(Audited)	(Audited)
At 31 December 2025				
Financial assets				
Financial assets at FVOCI				
– investment in listed equity securities	9	–	–	9
– investment in structured products	–	–	260,000	260,000
Financial assets at FVTPL				
– wealth management products	–	110,000	–	110,000
– investment in unlisted equity investments	–	–	582,120	582,120
Financial liabilities				
Derivative financial instruments	–	–	277,921	277,921

Financial assets at FVOCI included in Level 1 as at 30 June 2026 and 31 December 2025 are the equity securities traded in NASDAQ, the fair value of which is based on quoted market prices at the end of the reporting period.

Financial assets at FVTPL included in Level 2 as at 30 June 2026 and 31 December 2025 are the wealth management products, the fair value of which are based on net assets value quoted by financial institution.

Financial assets at FVOCI included in Level 3 as at 30 June 2026 and 31 December 2025 are the investment in structured products entered into with financial institutions, the fair value of which are determined using the valuation model for which not all inputs are market observable, such as discount rates and net assets value of underlying assets. The higher the discount rates/net assets value, the lower/higher the fair value of the financial assets at FVOCI measured at fair value based on level 3.

Financial assets at FVTPL included in Level 3 as at 30 June 2026 and 31 December 2025 are the unlisted equity investments, the fair value of which are determined using the valuation model for which not all inputs are market observable, such as discount rates and net assets value of underlying assets. The higher the discount rates/net assets value, the lower/higher the fair value of the financial assets at FVOCI measured at fair value based on level 3.

Derivative financial instruments included in Level 3 as at 30 June 2026 and 31 December 2025 is option embedded in the mandatory convertible bonds ("MCB(s)") under the Restructuring Scheme. The fair value of which are determined using the valuation model for which not all inputs are market observable, such as discount rate. The higher the discount rates, the lower the fair value of the derivative financial instruments.

There were no changes in valuation techniques during the period.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2026

4. Financial risk management (CONTINUED)**(b) Fair values** (continued)*ii) Reconciliation of the Group's financial assets measured at fair value based on level 3:*

During the six months ended 30 June 2026 and 2025, there were no changes between the opening balances and closing balances of the Group's financial assets at FVOCI and financial assets at FVTPL measured at fair value based on level 3.

Derivative financial instruments at FVTPL:

	Six months ended 30 June	
	2026 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)
Opening balances of liabilities	277,921	–
Conversion of MCBs	(190,351)	–
Fair value gain on derivative financial instruments	(50,797)	–
Exchange difference	(496)	–
Closing balances of liabilities	36,277	–

5. 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 recognised during the period:

	Six months ended 30 June	
	2026 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)
Sales of properties	5,917,681	8,905,408
Hotel operation income	1,030,295	1,057,192
Commercial properties operation income	562,870	811,860
Property management income, and others	3,449,733	4,052,454
	10,960,579	14,826,914

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2026

5. Segment information (CONTINUED)

(b) Segment information

The segment results for the six months ended 30 June 2026 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)	RMB'000 (Unaudited)	RMB'000 (Unaudited)
Revenue					
– Sales of properties					
– Recognised at a point in time	230,133	5,687,548	–	–	5,917,681
– Hotel operation income	110,533	919,762	–	–	1,030,295
– Commercial properties operation income	322,785	240,085	–	–	562,870
– Property management income, and others	114,008	19,559	3,350,275	–	3,483,842
Total revenue before elimination	777,459	6,866,954	3,350,275	–	10,994,688
Elimination					(34,109)
Total revenue					10,960,579
Operating (loss)/profit	165,198	(4,219,466)	(100,715)	(883)	(4,155,866)
Finance income	684	11,660	9,581	230	22,155
Finance costs	(353,759)	(575,617)	(1,287)	(1,391,121)	(2,321,784)
Share of results of associated companies and joint ventures accounted for using the equity method	6,133	(259,663)	2,650	–	(250,880)
Loss before income tax	(181,744)	(5,043,086)	(89,771)	(1,391,774)	(6,706,375)
Income tax expense					(128,869)
Loss for the period					(6,835,244)
Other segment items are as follows:					
Capital expenditures	1,792	9,771	193,039	–	204,602
Fair value (losses) on investment properties – net	(371,617)	(378)	–	–	(371,995)
Fair value gain on derivative financial instruments	–	–	–	50,797	50,797
Depreciation and amortisation charge	34,005	239,666	113,972	3,286	390,929
Amortisation of right-of-use assets	4,409	50,449	5,722	–	60,580
Provision for impairment on financial assets	409,541	211,221	182,898	–	803,660
Impairment losses on intangible assets	–	–	8,000	–	8,000
Provision for impairment losses on properties under development and completed properties held for sale	236,219	255,060	–	–	491,279

* The Group owns an effective equity interest of 66.18% in Shanghai Shimao as at 30 June 2026.

** The Group owns an effective equity interest of 54.95% in Shimao Services as at 30 June 2026.

*** Unallocated mainly represent corporate level activities.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2026

5. Segment information (CONTINUED)**(b) Segment information (continued)**

The segment assets and liabilities at 30 June 2026 are as follows:

	Property development and investment			Total RMB'000 (Unaudited)
	Shanghai Shimao* RMB'000 (Unaudited)	Others RMB'000 (Unaudited)	Shimao Services** RMB'000 (Unaudited)	
Investments accounted for using the equity method	687,608	13,612,967	620,191	14,920,766
Intangible assets	1,216	19,167	2,240,835	2,261,218
Other segment assets	42,700,980	268,614,071	9,566,053	320,881,104
Total segment assets	43,389,804	282,246,205	12,427,079	338,063,088
Deferred income tax assets				585,118
Financial assets at FVOCI				260,004
Financial assets at FVTPL				627,120
Assets of a disposal group classified as held for sale				2,456,655
Other assets				630,522
Total assets				342,622,507
Borrowings	24,122,321	124,107,994	2,500	148,232,815
Other segment liabilities	36,359,825	108,251,575	5,469,192	150,080,592
Total segment liabilities	60,482,146	232,359,569	5,471,692	298,313,407
Corporate borrowings				27,910,374
Deferred income tax liabilities				6,045,474
Derivative financial instruments				36,277
Liabilities of a disposal group classified as held for sale				1,994,410
Other liabilities				2,274,738
Total liabilities				336,574,680

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2026

5. Segment information (CONTINUED)

(b) Segment information (continued)

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

	Property development and investment		Shimao Services**	Unallocated***	Total
	Shanghai Shimao*	Others			
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue					
– Sales of properties					
– Recognised 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	11,909	12,720	2,222	29,935
Finance costs	(1,018,436)	(2,172,067)	(14,772)	(5,357)	(3,210,632)
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)	(7,661,874)	29,509	26,170	(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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2026

5. Segment information (CONTINUED)**(b) Segment information (continued)**

The segment assets and liabilities at 31 December 2025 are as follows:

	Property development and investment		Shimao Services**	Total
	Shanghai Shimao*	Others		
	RMB'000	RMB'000	RMB'000	RMB'000
	(Audited)	(Audited)	(Audited)	(Audited)
Investments accounted for using the equity method	696,728	13,132,200	590,442	14,419,370
Intangible assets	1,382	30,980	2,153,934	2,186,296
Other segment assets	48,206,252	278,948,287	9,113,076	336,267,615
Total segment assets	48,904,362	292,111,467	11,857,452	352,873,281
Deferred income tax assets				609,471
Financial assets at FVOCI				260,009
Financial assets at FVTPL				692,120
Assets of a disposal group classified as held for sale				2,456,655
Other assets				323,424
Total assets				357,214,960
Borrowings	25,810,854	130,282,095	4,495	156,097,444
Other segment liabilities	37,461,464	109,464,495	4,882,487	151,808,446
Total segment liabilities	63,272,318	239,746,590	4,886,982	307,905,890
Corporate borrowings				26,168,725
Deferred income tax liabilities				6,027,312
Derivative financial instruments				277,921
Liabilities of a disposal group classified as held for sale				1,994,410
Other liabilities				2,200,945
Total liabilities				344,575,203

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 recognised arising from acquisition of subsidiaries relating to respective segments. They exclude corporate assets, deferred income tax assets, financial assets at FVOCI, financial assets at FVTPL and assets of a disposal group classified as held for sale.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2026

5. Segment information (CONTINUED)**(b) Segment information (continued)**

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

	30 June 2026 RMB'000 (Unaudited)	31 December 2025 RMB'000 (Audited)
Related to development and sales of properties contracts		
Contract liabilities (Note)	32,687,902	36,896,450

Note: Contract liabilities have been disclosed with the value-added tax of approximately RMB2.1 billion deducted in 30 June 2026 (31 December 2025: approximately RMB2.4 billion).

6. Property and equipment

During the six months ended 30 June 2026, the Group acquired property and equipment of approximately RMB14,942,000 (six months ended 30 June 2025: approximately RMB169,954,000). Property and equipment with a total net book value of RMB339,549,000 were disposed by the Group during the six months ended 30 June 2026 (six months ended 30 June 2025: RMB27,108,000).

An indirect wholly-owned subsidiary of the Company is a party to certain project loan facilities secured against, among others, a debenture and mortgage over the property now known as Sheraton Hong Kong Tung Chung Hotel and Four Points by Sheraton Hong Kong Tung Chung. Receivers were appointed by the security agent as joint and several receivers and managers over the hotels effective from 1 June 2026. The appointment was made pursuant to the debenture and mortgage entered into between the relevant Group subsidiary as mortgagor and the security agent, securing a syndicated loan agreement dated 27 July 2020 as amended and restated by a supplemental deed dated 28 June 2023. As at 30 June 2026, the carrying amount of the hotel assets was approximately RMB3,733,351,000.

7. Amounts due from related parties

Advances to related parties included in non-current assets is to finance their acquisition of land use rights. The Group's intention is that the advances will only be recalled when the related companies have surplus cash.

	30 June 2026 RMB'000 (Unaudited)	31 December 2025 RMB'000 (Audited)
Included in non-current assets		
– Joint ventures	4,813,116	4,853,801
– Associated companies	581,301	581,302
Provision for impairment	5,394,417 (80,916)	5,435,103 (81,526)
	5,313,501	5,353,577

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2026

7. Amounts due from related parties (CONTINUED)

Advances to related parties included in current assets are the disbursement to finance their operating activities which are expected to be repaid within one year.

	30 June 2026 RMB'000 (Unaudited)	31 December 2025 RMB'000 (Audited)
Included in current assets		
– Associated companies	1,143,531	4,582,698
– Joint ventures	46,783,441	49,790,849
– Non-controlling interests	19,040,887	18,658,759
	66,967,859	73,032,306
Provision for impairment	(3,530,922)	(6,837,176)
	63,436,937	66,195,130

These advances are interest free, unsecured and have no fixed repayment terms. The carrying amounts of amounts due from related companies approximate their fair values.

8. Trade and other receivables and prepayments

	30 June 2026 RMB'000 (Unaudited)	31 December 2025 RMB'000 (Audited)
Trade receivables (Note (a))	8,495,199	8,686,800
Bidding deposits for land use rights (Note (b))	4,667,245	3,793,534
Prepayments for construction costs	9,030,893	9,030,740
Loan receivables (Note (c))	309,310	359,903
Prepaid tax and surcharges on pre-sale proceeds	641,631	659,486
Deposits paid	4,456,815	5,066,534
Receivables from disposals of equity interests	152,905	223,317
Payments on behalf of customers	412,115	449,664
Other receivables	17,060,155	12,846,272
	45,226,268	41,116,250
Provision for impairment	(7,587,456)	(3,811,973)
	37,638,812	37,304,277

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2026

8. Trade and other receivables and prepayments (CONTINUED)

Notes:

- (a) 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 2026 RMB'000 (Unaudited)	31 December 2025 RMB'000 (Audited)
Within 180 days	5,707,330	5,836,053
Over 180 days and within 365 days	1,228,618	1,256,329
Over 365 days	1,559,251	1,594,418
	8,495,199	8,686,800

As at 30 June 2026, receivables arising from sales of properties were approximately RMB2,714,791,000 (31 December 2025: RMB2,952,231,000).

- (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 2026, loan receivables of RMB309,310,000 (31 December 2025: RMB359,903,000) were secured by the pledge of certain properties, notes receivable or credit guaranty of borrowers, bearing interest rate at a range from 11.0% to 16.1% per annum and repayable within one year.

Due to the short-term nature of the current receivables, their carrying amount is considered to be the same as their fair value. As at 30 June 2026, the fair value of trade receivables, bidding deposits for land use rights, loan receivables and other receivables of the Group approximate their carrying amounts, as the impact of discounting is not significant.

The Group applies the HKFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. As at 30 June 2026, a provision of approximately RMB1,504,006,000 (31 December 2025: RMB1,494,421,000) was made against the gross amount of trade receivables.

The Group makes periodic collective assessments as well as individual assessments on the recoverability of other receivables based on historical settlement records, past experience and available forward-looking information. As at 30 June 2026, a provision of approximately RMB6,083,450,000 (31 December 2025: RMB2,317,552,000) was made against the gross amount of other receivables.

As at 30 June 2026 and 31 December 2025, trade and other receivables of the Group were mainly denominated in RMB.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2026

9. Cash and cash equivalents and restricted cash

	30 June 2026 RMB'000 (Unaudited)	31 December 2025 RMB'000 (Audited)
Restricted cash	3,150,627	3,621,845
Cash and cash equivalents	7,693,082	8,448,072
	10,843,709	12,069,917

As at 30 June 2026, the Group's restricted cash comprised approximately RMB1,356,278,000 (31 December 2025: RMB1,276,185,000) of guarantee deposits for the benefit of mortgage loan facilities granted by the banks to the purchasers of the Group's properties (note 21(a)) and approximately RMB1,794,349,000 (31 December 2025: RMB2,345,660,000) of deposits pledged as collateral for the Group's borrowings (note 12).

The conversion of RMB denominated balances into foreign currencies and the remittance of the foreign currencies out of the PRC are subject to relevant rules and regulations of foreign exchange control promulgated by the PRC government.

The effective interest rate on bank deposits as at 30 June 2026 was 0.05% (31 December 2025: 0.05%).

10.A disposal group of assets and liabilities classified as held for sale

As at 30 June 2026 and 31 December 2025, the completion of certain debt settlement arrangements entered into during 2024 was pending the Group's satisfaction of necessary conditions precedent. The Group's investment properties associated with these arrangements were amounted to approximately RMB15.0 million as at that date.

During the year ended 31 December 2025, 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 party conditionally agreed to purchase 100% equity interest in a property development company, an indirectly non-wholly owned subsidiary of the Company, for a consideration of RMB596.3 million. The Group is currently in the process of clearance and settlement of certain liabilities, including project related payments with the independent third party. Such related matters remained outstanding as at 30 June 2026 and 31 December 2025.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2026

10.A disposal group of assets and liabilities classified as held for sale (CONTINUED)

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 2026. The major classes of assets and liabilities classified as held for sale are as follows:

	At 30 June 2026 RMB'000 (Unaudited)
Property and equipment	247
Investment properties	1,474,433
Intangible assets	20
Inventories	386,516
Trade and other receivables and prepayments	148,199
Deferred income tax assets	442,594
Cash and cash equivalents	4,646
Assets of a disposal group classified as held for sale	2,456,655
Trade and other payables	940,848
Contract liabilities	266,832
Deferred income tax liabilities	46,878
Borrowings	739,852
Liabilities of a disposal group classified as held for sale	1,994,410

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2026

11.Share capital**(a) Details of share capital of the Company are as follows:**

	Par value	Number of shares	Nominal value of ordinary shares	
	HK\$	'000	HK\$'000	Equivalent to RMB'000
Authorised: At 1 January 2026 (Audited) and 30 June 2026 (Unaudited)	0.1	25,000,000	2,500,000	
Issued and fully paid:				
At 1 January 2026 (Audited)		8,602,340	860,234	820,994
Shares issued upon the conversion of the MCBs (Note (i))		1,141,150	114,115	103,069
Issue of new shares under general mandate for debt capitalisation (Note (ii))		71,540	7,154	6,317
At 30 June 2026 (Unaudited)		9,815,030	981,503	930,380

Notes:

- (i) During the six months ended 30 June 2026, the holders of the MCBs have exercised the conversion options in multiple tranches to convert the respective bonds into a total of 1,141,150,235 ordinary shares of the Company. As a result, the share capital and reserves increased by approximately RMB103,069,000 and approximately RMB87,282,000, respectively, and the financial liabilities of the bonds of approximately RMB190,351,000 were derecognised.
- (ii) On 15 May 2026, the Group entered into two debt settlement agreements with creditors pursuant to which the Group agreed to settle the debts owed by the Group to the creditors through the issue of an aggregate of 71,540,479 new shares to the creditors at the issue price of HK\$6.00 per share. As a result, the share capital and reserves increased by approximately RMB6,317,000 and approximately RMB3,474,000, respectively, and a gain on restructuring of certain PRC on-shore debts of approximately RMB409,964,000 was recognised.

(b) Share Award Scheme

- (1) The Board approved and adopted the Share Award Scheme on 30 December 2011 (the "2011 Shimao Group Share Award Scheme"). Unless terminated earlier by the Board, the 2011 Shimao Group Share Award Scheme is valid and effective for a term of 8 years commencing on 30 December 2011. The maximum number of shares to be awarded must not exceed 34,659,508 shares (i.e. 1% of issued shares of the Company as at 30 December 2011). On 13 April 2018, the Board approved the maximum number of shares to be awarded change to 69,319,016 shares (i.e. 2% of issued shares of the Company as at 30 December 2011). On 26 March 2019, the Board approved the 2011 Shimao Group Share Award Scheme to be valid and effective until 30 December 2027.

The Board may, from time to time, at its absolute discretion and subject to such terms and conditions as it may think fit (including the basis of eligibility of each employee determined by the Board from time to time), select such employee(s) for participation in the 2011 Shimao Group Share Award Scheme and determine the number of awarded shares.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2026

11.Share capital (CONTINUED)**(b) Share Award Scheme (continued)****(1) (continued)**

A Trust was constituted to manage the 2011 Shimao Group Share Award Scheme, and a wholly owned subsidiary of the Company incorporated in the British Virgin Islands was designated as a Trustee. Up to 30 June 2026, the Trust purchased a total of 47,026,000 ordinary shares from market, totaling HK\$756,630,000 (equivalent to RMB665,074,000). Up to 30 June 2026, a total of 48,751,338 shares were granted to eligible employees according to the 2011 Shimao Group Share Award Scheme, among the shares granted, 36,764,063 shares were vested, and 10,015,577 shares were lapsed.

The granted shares were subject to several vesting conditions, including the completion of specific period of service as stated in the letter of grant and non-market performance appraisal before vesting date. The shares granted are held by the Trust before being transferred to the employees when vesting conditions are fully met.

Movements in the number of unvested shares granted during the period are as follows:

	Six months ended 30 June	
	2026 (Unaudited)	2025 (Unaudited)
Unvested shares, beginning	2,356,811	2,513,090
Lapsed	(385,113)	–
Unvested shares, ending	1,971,698	2,513,090

No share awards were granted during the six months ended 30 June 2026. For the six months ended 30 June 2026, the weighted average fair value of the unvested shares granted is approximately HK\$45,476,000, equivalent to approximately RMB39,500,000 (six months ended 30 June 2025: approximately HK\$57,963,000, equivalent to approximately RMB52,859,000).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2026

11.Share capital (CONTINUED)**(b) Share Award Scheme (continued)**

- (2) On 28 June 2021, Shimao Services adopted a share award scheme (the “Shimao Services Share Award Scheme”). The purpose of the Shimao Services Share Award Scheme is to recognise the contributions by certain selected employees of Shimao Services and to provide them with incentives in order to retain them for the continual operation and development of Shimao Services, and to attract suitable personnel for further development of Shimao Services. The Shimao Services Share Award Scheme shall be valid and effective for a term of ten years commencing on the adoption date. The maximum number of shares which can be awarded under the Shimao Services Share Award Scheme is 3% (i.e. 70,919,190 shares) of the total number of issued shares of Shimao Services as at the adoption date. Up to 30 June 2026, a total of 7,542,551 shares under the Shimao Services Share Award Scheme were granted to certain employees of Shimao Services at nil consideration. Pursuant to the Shimao Services Share Award Scheme, after meeting the vesting conditions and circumstances of the stock reward plan, 60% of the reward shares will be vested 6 months or 12 months from the grant date, and 40% of the reward shares will be vested 18 months or 24 months from the grant date.

Movements in the number of unvested shares granted under the Shimao Services Share Award Scheme during the six months ended 30 June 2026 are as follows:

	Six months ended 30 June	
	2026 (Unaudited)	2025 (Unaudited)
Unvested shares, beginning	3,345,477	3,625,719
Lapsed	–	(55,390)
Unvested shares, ending	3,345,477	3,570,329

For the six months ended 30 June 2026, the weighted average fair value of the unvested shares of Shimao Services granted is approximately HK\$1,439,000, equivalent to RMB1,244,000 (six months ended 30 June 2025: approximately HK\$2,749,000, equivalent to RMB2,507,000).

(c) Reconciliation of the number of shares outstanding was as follows:

	As at 30 June	
	2026 '000 (Unaudited)	2025 '000 (Unaudited)
Shares issued	9,815,030	3,797,831
Treasury shares for Share Award Scheme	(10,262)	(10,262)
Shares outstanding	9,804,768	3,787,569

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2026

12. Borrowings

	30 June 2026 RMB'000 (Unaudited)	31 December 2025 RMB'000 (Audited)
Borrowings included in non-current liabilities		
Long-term borrowings – secured (Note (i))	97,796,311	102,831,746
Long-term borrowings – unsecured	12,853,033	12,610,174
Senior notes – secured (Note (i))	20,438,295	18,959,386
Medium-term notes – unsecured (Note (ii))	2,661,000	3,040,000
Long-term bonds – secured (Note (iii))	18,863,134	18,863,234
	152,611,773	156,304,540
Less: Portion of long-term borrowings due within one year	(71,737,526)	(79,438,054)
Portion of medium-term notes due within one year	(2,661,000)	(3,040,000)
Portion of long-term bonds due within one year	(13,435,118)	(10,121,712)
Amounts due within one year	(87,833,644)	(92,599,766)
	64,778,129	63,704,774
Borrowings included in current liabilities		
Short-term borrowings – secured (Note (i))	18,540,550	18,805,741
Short-term borrowings – unsecured	4,711,616	6,876,638
Private placement notes (Note (vi))	279,250	279,250
Current portion of non-current borrowings	87,833,644	92,599,766
	111,365,060	118,561,395

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2026

12. Borrowings (CONTINUED)

Notes:

- (i) Senior notes and other borrowings

As at 30 June 2026, the breakdown of outstanding senior notes and Controlling Shareholder Notes are shown as below:

	Carrying amount at amortised cost RMB'000	Outstanding principal amount USD'000	Remaining maturity
At 30 June 2026			
Senior Notes (2031)	9,442,042	3,366,207	5.1 years
Senior Notes-Series A	2,829,512	691,925	6.1 years
Senior Notes-Series B	4,112,419	1,037,888	7.1 years
Senior Notes-Series C	4,054,322	1,037,888	7.6 years

As at 30 June 2026 and 31 December 2025, the Company remeasured the remaining derivative components of the MCBs at their fair values. As a result, the Group recognised changes in fair value on derivative financial instruments of RMB50.8 million in "other (losses)/gains and other income – net" for the six months ended 30 June 2026.

Controlling Shareholder Notes represent the long-term notes issued to Mr. Hui Wing Mau (the Controlling Shareholder) in exchange for the shareholder loan upon the offshore debt restructuring of the Company became effective in 2025.

Other information

As at 30 June 2026, the Group's total secured bank borrowings and borrowings from other financial institutions of approximately RMB116,336,861,000 (31 December 2025: RMB121,637,487,000) were secured by its property and equipment, investment properties, land use rights, properties under development, completed properties held for sale and restricted cash, and/or secured by the pledge of the shares of certain subsidiaries of the Group.

The pledged assets for the Group's borrowings are as follows:

	30 June 2026 RMB'000 (Unaudited)	31 December 2025 RMB'000 (Audited)
Property and equipment	8,088,605	10,413,877
Land use rights	3,541,988	3,491,496
Investment properties	24,985,450	25,358,067
Properties under development	39,224,748	43,728,920
Completed properties held for sale	37,153,218	26,912,927
Restricted cash (note 9)	1,794,349	2,345,660
	114,788,358	112,250,947

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2026

12. Borrowings (CONTINUED)

Notes: (continued)

(ii) Medium-term notes

Shanghai Shimao issued medium-term notes on the National Inter-Bank Bond Market. The details of the outstanding medium-term notes are shown as below:

Issue dates	Interest rate	Outstanding principal amount RMB'000	Maturity date
18 October 2019	4.24%	930,000	October 2023 (defaulted)
8 January 2020	4.12%	25,000	May 2023 (defaulted)
	4.12%	25,000	November 2023 (defaulted)
	4.12%	450,000	January 2024 (defaulted)
15 March 2021	5.15%	31,040	December 2023 (defaulted)
	5.15%	938,960	March 2024 (defaulted)
30 April 2021	5.50%	261,000	May 2024 (defaulted)
		2,661,000	

(iii) Long-term bonds

Shanghai Shimao Jianshe Co., Ltd. ("Shimao Jianshe"), a subsidiary of the Group, and Shanghai Shimao issued long-term bonds on the Shanghai Stock Exchange. The details of the outstanding long-term bonds are shown as below:

Issuer	Issue dates	Interest rate	Outstanding principal amount RMB'000	Maturity date
Shimao Jianshe	15 October 2015	4.15%	134,917	31 December 2025 (defaulted)
		4.15%	140,538	31 December 2026
		4.15%	286,699	Between 15 March 2027 and 15 September 2027
	18 September 2019	4.30%	253,744	31 December 2025 (defaulted)
		4.30%	264,316	31 December 2026
		4.30%	539,205	Between 15 March 2027 and 15 September 2027
	11 November 2019	4.30%/4.80%	482,088	31 December 2025 (defaulted)
		4.30%/4.80%	502,175	31 December 2026
		4.30%/4.80%	1,024,437	Between 15 March 2027 and 15 September 2027
	25 March 2020	3.23%/3.90%	680,333	31 December 2025 (defaulted)
		3.23%/3.90%	872,064	31 December 2026
		3.23%/3.90%	3,095,518	Between 15 March 2027 and 15 June 2028
	11 May 2020	3.20%	763,107	31 December 2025 (defaulted)
		3.20%	795,174	31 December 2026
		3.20%	1,622,154	Between 15 March 2027 and 15 September 2027
	27 August 2020	3.90%	114,395	31 December 2025 (defaulted)
		3.90%	571,976	31 December 2026
		3.90%	2,173,509	Between 15 March 2027 and 15 September 2028

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2026

12. Borrowings (CONTINUED)

Notes: (continued)

(iii) Long-term bonds (continued)

Issuer	Issue dates	Interest rate	Outstanding principal amount RMB'000	Maturity date
Shanghai Shimao	22 May 2019	4.15%	194,753	31 December 2025 (defaulted)
		4.15%	288,720	28 December 2026
	5 March 2020	3.60%	823,106	31 December 2025 (defaulted)
		3.60%	1,235,270	28 December 2026
	8 July 2020	3.76%	386,843	31 December 2025 (defaulted)
		3.76%	580,265	28 December 2026
	1 September 2020	3.99%	205,240	31 December 2025 (defaulted)
		3.99%	307,860	28 December 2026
	24 September 2020	3.94%	209,831	31 December 2025 (defaulted)
		3.94%	314,897	28 December 2026
			18,863,134	

The above long-term bonds, upon the extension of the due dates, are secured by pledges of the equity interests of certain subsidiaries.

- (vi) On 24 April 2020, Shanghai Shimao issued the second phase of private placement notes with an aggregate principal amount of RMB500,000,000 at a fixed interest rate of 3.70% due on 26 April 2023. As at 30 June 2026, the principal amount of RMB279,250,000 (31 December 2025: RMB279,250,000) remained outstanding and was defaulted.

As at 30 June 2026, borrowings with a total carrying amount of RMB30,008,691,000 and RMB17,058,926,000 are denominated in US dollar and HK dollar, respectively (31 December 2025: RMB28,209,656,000 and RMB18,554,323,000).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2026

13. Trade and other payables

	30 June 2026 RMB'000 (Unaudited)	31 December 2025 RMB'000 (Audited)
Trade payables (Note (a))	25,847,347	29,434,003
Other payables (Note (b))	24,742,551	19,568,548
Other taxes payable	4,898,990	5,804,429
Accrued expenses	26,459,255	25,065,475
	81,948,143	79,872,455

Notes:

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

	30 June 2026 RMB'000 (Unaudited)	31 December 2025 RMB'000 (Audited)
Within 90 days	10,132,160	12,126,809
Over 90 days and within 1 year	13,233,842	15,452,852
Over 1 year	2,481,345	1,854,342
	25,847,347	29,434,003

- (b) As at 30 June 2026, other payables mainly included amount due to liquidated subsidiaries or disposed subsidiaries amounted to RMB16,484,934,000 (31 December 2025: RMB12,030,891,000) and deposits received from customers amounted to RMB3,114,276,000 (31 December 2025: RMB2,815,408,000). 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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2026

14. Amounts due to related parties

	30 June 2026 RMB'000 (Unaudited)	31 December 2025 RMB'000 (Audited)
Associated companies (Note (a))	2,982,867	2,658,618
Joint ventures (Note (a))	8,885,967	8,137,427
Non-controlling interests (Note (b))	2,213,774	2,135,548
Controlling Shareholder Notes (Note (c))	2,190,076	2,029,993
	16,272,684	14,961,586
Analysed as:		
Current liabilities	14,082,608	12,931,593
Non-current liabilities	2,190,076	2,029,993
	16,272,684	14,961,586

Notes:

- (a) Amounts due to associated companies and joint ventures mainly represent advanced proceeds received for purchasing construction materials and other operating and financing activities.
- (b) Amounts due to non-controlling interests mainly represent funds injected by the non-controlling shareholders for the development of properties.
- (c) Controlling Shareholder Notes represent the long-term notes issued to Mr. Hui Wing Mau (the Controlling Shareholder) in exchange for the shareholder loan upon the offshore debt restructuring of the Company became effective in 2025. The notes will mature in 2035 and the interest is accrued and payable in kind semi-annually in arrears on the outstanding principal amount at the interest rate of 2.0% per annum.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2026

15. Expenses by nature

	Six months ended 30 June	
	2026 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)
Cost of properties sold and others	8,917,278	11,567,024
Staff costs – including directors' emoluments	1,841,145	1,999,138
Advertising, promotion and commission costs	252,166	383,621
Corporate and office expenses	299,203	486,814
Taxes and surcharges	44,929	93,361
Depreciation and amortisation	390,929	339,918
Direct expenses arising from hotel operation	359,507	378,666
Consulting fee	45,567	58,083
Amortisation of right-of-use assets	60,580	70,597
Penalties	353,306	440,050
Provision for impairment on financial assets	803,660	1,758,075
Provision for impairment losses on properties under development and completed properties held for sale	491,279	2,382,326
Impairment losses on intangible assets	8,000	34,742
Other expenses	464,156	207,244
Total	14,331,705	20,199,659

16. Other (losses)/gains and other income – net

	Six months ended 30 June	
	2026 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)
Other income		
Government grants received	9,751	10,429
Other (losses)/gains – net		
Penalty income (Note)	12,674	24,585
Net losses on disposal of subsidiaries with loss of control (Note 23(a))	(475,512)	(45,244)
Net (losses)/gains on liquidation of subsidiaries (Note 23(b))	(594,734)	385,550
Net gains on liquidation of a joint venture	120,326	–
Loss on impairment of assets classified as held for sale	–	(73,333)
Net losses on restructuring of certain PRC on-shore debts	(21,816)	–
Net gains on debt capitalisation	409,964	–
Gain on derivative financial instruments	50,797	–
Others	75,805	55,054
	(422,496)	346,612
	(412,745)	357,041

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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2026

17. Finance costs/(income) – net

	Six months ended 30 June	
	2026 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)
Finance income		
Interest income on short-term bank deposits	(22,155)	(29,935)
Interest on bank and other borrowings	4,809,315	5,001,188
Interest charges paid/payable for lease liabilities	920	1,430
	4,810,235	5,002,618
Net foreign exchange gains (Note)	(1,180,371)	(1,079,303)
Less: interest capitalised	(1,308,080)	(712,683)
Finance costs	2,321,784	3,210,632
Net finance costs	2,299,629	3,180,697

Note: Net foreign exchange gains is mainly derived from the translation of foreign currency borrowings.

18. Income tax expense

	Six months ended 30 June	
	2026 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)
Current income tax		
– PRC enterprise income tax	38,907	402,530
– PRC land appreciation tax	49,942	494,678
	88,849	897,208
Deferred income tax		
– PRC enterprise income tax	40,020	11,536
	128,869	908,744

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2026

18. Income tax expense (CONTINUED)**Hong Kong profits tax**

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

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 the PRC enterprise income tax purposes.

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.

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 arrangements 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%.

19. Dividends

No dividends were declared during the six months ended 30 June 2026 and 30 June 2025.

20. Loss per share

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

	Six months ended 30 June	
	2026 (Unaudited)	2025 (Unaudited)
Loss attributable to the equity holders of the Company (RMB'000)	(6,187,418)	(8,934,138)
Weighted average number of ordinary shares in issue (thousands)	9,334,489	3,787,569
Basic loss per share (RMB)	(0.66)	(2.36)

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 and the shares converted under the MCB assuming they were exercised. Diluted loss per share is presented as basic loss per share for the six months ended 30 June 2026 and 2025 as the effect caused by the shares granted under the Share Award Scheme and the shares converted under the MCB is anti-dilutive.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2026

21. Contingencies and financial guarantee contract**(a) The Group had the following contingent liabilities:**

	30 June 2026 RMB'000 (Unaudited)	31 December 2025 RMB'000 (Audited)
Guarantees in respect of mortgage facilities for certain purchasers	21,185,975	23,471,257

Note:

The Group provided guarantees in respect of mortgage facilities granted by certain banks relating to the mortgage loans arranged for certain purchasers of the Group's properties. Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted purchasers to the banks and the Group is entitled to retain the legal title and take over possession of the related properties. The Group's guarantee period starts from the dates of grant of the relevant mortgage loans and ends when the Group obtained the "property title certificate" for the mortgagees, or when the Group obtained the "master property title certificate" upon completion of construction. As in the case of default in payments, the net realisable value of the related properties can cover the repayment of the outstanding mortgage principals together with the accrued interest and penalty, no provision has been made in the interim condensed consolidated financial statements for the guarantees.

- (b)** At 30 June 2026, the Group provided financial guarantees for certain joint ventures and associate companies in respect of their bank and other borrowings in the amount of approximately RMB21,131,129,000 (31 December 2025: approximately RMB21,592,637,000) with maturity in or before 2026. These guarantees are not expected to result in significant outflow of the Group's resources and no financial liability is recognised in this connection as the estimated fair value on financial guarantee contract loss is insignificant.

(c) Contingencies for litigation

Up to the date of the interim condensed consolidated financial statements, the Group was in the progress of various legal litigations related to its consolidated borrowing or financial guarantees and other matters. The Directors have assessed the impact of the above litigation matters on the interim condensed consolidated financial statements for the six months ended 30 June 2026. The Group is actively negotiating with relevant creditors and seeking various ways to resolve these litigations. The Directors consider that such litigations, individually or jointly, will not have significant adverse effects on the operating performance, cash flow and financial condition of the Group at the current stage.

22. Commitments**Commitments for capital and property development expenditure**

	30 June 2026 RMB'000 (Unaudited)	31 December 2025 RMB'000 (Audited)
Contracted but not provided for		
– Property and equipment	441,335	476,598
– Land use rights (including those related to associated companies and joint ventures)	3,447,820	3,457,820
– Properties being developed by the Group for sale	21,609,359	22,648,661
	25,498,514	26,583,079

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2026

23. Significant disposal/liquidation of subsidiaries and transactions with NCI

During the six months ended 30 June 2026, the Group has the following significant disposal or liquidation of subsidiaries and transactions with NCI.

(a) Disposal of subsidiaries with loss of control

For the six months ended 30 June 2026, the Group lost control of certain subsidiaries. The disposal resulted in a total net cash outflow of approximately RMB310,246,000 and net losses of approximately RMB475,512,000.

Net assets disposed and reconciliation of disposal losses and cash outflow on disposals are as follows:

	RMB'000 (Unaudited)
Cash and cash equivalents	310,247
Inventories	914,017
Property and equipment	120
Intangible assets	6
Deferred income tax assets	18
Trade and other receivables and prepayments	3,379,484
Prepaid income taxes	5
Other non-current assets	130,771
Trade and other payables	(702,597)
Contract liabilities	(849,203)
Income tax payable	(80,771)
Amounts due to related parties	(440,548)
Amounts due to the Group	(567,760)
Borrowings	(13,002)
Total identifiable net assets	2,080,787
Non-controlling interests	(101,882)
Net assets attributable to the equity holders of the Company	1,978,905
Cash consideration	1
Considerations set off by borrowings	878,155
Fair value of interests retained in joint ventures and associated companies	625,237
Net assets disposed of	(1,978,905)
Net losses on disposals (Note 16)	(475,512)
Cash consideration received	1
Less: cash and cash equivalents in the entities disposed	(310,247)
Net cash outflow due to the disposals	(310,246)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2026

23. Significant disposal/liquidation of subsidiaries and transactions with NCI*(CONTINUED)***(b) Liquidation of subsidiaries**

For the six months ended 30 June 2026, the PRC courts adjudged the liquidation of the Group's certain subsidiaries applied by certain creditors and have proceeded with receivership procedures. The Directors considered that the Group lost control over the subsidiaries upon the commencement of the receivership and deconsolidated the subsidiaries thereafter. The liquidation resulted in a total net cash outflow of approximately RMB6,261,000 and net losses of approximately RMB594,734,000.

Net assets deconsolidated and reconciliation of losses and cash outflow on liquidation are as follows:

	RMB'000 (Unaudited)
Cash and cash equivalents	6,261
Inventories	521,344
Property and equipment	190
Amounts due from the Group	12,865,213
Amounts due from related parties	116,203
Trade and other receivables and prepayments	845,634
Prepaid income taxes	82,807
Deferred income tax assets	2,477
Trade and other payables	(9,865,010)
Contract liabilities	(934,101)
Income tax payable	(613,695)
Borrowings	(2,608,394)
Total identifiable net assets	418,929
Non-controlling interests	175,805
Net assets attributable to the equity holders of the Company	594,734
Consideration	–
Net assets deconsolidated	(594,734)
Losses on liquidation of subsidiaries (Note 16)	(594,734)
Net cash outflow due to the deconsolidation	(6,261)

(c) Transaction with non-controlling interests***Capital contribution from non-controlling interests***

For the six months ended 30 June 2026, non-controlling interests made several capital injections into certain subsidiaries of the Group with a total amount of RMB106,000.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2026

24. Related party transactions

The Group is controlled by Gemfair Investments Limited (Incorporated in the British Virgin Islands), which owns 26.13% of the Company's shares. The ultimate controlling party of the Group is Mr. Hui Wing Mau.

- (a) Other than those disclosed elsewhere in the interim condensed consolidated financial statements, the Group entered into the following major related party transactions.

	Six months ended 30 June	
	2026 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)
Brand management fee income	2,270	1,144
Construction material sold to related companies	–	241
	2,270	1,385

(b) Key management compensation

	Six months ended 30 June	
	2026 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)
Emoluments		
– Salaries and other short-term employee benefits	3,416	3,158
– Retirement scheme contributions	163	176
	3,579	3,334

25. Events after the reporting period

- (a) Subsequent to the reporting period and up to the date of approval of these interim condensed consolidated financial statements, a total number of 570,575,130 new shares were issued at the conversion price of HK\$6 per share pursuant to the conversion of the MCB due 2026 issued on 21 July 2025, which accounted for 5.8% of the total number of issued shares before the relevant event.
- (b) A winding-up petition against the Company (the "Petition") dated 27 August 2026 was filed by a third-party company at the High Court of Hong Kong in connection with the judgement debts arising from four judgments issued by Mainland Chinese courts. The High Court has set the first hearing date for the Petition on 11 November 2026.

26. Approval of the interim condensed consolidated financial statements

The interim condensed consolidated financial statements were approved by the Company's board of directors on 28 August 2026.



SHIMAO GROUP HOLDINGS LIMITED
世茂集團控股有限公司

