



世茂集團

SHIMAO GROUP HOLDINGS LIMITED

世茂集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(於開曼群島註冊成立之有限公司)

Stock Code 股份代號 : 813

INTERIM REPORT 中期報告 2021





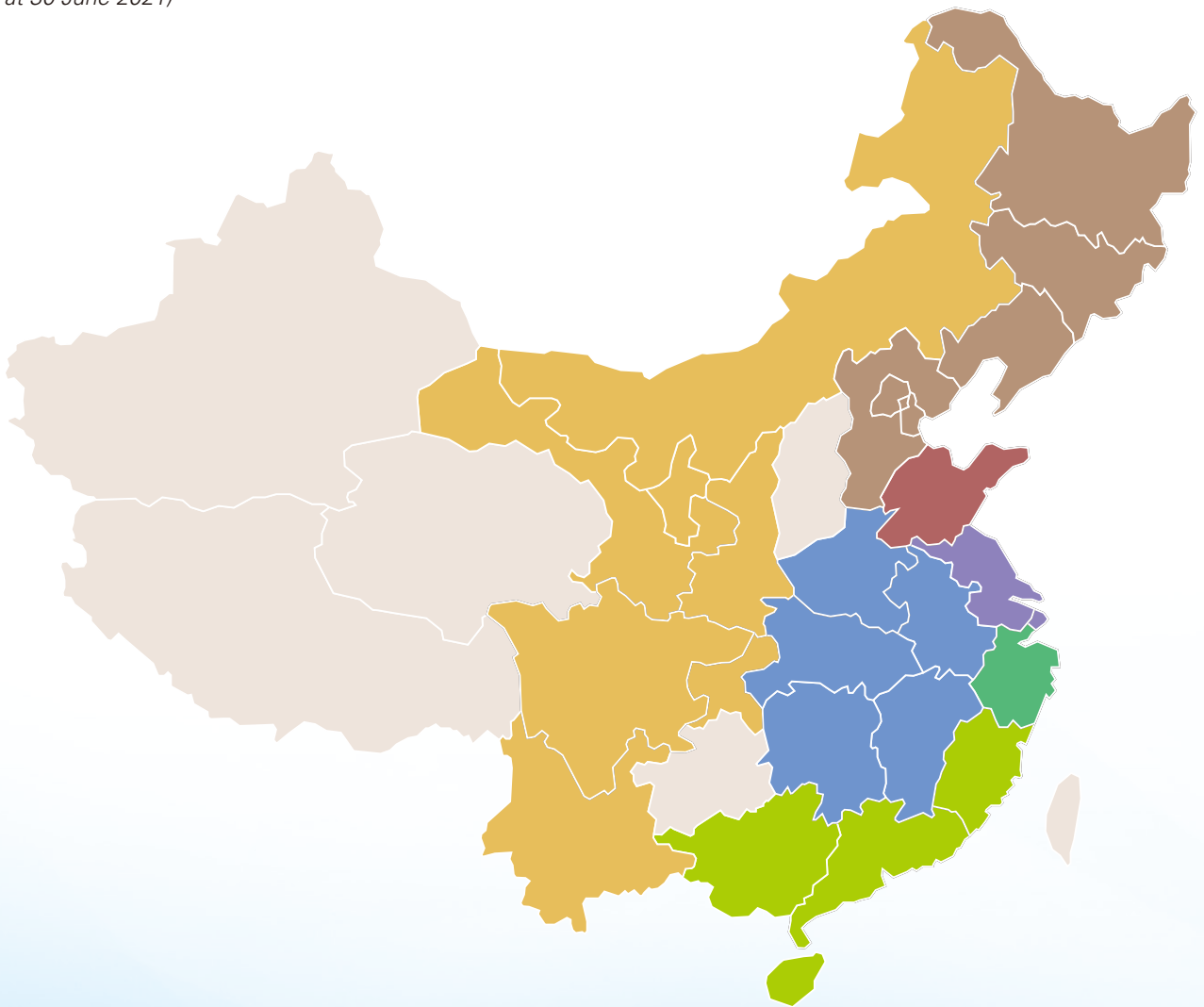
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NATIONWIDE QUALITY LAND RESERVES

Penetrated in more than **110** cities,
with **424** projects,
a total area of **72.83** million sq.m.
(before interests) land bank

(as at 30 June 2021)



★ Zhejiang District

Hangzhou Shimao
Fengsongfu

Quzhou Classic Chinese
Chic

Ningbo Shimao Shine
Metropolis

Shaoxing Cloud Mansion

Ningbo Shimao Shine City

★ Central China District

Changsha Shimao Shine
Fenghua

Zhengzhou Shimao Zhenxing
Shine City

Wuhan Shimao Splendid
River

Hefei Shimao Classic
Chinese Chic

Jingzhou Shimao Cloud
Build River

Wuhan Shimao Endless
Future

★ Western District

Chongqing Shimao Shine
City

Shimao Chongqing Center

Kunming Shimao Shine City

Xi'an Shimao Shine City

Chengdu Shimao Yunjing

★ Shandong District

Dezhou Shimao Four
Seasons

Jinan Changqing Shimao
Festival City

Weifang Shimao Cloud Atlas

Jinan Junmaofu

Jinan Shimao Metropolis

★ Northern China District

Beijing Shimao Loong Palace

Beijing Royal Palace

Beijing Classic Chinese Chic

Beijing Shimao Sanli
Mansion

Beijing Bright Moon in
Forest

Beijing Shimao Honor of
China

★ Jiangsu and Shanghai District

Yancheng Nanhai Future
City

Nanjing The Youth Mansion

Nanjing Shimao Honor of
China

Shanghai Natural City

Nanjing Shimao Shine Future

Nanjing Shimao Shine Bay

Nanjing Suning Shimao
Shine Cloud

★ Straits Company

Guangzhou Shimao Beyond
Sky

Dongguan Riverside Purple
Town

Shenzhen Longgang Shimao
Shenzhen-Hong Kong
International Centre

Shenzhen Shimao The Great
Mogul

Zhuhai Shimao Hong Kong
Zhuhai Macao Port City

Shimao Sanya International
Financial Center

Fuzhou Shimao The River
One

Ningde Times Castle

Quanzhou Huian Shimao
The One

Pingtan Shimao Straits
Island

Haikou Shimao Shine Bund

Foshan Shimao Classic
Chinese Chic

Fuzhou Changle Shimao
Shine City

Jiangmen Shimao The Blue
Bay

Zhaoqing Shimao No.1
Riverside

Nanning Wuxiang Lantingfu

Dongguan Riverside Shine
Town

Fuzhou Zhenro Shimao
Tangyue Mountain South

★ HKSAR

Hong Kong Kowloon Tai Wo
Ping

Hong Kong Grand Victoria

Remarks: Only the key projects
are listed above



CORPORATE INFORMATION

Board of Directors

Executive Directors

Hui Wing Mau (*Chairman*)
Hui Sai Tan, Jason (*Vice Chairman and President*)
Tang Fei
Lu Yi

Non-executive Director

Ye Mingjie

Independent Non-executive Directors

Kan Lai Kuen, Alice
Lyu Hong Bing
Lam Ching Kam

Audit Committee

Kan Lai Kuen, Alice (*Committee Chairman*)
Lyu Hong Bing
Lam Ching Kam

Remuneration Committee

Lyu Hong Bing (*Committee Chairman*)
Kan Lai Kuen, Alice
Lam Ching Kam

Nomination Committee

Lam Ching Kam (*Committee Chairman*)
Kan Lai Kuen, Alice
Lyu Hong Bing

Company Secretary

Lam Yee Mei, Katherine

Auditor

PricewaterhouseCoopers

Principal Place of Business in Hong Kong

38th Floor, Tower One
Lippo Centre
89 Queensway
Hong Kong
Telephone: (852) 2511 9968
Facsimile: (852) 2511 0287
Website: www.shimaogroup.hk

Registered Office

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Hong Kong Branch Share Registrar and Transfer Office

Tricor Investor Services Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

Principal Share Registrar and Transfer Office

Conyers Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Place of Listing

The Stock Exchange of Hong Kong Limited
Stock code: 813

Investor and Media Relations

Investor Relations Department
Email: ir@shimaogroup.com/
ir@shimaogroup.com.hk
Telephone: (852) 2511 9968
Facsimile: (852) 2511 0287

Interim Dividend

Interim dividend amount:	HK70 cents per ordinary share
Book closure period:	Monday, 27 September 2021 and Tuesday, 28 September 2021
Record date:	Tuesday, 28 September 2021
Payment date:	On or around Friday, 5 November 2021
Latest time for lodging transfer documents:	4:30 p.m. on Friday, 24 September 2021



CHAIRMAN'S STATEMENT

Dear shareholders,

I am pleased to present the interim results of Shimao Group Holdings Limited ("Shimao Group", "Shimao" or the "Company", together with its subsidiaries, the "Group") for the six months ended 30 June 2021.

Market and Outlook

In the first half of 2021, the impacts of the COVID-19 pandemic on the global economy remained uncertain. Facing the complex and volatile environment at home and abroad, the CPC Central Committee grasped the overall situation with resolute decision-making, and kept consolidating and expanding its pandemic prevention and control as well as the achievements in economic and social development. As a result, economic development has displayed a trajectory of consolidation and advancement on top of stability. China recorded a prominent 12.7% increase in GDP for the first half of the year, presenting a stellar result in tribute to the centenary of the founding of the CPC.



With respect to the real estate market, the central government maintained its policy of "houses are for inhabiting, not for speculation" and the objective of "stabilizing land prices, housing prices and market expectation" remained unchanged, multiple authorities worked on coordinated supervision and multi-dimensional regulation with a precise degree of execution, which yielded an evident effect. On top of the "Three Red Lines" and "Centralised Management of Real Estate Loans" rolled out last year, a policy was released in the first half of 2021 in relation to the requirement of "centralised release of grant notices and centralised organisation of grant activities for residential land supply" (住宅供地「兩集中」). The policy represents that following the real estate-related control policies regarding developers, banks and property purchasers, the land supply by local governments has been included in such control, which involves the regulation of both capital and land. As such, a regulatory closed loop has been formed that revolves around four subjects.

Compared with the first half of 2020 under the pandemic, the domestic sales of commodity properties in the first half of the year recorded a significant year-on-year increase of 38.9% to RMB9,293.1 billion, refreshing history. As the effect emerges from various control policies, the second half of the year is anticipated to witness a decline in growth rate.



Hangzhou Shimao Central Plaza

Pursuing Stable Progress in Property Development

In 2021, Shimao adhered to the philosophy of “product-oriented” and has constantly carried out research and development and innovation of products to create all-round experience of quality living. Meanwhile, the turnover of popular projects was accelerated by enhancing operation efficiency. Contracted sales amounted to RMB152.80 billion in the first half of year, representing an increase of 38% over the corresponding period of last year, and approximately 46% of the annual sales target was achieved, which realized “quality growth” in a stable manner. It is expected that the saleable resources of the Group in the second half of the year will reach 20.04 million sq.m., and the saleable value will be approximately RMB360.0 billion, among which, as to 88% is attributable to first-tier and second-tier cities and advanced third-tier cities and as to 75% is inventory less than a year. With its layout in core regions and advantage in the portfolio, Shimao is confident to achieve the annual sales target of RMB330.0 billion.

In the first half of 2021, affected by the “two-centralized” land supply policy, the supply and demand of residential land across the country declined. Competition for land in popular cities was fierce and land prices remained high. The Group persistently upheld prudent attitude and was prudent in replenishing land bank. It adopted a diversified land acquisition strategy to increase land bank in the “core city clusters” by 3.01 million sq.m.. In terms of total land premium, first-tier and second-tier cities and advanced third-tier and fourth-tier cities accounted for approximately 95% of the land acquired. As at 30 June 2021, the Group penetrated in more than 110 major cities across the country, with 424 projects and a total area of 72.83 million sq.m. (before interests) quality land. The average land cost was RMB5,554 per sq.m.. Based on its development portfolio, the land bank of Shimao was mainly located in the Guangdong-Hong Kong-Macao Greater Bay Area and the Yangtze River Delta region. The premium land bank and relatively reasonable land cost have provided a solid and good foundation for Shimao to achieve sustainable “quality growth”.

Diversified "Giant Aircraft" flown at full speed

Striving for the vision of "Century Shimao", the Group actively promotes the diversified business layout of "Giant Aircraft Strategy" with property development as its main body; commercial properties operation, hotel operation and property management as its solid wings; investments in advanced technology, medical treatment, education, elderly care and culture as key empennage for balanced development. The "Aircraft" flown at full speed not only strengthens Shimao's competitiveness during the market cycle, but also brings strong driving force for its sustainable development.

In respect of property management business, 2021 is the first year of the "New Three-year Development Plan" for Shimao Services Holdings Limited ("Shimao Services"). Built on its track record, Shimao Services works to break records and achieve outstanding results with increasing momentum. In the first half of the year, its revenue and net profit experienced year-on-year increases of 170.6% and 150.9% respectively, representing industry-leading rates of performance growth. The area under management and contracted area also recorded substantial growth. As of 30 June 2021, the area under management and contracted area of Shimao Services reached 175 million sq.m. and 239 million sq.m., respectively. In 2021, Shimao Services will remain dedicated to the service concept of "user-centered, product-oriented and digitization-driven", renew its business and management upgrade, make a solid start with practical efforts and reset the benchmark for the future.

In respect of hotel business, Shimao always focuses on the development and operation of city-class and world-class landmark hotels. As the COVID-19 pandemic was generally under control in China, Shimao adjusted its operation plan with its focus on driving domestic demand and continuous exploration and innovation. During the first half of the year, its overall revenue reached RMB972 million, representing a significant increase by 114.6% as compared with the corresponding period of 2020. As of 30 June 2021, Shimao hotels penetrated in core cities, with 27 hotels (including hotels under development) of international brands and 136 hotels (including hotels under development and management services) of self-owned brands. Shimao had 25 hotels in operation, including Hyatt on the Bund Shanghai, InterContinental Shanghai Wonderland, Sheraton Hong Kong Tung Chung Hotel and others, with over 8,600 guest rooms. In the second half of 2021, Hilton Changsha Riverside commenced operation in July 2021, which was another masterpiece of city landmark by Shimao.

In respect of commercial and entertainment business, Shimao endeavors to create different types of commercial benchmarking projects. Following the development over the years, Shimao has penetrated in over 36 cities with over 76 commercial and theme entertainment projects (including projects under development). During the reporting period, Chengdu Shimao Festival City and Xiamen Jimei Shimao Festival City successively commenced operation, leveraging on their unique positioning of "Mini Vacation Lifestyle Center" and "Simple Lifestyle Center" to entice many brands to establish presence there. Upon commencing operation, both projects had all their shops occupied by businesses. Furthermore, in July 2021, Shimao started the operation of "Explore the Cave", a wonderland for parent-child cave exploration in the theme of "Max", its proprietary IP. Going forward, Shimao will continue with its business diversification, cater to differentiated demands of consumers and optimize user experience to deliver maximum value of investment.

Prudent Financial Strategies

In the first half of 2021, governments of various locations kept enhancing the regulation of real estate finance and tightening the financing and mortgage credit for real estate companies, causing a slowdown in lending. Amidst the prevailing de-leveraging trend in the industry, Shimao respects regulation and market, maintains long-term stable financial policies, regards risk prevention as a top priority and acts in line with trends. As a result, the Company remains in the "Green Camp" category within the "Three Red Lines". Through assessment adjustment, mortgage guarantee and increased efforts in cash collection, the Group realized cash collection of RMB116.1 billion, representing an increase of 30.4% as compared to the corresponding period last year. Meanwhile, it dynamically adjusted the timing of investment to maintain sufficient cash flow and ensure the timing of repayment. As at 30 June 2021, the Group had book cash of RMB82.38 billion. Net gearing ratio was 50.9%, which has been maintained below 60% for ten consecutive years.



Weifang Shimao Shine Park

Shimao adopted pre-emptive defensive measures, actively engaged in the headquarter-to-headquarter cooperation with major financial institutions, and optimised its financing channels and debt structure. During the reporting period, the Group successfully issued 10-year USD senior notes with the interest rate as low as 3.45%. In addition, the Group entered into four-year syndicated loans worth of US\$1.315 billion with 19 banks with the interest rate further decreasing to LIBOR/HIBOR+2.95%. Although the credit environment in the industry became rigid, Shimao maintains stable cooperation with 60 domestic and overseas financial institutions with undrawn credit facilities amounting to approximately RMB80 billion.

Against the backdrop of transformation in the real estate industry towards steady and healthy development in the long run, Shimao maintains stable operation and finance performance as usual, demonstrating its prominent value in the capital market. During the reporting period, Standard & Poor's upgraded Shimao's credit ratings from "BB+" to "BBB-" and the outlook was "stable", which was the second investment grade rating following Fitch's "BBB-" rating for Shimao. In addition, the average finance costs of the Group was controlled at a relatively low industry level of 5.6%, which maintains the competitive edge for Shimao in the differentiation of the real estate industry.

Social Responsibility

In 2021, Shimao stays true to its original value and cares for its motherland. It works to achieve corporate development and fulfill social responsibility. In July 2021, Henan Province suffered the strongest rainfall in history and many places were hit by catastrophic floods. Shimao donated HK\$20 million forthwith to contribute its efforts in supporting the flood control, emergency rescue and post-disaster reconstruction in Henan Province. Over the past two decades, Shimao has been committed to social welfare and has donated more than RMB1.75 billion in total and served population of more than 22.00 million.



Zhuhai Shimao Hong Kong Zhuhai Macao Port City

Knowing that green ecosystem is the foundation of sustainable city, Shimao actively develops green building and steadily increases the area of green building. As of 30 June 2021, the total area of green buildings developed by Shimao was 73.13 million sq.m., representing an increase of 13.1% as compared to year end 2020, including six LEED Gold buildings. Meanwhile, Shimao implements green and energy-saving technology, widely upgrades to the energy-saving devices in the communities, and improves to the "Green Communities", promoting the environmental protection ideas and behaviours and empowering the cities.

Interim Dividend

To demonstrate our appreciation for our shareholders' support, the board of directors of the Company (the "Board") declared an interim dividend of HK70 cents per share for the six months ended 30 June 2021 (the shareholders may choose to receive the dividend in cash and/or in shares) (1H 2020: interim dividend of HK60 cents and special dividend of HK10 cents, totaling HK70 cents per share).

Acknowledgement

On behalf of the Board, I would like to thank our shareholders, partners, local governments and customers for their tremendous support. I would also like to extend my heartfelt gratitude and deepest respect to our directors, management and staff for all their valuable contributions. The Group's success together with fulfillment of corporate goals are attributable to their support and engagement. Courage from conquering difficulties and accomplishment from overcoming challenges. Facing the new era and phase of development, Shimao will keep improving management, enhancing risk and control management, polishing core capabilities of competitiveness, and deepening sustainability development, to be the leading "Fighter" and "Creator" in the path of becoming centennial company.

Hui Wing Mau
Chairman

Hong Kong, 30 August 2021

MANAGEMENT DISCUSSION AND ANALYSIS



Wenchang Shimao Blooming Sea

Business Review

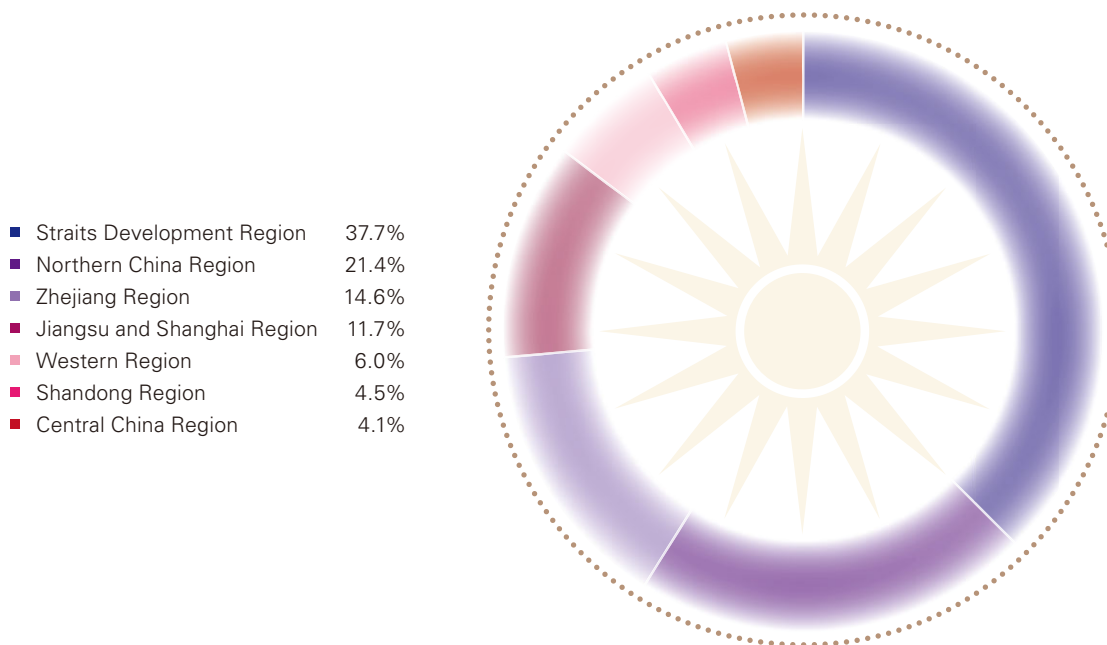
Sales of Properties

1) Recognized Sales Revenue

The Group generates its revenue primarily from sales of properties, commercial properties operation, hotel operation and property management businesses. For the six months ended 30 June 2021, revenue of the Group reached RMB73.40 billion, representing an increase of 13.7% as compared to RMB64.55 billion for the corresponding period in 2020. During the period, revenue from property sales amounted to RMB66.52 billion,

accounting for 90.6% of the total revenue and representing an increase of 8.2% over the corresponding period in 2020. In the first half of 2021, the recognized sales area was 4.052 million sq.m., representing an increase of 2.6% over the corresponding period in 2020. The average recognized selling price was RMB16,416 (excluding output VAT) per sq.m..

The breakdown of recognized sales for the first half of 2021 by regions is set out as follows:



2) Steady Sales Growth

With respect to property sales, the Group's contracted sales amounted to RMB152.80 billion in the first half of 2021, representing an increase of 38.3% over the corresponding period of last year, and approximately 46.3% of the annual sales target was achieved. The aggregate contracted sales area was 8.610 million sq.m., representing an increase of 36.7% over the corresponding period of last year; the average selling price was RMB17,746 per sq.m.. The growth rate of contracted sales stayed ahead of peers and "quality growth" was steadily achieved.

In the first half of 2021, the overarching principle of "houses are for inhabiting, not for speculation" remained unchanged and some cities strengthened their regulatory measures. The Group responded with a steady development approach. It has constantly carried out research and development and innovation of products, accelerated the turnover of popular projects, and boosted the stable growth in performance by enhancing operation efficiency. Looking forward to the second half of 2021, the Group will launch saleable areas of approximately 11.51 million sq.m.. Together with the saleable areas of approximately 8.53 million sq.m. as of 30 June 2021, the Group's total saleable areas in the second half of 2021 will be approximately 20.04 million sq.m..

Key projects available for sale in the second half of 2021 are set out as follows:

Project	Saleable Area (sq.m.)
Haikou Xindazhou	105,933
Shenzhen Longgang	90,630
Haikou Binjiang	84,467
Guangzhou Zengjiang	82,222
Jiangmen Yamen	79,684
Fuzhou Quantou	73,991
Fuzhou Difengjiang	70,137
Zhuhai Artificial Island	68,620
Wenzhou Hongqiao	104,155
Changsha Yuanda Road	92,336
Hangzhou Jinnan	71,215
Shaoxing Dayue Road	64,662
Hangzhou Jianqiao	53,433
Hangzhou Lin'an	37,031
Nantong Changtai Road	71,551
Nanjing Jiangpu G24	68,776
Kunshan Zhenchuan Road	61,745
Nanjing Xingzhi Technology Town	32,528
Chongqing Qiansimen	58,384
Sub-total (key projects above)	1,371,500
Other projects available for sale in the second half of 2021	10,130,225
Completed inventory	2,450,240
Uncompleted projects available for sale as of 30 June 2021	6,083,868
Total	20,035,833

3) Completion of Development Projects and Plans as Scheduled

During the first half of 2021, the Group's floor area under construction was 50.70 million sq.m.. The aggregate GFA completed was approximately 7.16 million sq.m., representing an increase of 54% as compared to 4.66 million sq.m. for the corresponding period of last year. Looking forward to 2021, the Group will maintain its quality growth with the planned floor area under construction of approximately 55.00 million sq.m. and the aggregate GFA completed of approximately 14.00 million sq.m. for the year.

4) Prudent Replenishment of Premium Land Bank for “quality growth”

Affected by the “two-centralized” land supply policy, the supply and demand of residential land across the country declined. Competition for land in popular cities was fierce and land prices remained high. The Group persistently upheld prudent attitude and was prudent in replenishing land bank. It adopted a diversified land acquisition strategy to increase land bank in the “core city clusters” by 3.01 million sq.m.. In terms of total land premium, first-tier and second-tier cities and advanced third-tier and fourth-tier cities accounted for approximately 95% of the land acquired. As at 30 June 2021, the Group penetrated in more than 110 major cities across the country, with 424 projects and a total area of 72.83 million sq.m. (before interests) quality land. The average land cost was RMB5,554 per sq.m.. Based on its development portfolio, the land bank of Shimao was mainly located in the Guangdong-Hong Kong-Macao Greater Bay Area and the Yangtze River Delta region. The premium land bank and relatively reasonable land cost have provided a solid and good foundation for Shimao to achieve sustainable “quality growth”.

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

No.	New Land Parcels	Usage	Land Cost	Total	Cost	Shimao's
			(Attributable Interests)	Planned GFA (Before Interests)		
			(RMB million)	('000 sq.m.)	(RMB)	
1	Hangzhou Jianqiao Project	Commercial and residential	1,742	153	11,392	100%
2	Hangzhou Tianmu Pharmacy Harbor Parcel	Commercial and residential	1,211	249	7,264	67%
3	Jiangmen Xinhui Project	Residential, commercial services as well as commercial and financial	530	211	5,018	50%
4	Longyan City P20 Parcel	Commercial and residential	138	73	6,333	30%
5	G2 Parcel, Banqiao market, Banqiao Street, Yuhuatai District, Nanjing	Commercial and residential	518	149	10,555	33%
6	Ningbo Jiangbei Cicheng Complex	Commercial and residential	1,984	194	10,215	100%
7	Ningde Liancheng Road P02 Parcel	Residential	187	106	5,887	30%
8	Ningde Liancheng Road P03 Parcel	Residential	154	79	6,546	30%
9	Ningde Liancheng Road P04 Parcel	Residential, commercial services as well as commercial and financial	259	166	5,194	30%
10	Quzhou Smart New Town Qianjianshan Parcel	Commercial and residential	1,150	142	16,205	50%
11	Shenzhen Henggang Laojie Project	Commercial and residential	681	750	3,629	25%
12	Parcel at the south of Cuihua Street and the west of Luming Road, Huangyan District, Taizhou	Commercial and residential	519	86	6,013	100%
13	A3 Parcel, Tianshui County Project, Tianshui City	Commercial and residential	82	56	2,868	51%
14	Xuzhou Gulou Guishan 8-2, 8-3 Parcel	Residential, commercial as well as commercial and financial	140	85	3,204	51%
15	Yancheng Nanhai Future City	Commercial and residential	769	167	7,672	60%
16	Yangzhou GZ189 Parcel	Commercial and residential	222	62	10,486	34%
17	Zhangjiagang Zhangdi A04-F Parcel	Residential	383	29	13,028	100%
18	Changsha Wang Gua No. 129	Commercial and residential	846	113	7,462	100%
19	Ziyang Ziyue Mansion	Residential	300	142	2,118	100%
Total			11,815	3,013	6,659	



Dongguan Shimao Kaisa Shine Time

Commercial Properties Operation

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

Confronted by a complex market environment, Shimao maintained a steady pace in its advancement in the first half of 2021. With the pandemic easing, Shimao saw major growth in both the sales and foot traffic of commercial projects under management, as compared to the same period of last year. In particular, Jinan Shimao Festival City recorded aggregate sales of over RMB42.00 million during the May 1st public holidays, representing a historic new high since its opening and foot traffic exceeded 620,000, representing an increase of 13% as compared with the same period of 2019, which was attributable to its innovative marketing and scenarios as well as content optimization and upgrade. Chengdu Shimao Festival City and Xiamen Jimei Shimao Festival City successively commenced operation in the reporting period, leveraging on their unique positioning of "Mini Vacation Lifestyle Center" and "Simple Lifestyle Center" to entice many brands to establish presence there. Upon commencing operation, both projects had all their shops occupied by businesses. In respect of the entertainment business, Shanghai Dream City Park has extended its market popularity since its opening, receiving over one million visitors by its first anniversary and recording aggregate sales of more than RMB100 million. Furthermore, in July 2021, Shimao started the operation of "Explore the Cave", a wonderland for parent-child cave exploration in the theme of "Max", its proprietary IP. Going forward, Shimao will continue with its business diversification, cater to differentiated demands of consumers and optimize user experience to deliver maximum value of investment.



Nanning Wuxiang Shimao Center

Property Management

In respect of property management business, Shimao Group is engaged in property management business through a subsidiary, Shimao Services. 2021 is the first year of the “New Three-year Development Plan” of Shimao Services. Built on its track record, Shimao Services works to break records and achieve outstanding results with increasing momentum. In the first half of the year, its revenue and net profit experienced year-on-year increases of 170.6% and 150.9% respectively, representing industry-leading rates of performance growth. The area under management and contracted area also recorded substantial growth. As of 30 June 2021, the area under management and contracted area of Shimao Services reached 175 million sq.m. and 239 million sq.m., respectively. In the first half of 2021, the contracted GFA under external expansion surpassed the level of last year, reaching 27.1 million sq.m. and achieving 87% of the annual target. The external expansion covers a variety of business operations with major premium customers.

In 2021, Shimao Services positions itself as the “leading full-scenario provider of city life services in China” and works to build a “1+1+X” business system comprising three business portfolios, namely basic property management services, value-added services and smart city services. In basic property management services, Shimao Services pursues scale expansion as well as higher quality and efficiency via “internal growth and external expansion”. In value-added services, it cultivates professional capabilities by establishing presence in high-potential channels with a focus on users and assets. In smart city services, it caters to the government and work as a good municipal services manager, asset operation assistant and development partner. Shimao Services will remain dedicated to the service concept of “user-centered, product-oriented and digitization-driven”, renew its business and management upgrade, make a solid start with practical efforts and reset the benchmark for the future.

Hotel Operations

As of 30 June 2021, the Group had a total of 25 hotels in operation, including Hyatt on the Bund Shanghai, InterContinental Shanghai Wonderland, Le Royal Méridien Shanghai, Conrad Xiamen, Sheraton Hong Kong Tung Chung Hotel, Hilton Wuhan Riverside, The Yuluxe Sheshan, A Tribute Portfolio Hotel, Shanghai, InterContinental Fuzhou, Hilton Nanjing Riverside and Yutopia Wuyi Mountain Retreat. Currently, the Group has more than 8,600 hotel guest rooms. In addition, the Group had 6 directly managed leased hotels, including MiniMax Hotel Shanghai Songjiang, MiniMax Premier Hotel Shanghai Hongqiao, MiniMax Hotel Xiamen Central, MiniMax Premier Hotel Chengdu City Center, ETHOS Hotel Xiamen and ETHOS Hotel Wuhan Riverside, offering over 1,100 hotel guest rooms. In 2021, the epidemic in China was basically under control, but with the increasing number of COVID-19 cases abroad, the hospitality industry in China focuses on internal circle. Shimao hotel adjusted its operation plan with its focus on driving domestic demand and continuous exploration and innovation. During the first half of the year, its overall revenue reached RMB972 million, representing an increase by 114.6% as compared with the corresponding period of 2020.

For the first half of 2021, revenue generated during official holidays increased as compared with the same period in 2020 as a result of Shimao hotel's efforts in sales during festivals. Upgrade and renovation of InterContinental Shanghai Wonderland's underwater guest room and underwater restaurant were completed. At the same time, as a leader in cross-over cooperation in the hotel industry, Shimao hotel has established cooperation with various brands, including pan-psychology media KnowYourself, Ninebot Technology and other popular brands in China such as Li-Ning to create a versatile platform for premium lifestyle. Meanwhile, it continues to enlarge its sales on current online platforms such as Ctrip, Fliggy and WeChat stores. For the first half of 2021, the total amount of sales reached approximately RMB40 million.

For the second half of 2021, Shimao will expand into online content platforms, such as Xiaohongshu (小紅書) and Tik Tok, carry out its integrated marketing strategy delivering quality and efficiency, as well as empowering hotels with more content elements by capitalising on matrix dissemination and promotion under the owned hotel brands of Shimao, so as to enhance Shimao hotel's brand image and recognition of hotels under Shimao. In addition, Hilton Changsha Riverside, one of the landmark buildings in Changsha, grandly commenced operation in July 2021, which further expanded Shimao hotel's portfolio of city landmarks.

As of 30 June 2021, Shimao owned 27 hotels (including hotels under development) of international brands and 136 hotels (including hotels under development and management services) of self-owned brands with the total number of guest rooms reaching over 32,000. Shimao accommodated more than 6.60 million guests during the year. The Group entered into contracts for the operation of 18 additional hotels during the first half of 2021, of which about 60% are located in first-tier and second-tier cities and 83% are full service hotels. A new addition of 4 self-owned brand hotels under management services commenced operations, including Yu Hotel Shuyang, Maoyu Yiquan Hotel Zhenjiang, Yuhotel Shanghai Chongming, Yuhotel Jianshui, with a total of 19 self-owned brand hotels in operation.

Movements in the share capital/shareholding increase of the largest shareholder

In light of the significant fluctuations in the securities markets, during January to July 2021, the largest shareholder made several shareholding increase in the Company in the market, with an aggregate amount of 6,862,500 shares at a total consideration of approximately HK\$142 million, which fully demonstrated the absolute confidence of the largest shareholder in the Company's overall business development and growth. Besides, the Board also arranged for share repurchase of the Company as and when appropriate to optimize its capital structure, in a bid to create values for the shareholders and show recognition in its business and prospects. In July 2021, 4,000,000 shares of the Company have been repurchased.

Financial Analysis

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

	1H 2021 RMB million	1H 2020 RMB million
Revenue	73,401	64,553
Gross profit	21,013	19,512
Operating profit	15,828	15,623
Profit attributable to shareholders	6,283	5,266
Earnings per share – Basic (RMB cents)	178.03	152.58

Revenue

For the six months ended 30 June 2021, the revenue of the Group was approximately RMB73,401 million (1H 2020: RMB64,553 million), representing an increase of 13.7% over the corresponding period in 2020. 90.6% (1H 2020: 95.2%) of the revenue was generated from the sales of properties and 9.4% (1H 2020: 4.8%) from hotel operation, commercial properties operation, property management and others.

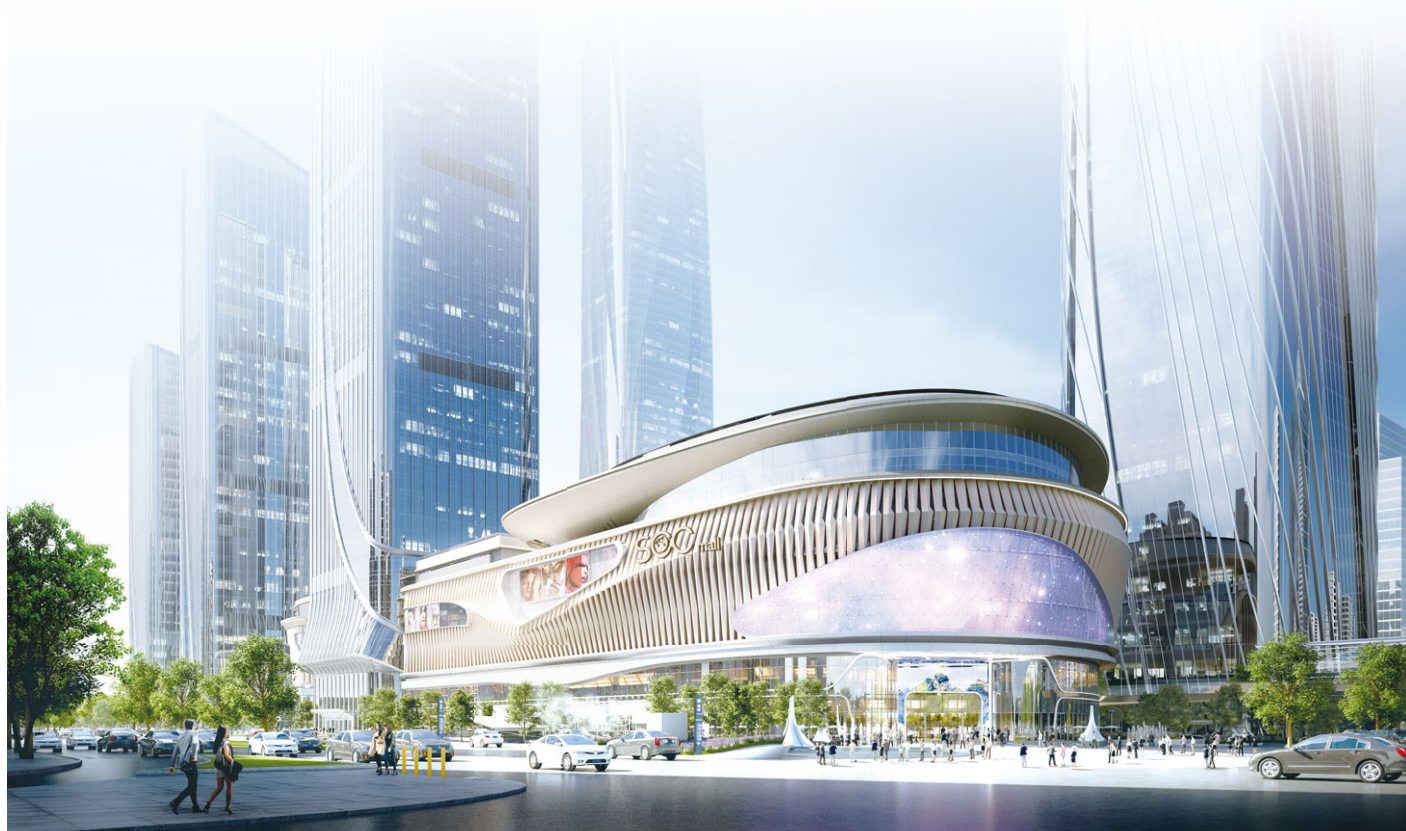
The components of the revenue are set out as follows:

	1H 2021 RMB million	1H 2020 RMB million
Sales of properties	66,521	61,466
Hotel operation income	972	453
Commercial properties operation income	947	734
Property management income, and others	4,961	1,900
Total	73,401	64,553

* Revenue does not include revenue from related parties or that from the Group.

Shaoxing Shimao Cloud Atlas





Shenzhen Longgang Shimao Shenzhen-Hong Kong International Centre

(i) Sales of Properties

Sales of properties for the six months ended 30 June 2021 and 2020 are set out below:

	1H 2021		1H 2020	
	Area (sq.m.)	RMB million	Area (sq.m.)	RMB million
Straits Development District	1,544,457	25,084	1,534,514	17,348
Northern China District	568,460	14,213	208,645	8,333
Zhejiang District	430,827	9,741	635,264	13,692
Jiangsu and Shanghai District	570,593	7,807	649,157	11,870
Western District	427,123	4,006	555,973	5,974
Shandong District	329,380	2,969	243,265	2,751
Central China District	181,395	2,701	122,950	1,498
Total	4,052,235	66,521	3,949,768	61,466

(ii) Hotel Income

Hotel operation income is analysed as follows:

	Date of Commencement	1H 2021 RMB million	1H 2020 RMB million
The Yuluxe Sheshan, A Tribute Portfolio Hotel, Shanghai	November 2005	65	26
Le Royal Méridien Shanghai	September 2006	99	29
Hyatt on the Bund Shanghai	June 2007	93	54
Holiday Inn Mudanjiang	December 2010	10	4
Hilton Nanjing Riverside	December 2011	43	22
InterContinental Fuzhou	January 2014	38	24
Crowne Plaza Shaoxing	March 2014	38	24
Yuluxe Hotel Taizhou	August 2014	13	10
Hilton Tianjin Eco-City	April 2015	20	16
DoubleTree by Hilton Ningbo Chunxiao	December 2015	11	3
Hilton Wuhan Riverside	July 2016	54	23
Conrad Xiamen	August 2016	75	35
DoubleTree by Hilton Ningbo Beilun	December 2016	25	15
Hilton Yantai	August 2017	30	14
Hilton Shenyang	January 2018	31	19
Le Méridien Hangzhou Binjiang	September 2018	29	16
InterContinental Shanghai Wonderland	November 2018	134	86
Yutopia Wuyi Mountain Retreat	September 2020	24	–
Sheraton Hong Kong Tung Chung Hotel	December 2020	40	–
Four Points by Sheraton Hong Kong Tung Chung	January 2021	68	–
Others		32	33
Total		972	453

Hotel operation income increased by approximately 114.6% to RMB972 million for the six months ended 30 June 2021 from RMB453 million over the corresponding period in 2020. The increase of income was mainly due to the fact that COVID-19 pandemic was under control and economy recovered in China while new hotels opened.



Hangzhou Shimao Wisdom Tower

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

Commercial properties operation income increased by approximately 29.0% to RMB947 million for the six months ended 30 June 2021 from RMB734 million over the corresponding period in 2020. Rental income increased by 24.8%. Increase in commercial properties operation income mainly due to the fact that occupancy rate, both of commercial and office buildings, went up and customer flow surged over first half of 2021, compared to first half of 2020, as a result of the COVID-19 pandemic under controlled.

Commercial properties operation income is analysed as follows:

	Date of Commencement	1H 2021 RMB million	1H 2020 RMB million
Rental Income			
Shanghai Shimao Festival City	December 2004	109	112
Beijing Shimao Tower	July 2009	77	75
Wuhu Shimao Riviera Garden (Commercial)	September 2009	4	2
Shaoxing Shimao Dear Town (Commercial)	May 2010	31	40
Suzhou Shimao Canal Scene (Commercial)	June 2010	13	16
Shanghai Shimao Shangdu	November 2010	9	17
Xuzhou Shimao Dongdu (Commercial)	January 2012	5	5
Kunshan Shimao Festival City	April 2012	29	25
Jinan Shimao Festival City	May 2014	79	76
Nanjing Straits City (Commercial)	December 2014	29	18
Xiamen Shimao Straits Mansion	January 2017	27	23
Quanzhou Shishi Shimao Skyscraper City	January 2017	11	17
Shanghai Shimao Tower	December 2018	38	18
Nanjing Yuhua Shimao (Commercial)	December 2018	42	23
Shenzhen Shimao Qianhai Center	July 2020	42	–
Changsha Shimao Global Financial Center	September 2020	15	–
Chengdu Shimao Festival City	April 2021	12	–
Miscellaneous rental income		57	37
Rental income sub-total		629	504
Commercial properties related service income		318	230
Total		947	734

Property management income, and others increased by approximately 161.1% to RMB4,961 million for the six months ended 30 June 2021 from RMB1,900 million over the corresponding period in 2020, which were mainly due to significant increase in revenues from property management services, community value-added services, and value-added services in urban space.

Cost of Sales

Cost of sales increased by 16.3% to approximately RMB52,388 million for the six months ended 30 June 2021 from RMB45,041 million for the six months ended 30 June 2020, which was in line with the growth in sales.

Cost of sales are analysed as follows:

	1H 2021 RMB million	1H 2020 RMB million
Land costs and construction costs	44,955	40,653
Capitalised borrowing costs	3,446	2,986
Direct operating costs for hotels, commercial properties operation, property management and others	3,595	1,016
Sales taxes	392	386
Total	52,388	45,041

Fair Value Gains on Investment Properties – Net

During the period under review, the Group recorded aggregate fair value gains of approximately RMB534 million (1H 2020: RMB309 million), mainly contributed by the further increase in value of certain investment properties. Aggregate net fair value gains after deferred income tax of approximately RMB133 million recognized was RMB401 million (1H 2020: RMB232 million).

Selling and Marketing Costs and Administrative Expenses

Due to the intensified market volatility and influence of COVID-19 pandemic in certain cities, the Group carried out some innovative marketing activities. As a result, selling and marketing costs increased largely during the period. Nevertheless, selling and marketing costs and administrative expenses arising from property sales fell slightly to 2.7% of contracted sales in the first half of 2021 (1H 2020: 2.8%), which was competitive in the market.

Finance (Costs)/Income – Net

Net finance income was approximately RMB389 million (1H 2020: net finance costs of RMB714 million), mainly due to net foreign exchange gain accrued in the first half of 2021.

Share of Results of Associated Companies and Joint Ventures

Share of profits of associated companies and joint ventures increased to profits of approximately RMB156 million in the first half of 2021 from RMB74 million in the corresponding period in 2020, which was mainly attributable to recognition of profit from Guangzhou Asian Games City Project, Tianjin Jinnan Project, etc.

Taxation

The Group's tax provisions amounted to approximately RMB6,896 million for the period, in which PRC land appreciation tax ("LAT") was RMB3,105 million (1H 2020: RMB6,961 million, in which LAT was RMB3,146 million). The decrease in LAT was mainly due to the decrease of gross profit margin.

Profit Attributable to Shareholders

Profit attributable to shareholders for the period increased by 19.3% from approximately RMB5.266 billion in the first half of 2020 to RMB6.283 billion in the first half of 2021. The increase was mainly attributable to the increase of core profit from revenue and gross profit.

The core profit attributable to shareholders represents profit after tax attributable to shareholders excluding major non-recurring or non-cash items, i.e. the net of tax impact of fair value gains on investment properties, share of results of associated companies and joint ventures, foreign exchange gains and losses arising from borrowings, provision for impairment of financial assets and depreciation and amortization.

Excluding the net impact of major after-tax non-recurring or non-cash items, net profit from core business attributable to shareholders for the year increased by 11.5% to approximately RMB6.199 billion (1H 2020: RMB5.558 billion, excluding gain from the disposal of part of the equity of Shimao Services). Net profit margin from core business attributable to shareholders was 12.5% in the first half of 2021.

Amounts due from Associated Companies and Joint Ventures

Amounts due from Associated Companies and Joint Ventures, represent proportional funding to the Associated Companies and Joint Ventures for the underlying projects, have increased by RMB9.6 billion in line with the projects' development plan. These balances are expected to be recovered within one year to three years.

Liquidity and Financial Resources

The Group remained as a "Green Camp" enterprise as at 30 June 2021, stably satisfying the indicator requirements of the "Three Red Lines" regulation.

	As at 30 June 2021	As at 31 December 2020
Net gearing ratio ¹	50.9%	50.8%
Liabilities to assets ratio ² after excluding receipts in advance	68.0%	68.3%
Cash to current borrowings ratio ³	1.19	1.16

1 Net gearing ratio is calculated by dividing total borrowings (including current and long-term borrowings) minus cash balances (including restricted cash) by total equity (excluding perpetual capital instruments amounting RMB1.55 billion issued after 1 August 2020).

2 Liabilities to assets ratio is calculated by dividing total liabilities minus receipts in advance (including contract liabilities and relevant value-added tax) by total assets (excluding perpetual capital instruments amounting RMB1.55 billion issued after 1 August 2020) minus receipts in advance (including contract liabilities and relevant value-added tax). As at 30 June 2021, contract liabilities and relevant value-added tax were approximately RMB119.9 billion.

3 Cash to current borrowings ratio is calculated by dividing cash and cash equivalents minus guarantee deposits for construction of pre-sale properties by current borrowings. As at 30 June 2021, guarantee deposits for construction of pre-sale properties were approximately RMB21.9 billion.

The maturity of the borrowings of the Group as at 30 June 2021 is set out as follows:

	RMB million
Bank borrowings and borrowings from other financial institutions and bonds	
Within 1 year	34,649
Between 1 and 2 years	53,151
Between 2 and 5 years	31,368
Over 5 years	5,511
Senior notes	
Within 1 year	9,794
Between 1 and 2 years	6,445
Between 2 and 5 years	9,647
Over 5 years	13,949
Total	164,514

Financing Activities

The Group continued to adhere to prudential financial strategies, maintaining the financing advantages adequately, and keeping the debt structure reasonable and healthy, which satisfied the Group plenty of available cash to ensure the Group financial situation safe. The total amount of borrowings increased by 13.3% from approximately RMB145.14 billion as at 31 December 2020 to approximately RMB164.51 billion as at 30 June 2021, of which short-term borrowings was approximately 27.0% and long-term borrowings was approximately 73.0% as at 30 June 2021.

In the first half of 2021, the Group arranged the financing activities properly. On one hand, the Group grasped the capital market opportunities to secure facilities at a larger scale and lower cost with longer maturity period. In January 2021, the Group issued USD872 million senior notes with 3.45% coupon rate and 10-year maturity periods, which recorded the lowest interest rate of the Group's offshore senior notes. On the other hand, the Group pushed forward to build strategic cooperation relationship with large banks, which guaranteed the Group's mortgages loans and supported the sales collection strongly.

As at 30 June 2021, the Group had built close strategic cooperation relationships with more than 60 domestic and overseas financial institutions, the overall undrawn financing facilities from banks and other financial institutions amounted to RMB80 billion.

Attributable to the sound development of the Group and multiple financing channels, the comprehensive financing costs of the Group was 5.6% as at 30 June 2021, maintaining at a low level in the property industry.



Shimao Lianhuashan Town

Foreign Exchange Risks

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

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

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

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

Pledge of Assets

As of 30 June 2021, the Group had pledged property and equipment, investment properties, land use rights, properties under development, completed properties held for sale and restricted cash with a total carrying amount of RMB80.140 billion to secure bank facilities granted to the Group. The corresponding bank and other loans amounted to approximately RMB41.311 billion.

Capital and Property Development Expenditure Commitments

As of 30 June 2021, the Group had contracted capital and property development expenditure but not provided for amounted to RMB63.085 billion.

Employees and Remuneration Policy

As of 30 June 2021, the Group employed a total of 30,418 employees, among whom 5,625 were engaged in property development. Total remuneration for the year amounted to approximately RMB1.623 billion. The Group has adopted a performance-based rewarding system to motivate its staff. The board of directors of the Company (the "Board") adopted two share award schemes (the "Share Award Schemes") of the Company on 30 December 2011 and 3 May 2021 respectively. The purpose of the Share Award Schemes is to recognize the contributions by certain selected employees of the Group and to provide them with incentives in order to retain them for the continual operation and development of the Group and to attract suitable personnel for further development of the Group. In relation to staff training, the Group also provides different types of programs for its staff to improve their skills and develop their respective expertise.



Guangzhou Shimao Swan Bay

CORPORATE GOVERNANCE AND OTHER INFORMATION

Directors and Senior Management Profiles

Executive Directors

Hui Wing Mau (Chairman)

Mr. Hui Wing Mau, aged 71, the Chairman and Executive Director of Shimao Group Holdings Limited (the "Company", together with its subsidiaries, the "Group") and the founder of the Group. With over 31 years' experience in property development, property investment and hotel operation, he is primarily responsible for the Group's overall strategic planning and business management. Mr. Hui is currently a member of the Standing Committee of the Thirteenth National Committee of the Chinese People's Political Consultative Conference ("CPPCC"), the president of China Federation of Overseas Chinese Entrepreneurs, vice president of China Overseas Friendship Association, founding president and chairman of the board of directors of New Home Association, Hong Kong, chairman of Hong Kong Federation of Overseas Chinese Associations, vice president of Friends of Hong Kong Association Ltd. and executive president of China Red Ribbon Foundation etc.. Mr. Hui obtained a Master's Degree in Business Administration from the University of South Australia.



Mr. Hui is also the non-executive chairman of Shanghai Shimao Co., Ltd. ("Shanghai Shimao"), a subsidiary of the Company listed on the Shanghai Stock Exchange and the chairman and a director of Shimao International Holdings Limited. He is a director of Gemfair Investments Limited and Shiyang Finance Limited, substantial shareholders of the Company within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO"). He has been the Chairman and Executive Director of the Company since 8 November 2004. Mr. Hui is the father of Mr. Hui Sai Tan, Jason, the Vice Chairman, President and an Executive Director of the Company and the chairman and executive director of Shimao Services Holdings Limited ("Shimao Services"), a subsidiary of the Company listed on The Stock Exchange of Hong Kong Limited (the "HKEx"), and Ms. Hui Mei Mei, Carol, the vice chairman of Shanghai Shimao.

Hui Sai Tan, Jason (Vice Chairman and President)

Mr. Hui Sai Tan, Jason, aged 44, joined the Group in March 2000 and has been an Executive Director, the Vice Chairman and President of the Company since 17 November 2004, 21 April 2008 and 30 January 2019 respectively. Mr. Jason Hui obtained a Master of Science Degree in Real Estate from the University of Greenwich, the United Kingdom in 2001 and a Master's Degree in Business Administration from the University of South Australia in 2004. He has more than 22 years' experience in property development and management. He is a member of Shanghai Committee of the CPPCC and the president of New Home Association, Hong Kong. Mr. Jason Hui is also a director of Shanghai Shimao, and the chairman and an executive director of Shimao Services. Mr. Jason Hui is the son of Mr. Hui Wing Mau, the Chairman, an Executive Director and a controlling shareholder (as defined in the Rules Governing the Listing of Securities (the "Listing Rules") on the HKEx) of the Company, and the brother of Ms. Hui Mei Mei, Carol, the vice chairman of Shanghai Shimao.



Yantai Shimao No.1 The Harbour

Tang Fei

Ms. Tang Fei, aged 50, has joined the Group since July 2004 and was appointed an Executive Director of the Company since 6 February 2013. Ms. Tang is currently a Vice President of the Group, responsible for the financial control of the Group. Ms. Tang is also a non-executive director of Shimao Services. Ms. Tang holds a Master's Degree in Business Administration from the University of South Australia and has over 27 years' experience in financial management and internal audit. Prior to joining the Group, Ms. Tang worked in the internal audit department of Bank of China, Head office from 1992 to 1998. She also worked in the audit department and treasury department of Bank of China (Hong Kong) Limited from 1999 to 2004. Ms. Tang is a Senior International Finance Manager of the International Financial Management Association and an associate member of The Association of International Accountants (the "AIA"). She was also awarded as one of the Top 10 Accountants of AIA in China in 2018.

Lu Yi

Mr. Lu Yi, aged 37, has joined the Group since 2008 and was appointed an Executive Director of the Company since 2 January 2020. Mr. Lu is currently a Vice President of the Group and the largest regional development controller of the Group, responsible for overseeing the overall operation, development and management of the Group in the Straits district (mainly including Fujian, Guangdong and Hainan). Mr. Lu holds a Master's Degree from Zhejiang University (浙江大學) and has over 12 years' experience in real estate operation and management.

Non-Executive Director

Ye Mingjie

Mr. Ye Mingjie, aged 43, was appointed a Non-executive Director of the Company since 1 January 2021. Mr. Ye is also an executive director and the president of Shimao Services. Mr. Ye joined the Group in February 2004 and successively served as an assistant president of the Group as well as the head of the engineering management center of the Group and was promoted to the position of vice president of the Group in January 2018, where he was responsible for overseeing the engineering management of the Group and the business operations of Shimao Services. Mr. Ye graduated from Tongji University (同濟大學) in the PRC and specialised in engineering management. Mr. Ye has over 15 years of experience in the property management and related industry. Mr. Ye was appointed as an expert of the Assessment Committee of the Commercial Office Grade Evaluation Criteria (商務寫字樓等級評價標準評審委員會) by China Real Estate Association (中國房地產業協會) for the years from June 2019 to June 2023 and was elected as an honorary vice president of the Fifth Council Committee of China Property Management Association (中國物業管理協會) on 30 March 2021.

Independent Non-Executive Directors

Kan Lai Kuen, Alice

Ms. Kan Lai Kuen, Alice, aged 66, has been an Independent Non-executive Director of the Company since 16 March 2006 and has more than 30 years' experience in corporate finance. She is the managing director and the controlling shareholder of Asia Investment Management Limited. She is a licensed responsible officer accredited by the Securities and Futures Commission of Hong Kong. Ms. Kan currently serves as an independent non-executive director on the boards of the following companies which are listed on the HKEx: Regal Hotels International Holdings Limited, Cosmopolitan International Holdings Limited, Jolimark Holdings Limited and Shimao Services. She was formerly an independent non-executive director of Mason Group Holdings Limited from 2017 to 2019 and China Energine International (Holdings) Limited from 2008 to 2020, both of which are listed on the HKEx. She was also an independent director of AVIC International Maritime Holdings Limited, a company which was listed on the Catalist Board of the Singapore Exchange Securities Trading Limited and was privatised and delisted on 4 March 2020, from 2011 to 2020. She is an associate member of The Hong Kong Institute of Certified Public Accountants and a fellow member of The Hong Kong Institute of Directors, the Association of Chartered Certified Accountants and the Australian Society of Certified Practising Accountants. Ms. Kan held various senior positions in international and local banks and financial institutions.



Lyu Hong Bing

Mr. Lyu Hong Bing, aged 54, has been an Independent Non-executive Director of the Company since 17 November 2004. Mr. Lyu obtained a Master's Degree in law from East China University of Political Science and Law in 1991 and has more than 28 years' experience in corporate and securities laws in China. Mr. Lyu currently serves as an independent director of Shandong Airlines Co., Ltd. (a company publicly listed on the main board of the Shenzhen Stock Exchange), Shanghai New Huang Pu Industrial Group Co., Ltd. (a company publicly listed on the main board of the Shanghai Stock Exchange) and Cambricon Technologies Corporation Limited (a company publicly listed on the STAR Market of the Shanghai Stock Exchange). Mr. Lyu was formerly an independent director of Shanghai Shentong Metro Co., Ltd., a company publicly listed on the Shanghai Stock Exchange, from 2014 to 2020, and an independent non-executive director of CEFC Hong Kong Financial Investment Company Limited, a company publicly listed on the HKEx, from 2017 to 2020. Mr. Lyu is the chief executive partner of the Grandall Law Firm, a vice-president of the All China Lawyers Association, an arbitrator and member of the Shanghai International Economic and Trade Arbitration Commission, an arbitrator and a member of the Shanghai Arbitration Commission, a concurrent professor of East China University of Political Science and Law and the Shanghai University of International Business and Economics, a member of the Review Board of the China Securities Regulatory Commission for Mergers, Acquisitions, and Restructurings of Listed Companies and a commissioner of the Listing Committee of the Shanghai Stock Exchange.

Lam Ching Kam

Mr. Lam Ching Kam (Alias: Jacob Lam), aged 60, has been an Independent Non-executive Director of the Company since 1 June 2006. He is currently a fellow member of The Hong Kong Institute of Surveyors. Mr. Lam obtained a Master's Degree in Business Administration from the Hong Kong Open University in 2004 and is a fellow member of the Royal Institution of Chartered Surveyors. Mr. Lam was the Vice Chairman of the Royal Institution of Chartered Surveyors China Group from 2003 to 2006. He is a member of the China Civil Engineering Society (中國土木工程學會會員) and also a registered China Cost Engineer (中國造價工程師執業資格). Mr. Lam has been a consultant to the Beijing Construction Project Management Association (北京市建設監理協會) since 2003 and has engaged in professional training and vocational education in China for more than 19 years. Mr. Lam has been in the property development and construction industry for 37 years, and has worked for construction contractors such as Shui On Building Contractors Limited, China State Construction Engineering Corporation and Hopewell Construction Co., Ltd. Mr. Lam was employed as a quantity surveyor and worked in London from 1990 to 1991. He was employed by certain consultant firms and the Architectural Services Department of the Hong Kong Government before he emigrated to Australia in 1996 and operated a project management firm in Sydney. Mr. Lam was the project controller of Sino Regal Ltd. (HK) for investment projects in China from 1994 to 1996. In 1998, Mr. Lam established a surveying and management consultant firm which has been participating in many large-scale projects in Mainland China and Macau, including a Beijing Olympic 2008 project involving hotels, offices towers and commercial complex in Olympic Park, Beijing. In October 2016, Mr. Lam's company merged with 信永中和工程管理有限公司 (ShineWing Engineering Management Co., Ltd.) and he became a partner from 1 October 2016.

Senior Management

The Executive Directors of the Company are members of senior management of the Group.

Change in Information of Directors

The change in the information of the Directors of the Company since the publication of the 2020 annual report of the Company required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules is set out below:

Name of Director	Detail of Change
Mr. Lyu Hong Bing	Appointed as an independent director of Cambricon Technologies Corporation Limited, a company listed on the STAR Market of the Shanghai Stock Exchange.

Save as disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules. The updated biographical details of the Directors of the Company are set out in the preceding section headed "Directors and Senior Management Profiles".

Share Award Schemes

Shimao Group Shares

A share award scheme of the Company (the "Shimao Group Share Award Scheme") was adopted by the board of directors of the Company (the "Board") on 30 December 2011 (the "Adoption Date"). The purpose of the Shimao Group 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. The maximum number of shares which can be awarded under the Shimao Group Share Award Scheme is 2% (i.e. 69,319,016 shares of the Company (the "Shimao Group Shares")) of the Shimao Group Shares in issue as at the Adoption Date.

During the six months ended 30 June 2021, a total of 5,394,354 Shimao Group Shares were granted to certain executive directors and selected employees of the Group under the Shimao Group Share Award Scheme, including awards in respect of 55,325 Shimao Group Shares granted to Mr. Hui Sai Tan, Jason, 51,731 Shimao Group Shares granted to Ms. Tang Fei and 41,809 Shimao Group Shares granted to Mr. Lu Yi (all of them are Directors of the Company). Additionally, 4,324,312 awarded Shimao Group Shares have been vested during the six months ended 30 June 2021.

Shimao Services Shares

A new share award scheme of the Company (the "Shimao Services Share Award Scheme") was adopted by the Board on 3 May 2021 to retain talent and reward contribution to the Group and Shimao Services and its subsidiaries. The maximum number of shares which can be awarded under the Shimao Services Share Award Scheme is 7,091,919 shares of Shimao Services (the "Shimao Services Shares") which are held by a wholly-owned subsidiary of the Company.

During the six months ended 30 June 2021, a total of 6,865,821 Shimao Services Shares were granted to certain directors and selected employees of the Group under the Shimao Services Share Award Scheme, including awards in respect of 57,129 Shimao Services Shares granted to Mr. Hui Sai Tan, Jason, 53,418 Shimao Services Shares granted to Ms. Tang Fei, 43,172 Shimao Services Shares granted to Mr. Lu Yi and 1,104,728 Shimao Services Shares granted to Mr. Ye Mingjie (all of them are Directors of the Company). None of the awarded Shimao Services Shares has been vested during the six months ended 30 June 2021.



Wenzhou Deer Impression

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 2021, 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 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 the HKEx pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 of 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 Wing Mau	Interest of controlled corporation	2,305,605,442 ^(Note 1)	65.172%
Hui Sai Tan, Jason	Beneficial owner	3,537,177 ^(Note 2)	0.100%
Tang Fei	Beneficial owner	1,241,103 ^(Note 3)	0.035%
Lu Yi	Beneficial owner	546,897 ^(Note 4)	0.015%
Ye Mingjie	Beneficial owner	265,086 ^(Note 5)	0.007%

Notes:

- The interests disclosed represent 1,947,984,000 Shimao Group Shares held by Gemfair Investments Limited ("Gemfair") and 357,621,442 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 include deemed interests in 119,493 Shimao Group Shares granted under the Shimao Group Share Award Scheme.
- The interests disclosed include deemed interests in 124,003 Shimao Group Shares granted under the Shimao Group Share Award Scheme.
- The interests disclosed include deemed interests in 91,233 Shimao Group Shares granted under the Shimao Group Share Award Scheme.
- The interests disclosed include deemed interests in 41,518 Shimao Group Shares granted under the Shimao Group Share Award Scheme.

(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 Wing Mau	Interest of controlled corporation	1,593,276,680 ^(Note 1)	67.398%
	Other	6,865,821 ^(Note 2)	0.290%
Hui Sai Tan, Jason	Beneficial owner	57,129 ^(Note 3)	0.002%
Tang Fei	Beneficial owner	53,418 ^(Note 3)	0.002%
Lu Yi	Beneficial owner	43,172 ^(Note 3)	0.002%
Ye Mingjie	Beneficial owner	1,104,728 ^(Note 3)	0.047%

Notes:

- The interests disclosed represent 31,934,159 Shimao Services Shares held by Gemfair, 10,856,342 Shimao Services Shares held by Shiyang Finance and 1,550,486,179 Shimao Services Shares held by Best Cosmos Limited ("Best Cosmos"), a wholly-owned subsidiary of the Company. The Company is owned as to 55.064% by Gemfair and 10.109% by Shiyang Finance. Both Gemfair and Shiyang Finance are wholly-owned by Mr. Hui Wing Mau. By virtue of the SFO, Mr. Hui Wing Mau is deemed to be interested in Shimao Services Shares held by Gemfair, Shiyang Finance and Best Cosmos.
- The interests disclosed represent deemed interests in 6,865,821 Shimao Services Shares granted under the Shimao Services Share Award Scheme of which Best Cosmos as the trustee to hold the awarded shares upon a trust established for the Shimao Services Share Award Scheme until the awarded shares are vested.
- The interests disclosed represent deemed interests in Shimao Services Shares granted under the Shimao Services Share Award Scheme.

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 2021 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 2021, 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			
Gemfair	Note 1	1,947,984,000	55.064%
Overseas Investment Group International Limited ("Overseas Investment")	Note 2	1,947,984,000	55.064%
Shiyang Finance	Note 3	357,621,442	10.109%
The Capital Group Companies, Inc.	Note 4	211,767,000	5.986%

Notes:

1. The interests disclosed represent the interests in the Company which are held by Gemfair, a company which is directly wholly-owned by Mr. Hui Wing Mau.
2. The interests disclosed represent the right of Overseas Investment to vote on behalf of Gemfair as a shareholder at general meetings of the Company, pursuant to a deed dated 12 June 2006 between Gemfair and Overseas Investment, as long as Mr. Hui Wing Mau or his close associates (directly or indirectly) hold not less than 30% interest in the Company.
3. The interests disclosed represent the interests in the Company which are held by Shiyang Finance, a company which is directly wholly-owned by Mr. Hui Wing Mau.
4. The interests disclosed represent the interests in the Company held by The Capital Group Companies, Inc. 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.

Directors' Interests in Competing Business

Pursuant to Rule 8.10 of the Listing Rules, the Company disclosed below that during the six months ended 30 June 2021, the following Director was considered to have interests in the following businesses which competed or were likely to compete, either directly or indirectly, with the businesses of the Group.

Mr. Hui Wing Mau, the Chairman and an Executive Director of the Company, currently owns property interests in the PRC through a number of private companies (collectively, the "Private Group").

The Directors, including those interested in the businesses of the Private Group, will, as and when required under the articles of association of the Company, abstain from voting on any board resolution of the Company in respect of any contract, arrangement or proposal in which he/she or any of his/her associates has a material interest.

Continuing Disclosure Pursuant to Rule 13.21 of the Listing Rules

The Company entered into the following agreements:

- (1) A facility agreement on 30 October 2017 between, among others, the Company as borrower, various banks as lenders and The Hongkong and Shanghai Banking Corporation Limited ("HSBC") as facility agent, dual currency term loan facilities in the amount of US\$680,000,000 and HK\$5,890,000,000 have been made available to the Company for a term of 48 months from the date of the facility agreement.
- (2) A facility agreement on 31 July 2018 between, among others, the Company as borrower and Bank of Communications Co., Ltd. Hong Kong Branch ("BoCom HK") as lender, a term loan facility in the amount of HK\$1,500,000,000 has been made available to the Company for a term of 48 months from the date of the facility agreement.
- (3) A facility agreement on 14 September 2018 between, among others, the Company as borrower, various banks as lenders and HSBC as facility agent, dual currency term loan facilities in the amount of US\$290,000,000 and HK\$2,614,500,000 have been made available to the Company for a term of 48 months from the date of the facility agreement.
- (4) A facility agreement on 26 June 2019 between, among others, the Company as borrower and BoCom HK as lender, a term loan facility in the amount of HK\$1,500,000,000 has been made available to the Company for a term of 48 months from the date of the facility agreement.
- (5) A facility agreement on 9 August 2019 between, among others, the Company as borrower, various banks as lenders and HSBC as facility agent, dual currency term loan facilities in the amount of US\$837,850,000 and HK\$3,994,000,000 have been made available to the Company for a term of 48 months from the date of the facility agreement.
- (6) A facility agreement on 22 April 2021 between, among others, the Company as borrower, various banks as lenders and HSBC as facility agent, a term loan facility in the amount of US\$1,315,000,000 or its equivalent has been made available to the Company for a term of 48 months from the date of the facility agreement.

As provided in each of the above agreements, if (a) Mr. Hui Wing Mau and his family together cease: (i) to be the single largest shareholder of the Company; (ii) to maintain (directly or indirectly) at least 51% beneficial shareholding interest in the issued share capital of the Company; (iii) to have the power to direct the management of the Company, whether through the ownership of voting capital, by contract or otherwise; or (b) Mr. Hui Wing Mau ceases to be the chairman of the Board and is not replaced by Mr. Hui Sai Tan, Jason as the replacement chairman of the Board within 10 business days of any such cessation, the commitments under each of the above loan facilities may be cancelled and all amounts outstanding may become immediately due and payable.

Corporate Governance

The Company is committed to achieving and maintaining high standards of business ethics and corporate governance. It believes that, in the achievement of long term objectives of the Group, it is of utmost importance to conduct business with accountability, transparency and fairness. The Group's interests as well as those of its shareholders will be maximized in the long run by adhering to these principles.

The Board

The Board consisted of eight Directors, comprising four 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.

Brief biographical particulars of all Directors, together with information relating to the relationship among them, are set out in the "Directors and Senior Management Profiles" section under this interim report. 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 is committed to the Company's objective of consistent growth and development and increase in shareholder value. The Board sets strategies for the Company and monitors the performance and activities of the management.

The Board is responsible for performing the corporate governance duties set out in the code provision D.3.1 of the Corporate Governance Code (the "Code") as set out in Appendix 14 of the Listing Rules. The principal role and function of the Board in relation to corporate governance is to develop and review the Company's policies and practices on corporate governance, to review and monitor the training and continuous professional development of Directors and senior management of the Company, to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements, to develop, review and monitor the code of conduct applicable to employee and Directors, and to review the Company's compliance with the Code and disclosure in the corporate governance report under the annual report.

Audit Committee

The audit committee of the Company (the "Audit Committee") consists of three members, all of which being Independent Non-executive Directors, namely, Ms. Kan Lai Kuen, Alice (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.

Full minutes of the Audit Committee meetings are kept by the Company Secretary. Draft and final versions of minutes of the Audit Committee meetings will be sent to all members of the Audit Committee for their comment and records, within a reasonable time after each meeting.

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, compliance officer or auditor. The Audit Committee reviews the interim and annual reports before submission to the Board. The 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 results of the Group for the six months ended 30 June 2021 have been reviewed by the Audit Committee and the auditor of the Company.

Remuneration Committee

The remuneration committee of the Company (the "Remuneration Committee") consists of three members, all of which being Independent Non-executive Directors, namely, Mr. Lyu Hong Bing (as the chairman of the Remuneration Committee), Ms. Kan Lai Kuen, Alice and Mr. Lam Ching Kam.

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 option scheme, share award scheme, retirement scheme and the performance assessment system and bonus and commission policies.

Nomination Committee

The nomination committee of the Company (the "Nomination Committee") consists of three members, all of which being Independent Non-executive Directors, namely, Mr. Lam Ching Kam (as the chairman of the Nomination Committee), Ms. Kan Lai Kuen, Alice and Mr. Lyu Hong Bing.

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.

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 and the Vice 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 set out in Appendix 10 of the Listing Rules 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 2021.

Corporate Governance Code

The Company complied with the code provisions set out in the Code throughout the six months ended 30 June 2021 except for one deviation as set out below.

The Chairman of the Board was unable to attend the Company's annual general meeting held on 8 June 2021 (as required by the code provision E.1.2 of the Code) due to the sudden change of the schedule.

Purchase, Sale or Redemption of Listed Securities

During the six months ended 30 June 2021,

- (1) Shanghai Shimao, a subsidiary of the Company, redeemed an aggregate principal amount of RMB800,000,000 of medium-term notes at a fixed interest rate of 6.43% due on 7 February 2021 and an aggregate principal amount of RMB700,000,000 of medium-term notes at a fixed interest rate of 6.33% due on 8 March 2021.
- (2) the trustee of the Shimao Group Share Award Scheme, pursuant to the terms of the rules and trust deed of the Shimao Group Share Award Scheme, purchased from the market a total of 7,500,000 Shimao Group Shares at a total consideration of approximately HK\$173,164,000.

Save as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2021.

Choice of Language or Means of Receipt of Corporate Communications

This interim report is now available in printed form and on the websites of the Company (www.shimaogroup.hk) and Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk). If shareholders who have received or chosen (or are deemed to have chosen) to receive this interim report by electronic means but (i) wish to receive a printed copy; or (ii) for any reason have difficulty in receiving or gaining access to this report on the Company's website, they may obtain a printed copy free of charge by sending a request to the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited ("Tricor Investor") by email at shimao-ecom@hk.tricorglobal.com or by post to Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.

For shareholders who wish to change their choice of language or means of receipt of the Company's all future corporate communications, free of charge, they could at any time notify Tricor Investor by email or by post.

Interim Dividend and Closure of Register of Members

The Board has resolved to declare an interim dividend of HK70 cents per ordinary share for the six months ended 30 June 2021 to shareholders of the Company whose names appear on the register of members of the Company (the "Register of Members") on Tuesday, 28 September 2021. The interim dividend will be payable in cash but eligible shareholders (other than certain shareholders whose addresses as shown are outside Hong Kong) (the "Eligible Shareholders") will have an option to receive the interim dividend in the form of new fully paid ordinary shares of the Company (the "Scrip Shares") in lieu of cash, or partly in cash and partly in Scrip Shares (the "Scrip Dividend Scheme").

The Scrip Dividend Scheme is subject to The Stock Exchange of Hong Kong Limited (the "Stock Exchange") granting the listing of and permission to deal in the Scrip Shares to be issued pursuant thereto. A circular giving full details of the Scrip Dividend Scheme together with the relevant election form (if applicable) will be sent to the shareholders of the Company on or around Monday, 11 October 2021. It is expected that the interim dividend warrants or share certificates for the Scrip Shares will be despatched to the Eligible Shareholders on or around Friday, 5 November 2021.

The Register of Members will be closed on Monday, 27 September 2021 and Tuesday, 28 September 2021 for the purpose of ascertaining shareholders' entitlement to the interim dividend. During these two days no transfer of shares will be registered. In order to qualify for the interim dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on Friday, 24 September 2021.

On behalf of the Board

Hui Wing Mau
Chairman

Hong Kong, 30 August 2021



羅兵咸永道

TO THE BOARD OF DIRECTORS OF SHIMAO GROUP HOLDINGS LIMITED*(incorporated in the Cayman Islands with limited liability)***Introduction**

We have reviewed the interim financial information set out on pages 38 to 76, which comprises the interim condensed consolidated balance sheet of Shimao Group Holdings Limited (the “Company”) and its subsidiaries (together, the “Group”) as at 30 June 2021 and the interim condensed consolidated statement of comprehensive income, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information of the Group is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 30 August 2021

	Note	Unaudited 30 June 2021 RMB'000	Audited 31 December 2020 RMB'000
ASSETS			
Non-current assets			
Property and equipment	6	17,015,217	16,864,312
Right-of-use assets	7	8,211,952	8,316,268
Investment properties	6	66,504,509	63,175,590
Intangible assets	6	4,408,914	3,826,812
Investments accounted for using the equity method	8	30,448,178	30,936,756
Amounts due from related parties	9	5,116,588	1,978,774
Financial assets at fair value through other comprehensive income	10	1,693,874	1,974,946
Financial assets at fair value through profit or loss	11	166,347	168,016
Deferred income tax assets		3,300,296	3,231,065
Other non-current assets	12	3,551,629	3,722,189
		140,417,504	134,194,728
Current assets			
Inventories		321,978,760	313,787,270
Trade and other receivables and prepayments	13	23,574,724	21,387,554
Prepayment for acquisition of land use rights	12	11,094,618	13,483,055
Prepaid income taxes		4,560,527	4,452,805
Amounts due from related parties	9	42,556,803	33,978,392
Derivative financial instruments		–	2,337
Restricted cash	14	7,616,190	7,428,982
Cash and cash equivalents	14	74,768,698	61,038,027
		486,150,320	455,558,422
Total assets		626,567,824	589,753,150
EQUITY			
Equity attributable to the equity holders of the Company			
Share capital	15	362,850	362,850
Share premium	15	5,453,319	5,710,157
Reserves			
– Retained earnings		72,738,301	69,756,582
– Other reserves		12,062,010	12,172,471
		90,616,480	88,002,060
Non-controlling interests			
Perpetual capital instruments		5,141,000	5,141,000
Other non-controlling interests		67,177,169	59,351,692
		72,318,169	64,492,692
Total equity		162,934,649	152,494,752

As at 30 June 2021

	Note	Unaudited 30 June 2021 RMB'000	Audited 31 December 2020 RMB'000
LIABILITIES			
Non-current liabilities			
Borrowings	16	120,071,385	108,602,305
Lease liabilities	7	44,915	39,452
Deferred income tax liabilities		9,095,359	8,520,394
		129,211,659	117,162,151
Current liabilities			
Trade and other payables	17	108,269,682	102,506,442
Dividend payable		3,238,090	–
Contract liabilities		112,894,277	106,126,631
Income tax payable		30,003,047	30,480,635
Borrowings	16	44,443,009	36,540,759
Derivative financial instruments		16,571	33,114
Lease liabilities	7	34,755	37,495
Amounts due to related parties	18	35,522,085	44,371,171
		334,421,516	320,096,247
Total liabilities		463,633,175	437,258,398
Total equity and liabilities		626,567,824	589,753,150

The notes on pages 45 to 76 form an integral part of this interim condensed consolidated financial information.

For the six months ended 30 June 2021

	Note	Unaudited Six months ended 30 June	
		2021 RMB'000	2020 RMB'000
Revenue	5	73,401,274	64,552,722
Cost of sales	19	(52,388,131)	(45,040,972)
Gross profit		21,013,143	19,511,750
Fair value gains on investment properties – net		533,838	308,767
Other income/other gains – net	20	283,373	353,485
Selling and marketing costs	19	(2,580,477)	(1,506,578)
Administrative expenses	19	(2,893,083)	(2,659,040)
Provision for impairment losses on financial assets	19	(398,596)	(1,414)
Other operating expenses	19	(129,842)	(384,361)
Operating profit		15,828,356	15,622,609
Finance income		1,308,425	560,549
Finance costs		(919,254)	(1,274,240)
Finance income/(costs) – net	21	389,171	(713,691)
Fair value changes of convertible redeemable shares of a subsidiary		–	(20,076)
Share of results of associated companies and joint ventures accounted for using the equity method	8	156,369	73,999
Profit before income tax		16,373,896	14,962,841
Income tax expense	22	(6,896,046)	(6,960,794)
Profit for the period		9,477,850	8,002,047
Other comprehensive income			
<i>Item 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		(289,722)	(63,173)
Share of other comprehensive income of joint ventures accounted for using the equity method		53,305	–
<i>Items that may be reclassified to profit or loss</i>			
Exchange differences on translation of foreign operations		(33,396)	–
Total comprehensive income for the period		9,208,037	7,938,874

For the six months ended 30 June 2021

	Note	Unaudited	
		Six months ended 30 June	
		2021	2020
		RMB'000	RMB'000
Profit for the period attributable to:			
Equity holders of the Company		6,282,755	5,265,571
Non-controlling interests		3,195,095	2,736,476
		9,477,850	8,002,047
Total comprehensive income for the period attributable to:			
Equity holders of the Company		6,009,393	5,212,649
Non-controlling interests		3,198,644	2,726,225
		9,208,037	7,938,874
Earnings per share for profit attributable to the equity holders of the Company			
– Basic (RMB cents)	24	178.03	152.58
– Diluted (RMB cents)	24	177.79	152.34

The notes on pages 45 to 76 form an integral part of this interim condensed consolidated financial information.

Details of dividends of the Company are set out in Note 23 in this interim condensed consolidated financial information.

For the six months ended 30 June 2021

		Unaudited							
		Attributable to the equity holders of the Company					Perpetual capital instruments	Other non-controlling interests	Total
Note	Share capital	Share premium	Other reserves	Retained earnings	Total				
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
	Balance at 1 January 2021	362,850	5,710,157	12,172,471	69,756,582	88,002,060	5,141,000	59,351,692	152,494,752
	Profit for the period	-	-	-	6,282,755	6,282,755	154,094	3,041,001	9,477,850
	Other comprehensive income								
	<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	-	-	(274,045)	-	(274,045)	-	(15,677)	(289,722)
	Share of other comprehensive income of joint ventures accounted for using the equity method	-	-	34,079	-	34,079	-	19,226	53,305
	<i>Items that may be reclassified to profit or loss</i>								
	Exchange differences on translation of foreign operations	-	-	(33,396)	-	(33,396)	-	-	(33,396)
	Total comprehensive income for the period	-	-	(273,362)	6,282,755	6,009,393	154,094	3,044,550	9,208,037
	Transactions with owners:								
	Acquisition of subsidiaries	27(a)	-	-	-	-	-	1,772,031	1,772,031
	Capital contribution from non-controlling interests	27(c)(i)	-	-	-	-	-	5,116,674	5,116,674
	Changes in ownership interests in subsidiaries without change of control	27(c)(ii)	-	(110,728)	-	(110,728)	-	(1,540,186)	(1,650,914)
	Disposal of subsidiaries	27(b)	-	-	-	-	-	(12,091)	(12,091)
	Equity-settled share-based payment								
	- Value of employee services		-	-	54,425	54,425	-	-	54,425
	- Purchase of shares		-	(146,110)	-	(146,110)	-	-	(146,110)
	Appropriation to reserve		-	-	108,476	(108,476)	-	-	-
	Perpetual capital instruments dividends		-	-	-	-	(154,094)	-	(154,094)
	Dividends and distributions		-	-	(3,192,560)	(3,192,560)	-	(555,501)	(3,748,061)
	Total transactions with owners	-	(256,838)	162,901	(3,301,036)	(3,394,973)	(154,094)	4,780,927	1,231,860
	Balance at 30 June 2021	362,850	5,453,319	12,062,010	72,738,301	90,616,480	5,141,000	67,177,169	162,934,649

For the six months ended 30 June 2021

	Unaudited							
	Attributable to the equity holders of the Company					Perpetual capital instruments RMB'000	Other non- controlling interests RMB'000	Total RMB'000
	Share capital RMB'000	Share premium RMB'000	Other reserves RMB'000	Retained earnings RMB'000	Total RMB'000			
Balance at 1 January 2020	341,575	42,139	3,390,209	62,480,958	66,254,881	4,665,000	45,784,305	116,704,186
Profit for the period	-	-	-	5,265,571	5,265,571	153,160	2,583,316	8,002,047
Other comprehensive income								
– Fair value losses on financial assets at fair value through other comprehensive income, net of tax	-	-	(52,922)	-	(52,922)	-	(10,251)	(63,173)
Total comprehensive income for the period	-	-	(52,922)	5,265,571	5,212,649	153,160	2,573,065	7,938,874
Transactions with owners:								
Placing and subscription of shares	21,275	6,238,448	-	-	6,259,723	-	-	6,259,723
Acquisition of subsidiaries	-	-	-	-	-	-	579,479	579,479
Capital contribution from non-controlling interests	-	-	-	-	-	-	6,584,252	6,584,252
Changes in ownership interests in subsidiaries								
– without change of control	-	-	-	309,041	309,041	-	(2,251,231)	(1,942,190)
Disposal of a subsidiary	-	-	-	-	-	-	(1,212,062)	(1,212,062)
Equity-settled share-based payment								
– Value of employee services	-	-	60,707	-	60,707	-	-	60,707
Appropriation to reserve	-	-	97,807	(97,807)	-	-	-	-
Perpetual capital instruments issued	-	-	-	-	-	726,000	-	726,000
Perpetual capital instruments dividends	-	-	-	-	-	(153,160)	-	(153,160)
Dividends and distributions	-	-	-	(2,766,180)	(2,766,180)	-	(984,795)	(3,750,975)
Total transactions with owners	21,275	6,238,448	158,514	(2,554,946)	3,863,291	572,840	2,715,643	7,151,774
Balance at 30 June 2020	362,850	6,280,587	3,495,801	65,191,583	75,330,821	5,391,000	51,073,013	131,794,834

The notes on pages 45 to 76 form an integral part of this interim condensed consolidated financial information.

		Unaudited	
		Six months ended 30 June	
		2021	2020
	Note	RMB'000	RMB'000
Cash flows generated from/(used in) operating activities			
Net cash generated from operations		19,285,462	6,225,679
Interest received	21	565,098	560,549
Interest paid		(4,365,234)	(4,162,835)
PRC income tax paid		(6,995,593)	(4,571,744)
Net cash flows generated from/(used in) operating activities		8,489,733	(1,948,351)
Cash flows used in investing activities			
Additions of property and equipment and investment properties	6	(750,721)	(2,036,759)
Disposal of property and equipment	6	19,563	8,245
Disposal of investment properties	6	203,000	–
Addition of land use rights		(2,133)	(209,069)
Purchase of intangible assets		(26,521)	–
Disposal of intangible assets		1,786	–
Net cash inflow/(outflow) on disposal and deemed disposal of subsidiaries	27(b)	148,896	(322,725)
Net cash (outflow)/inflow on acquisition of subsidiaries	27(a)	(761,570)	2,536,461
Acquisition of derivative financial instruments	4	–	(39,412)
Settlement of derivative financial instruments	4	–	62,701
Gain on investment in structured products issued by banks	20	–	4,107
Increase of financial assets at fair value through other comprehensive income	4	(23,139)	(404,984)
Capital injections to joint ventures	8(b)	(499,381)	(1,611,780)
Capital injections to associated companies	8(a)	(1,195,551)	(269,708)
Advance to joint ventures and associated companies		(8,893,891)	(25,127)
Disposal of shares of joint ventures	8(b)	130,039	749,452
Closure of joint ventures		–	4,602
Capital distribution of joint ventures		–	286,126
Disposal of associated companies		–	225
Dividends received from associated companies and joint ventures	8(a), 8(b)	678,414	560,555
Decrease/(increase) in prepayment for acquisition of equity interests	12	100,084	(41,944)
Addition of other non-current assets		–	(900,000)
Net cash flows used in investing activities		(10,871,125)	(1,649,034)
Cash flows generated from financing activities			
Proceeds from borrowings		43,668,185	36,041,275
Repayments of borrowings		(23,447,803)	(37,956,820)
Purchase of shares		(146,110)	–
Proceeds from convertible redeemable shares of a subsidiary		–	1,729,000
Placing and subscription of shares		–	6,259,723
Capital contribution from non-controlling interests of subsidiaries	27(c(i))	5,116,674	6,584,252
Acquisition of additional interests in subsidiaries	27(c(ii))	(1,650,914)	(1,942,190)
Proceeds from issue of perpetual capital instruments		–	726,000
Dividends for the holders of perpetual capital instruments		(154,094)	(153,160)
Dividends paid to non-controlling interests		(555,501)	(984,795)
Increase in amounts due to non-controlling interests		–	3,425,068
Decrease in amounts due to non-controlling interests		(6,566,129)	–
Increase in restricted cash pledged for borrowings	14	(90,066)	(122,805)
Lease payments for right-of-use assets excluding land use rights and leasehold land		(19,242)	(80,595)
Net cash flows generated from financing activities		16,155,000	13,524,953
Net increase in cash and cash equivalents			
Cash and cash equivalents at the beginning of the period	14	61,038,027	52,357,251
Effect of foreign exchange rate changes		(42,937)	22,756
Cash and cash equivalents at end of the period	14	74,768,698	62,307,575

The notes on pages 45 to 76 form an integral part of this interim condensed consolidated financial information.

1 General Information and Basis of Preparation

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

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

This interim condensed consolidated financial information is presented in thousands of Renminbi (“RMB’000”), unless otherwise stated, and was approved for issue on 30 August 2021.

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

This interim condensed consolidated financial information for the six months ended 30 June 2021 has been prepared in accordance with HKAS 34, ‘Interim financial reporting’.

The interim condensed consolidated financial information does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 December 2020 and any public announcements made by the Group during the interim reporting period.

2 Accounting Policies

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2020, as described in those annual financial statements.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

2.1 New and amended standards adopted by the Group

A number of new or amended standards become applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustment as a result of adopting these standards.

	Effective for annual periods beginning on or after
HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 (Amendments)	Interest Rate Benchmark Reform – Phase 2 1 January 2021

2 Accounting Policies (CONTINUED)

2.2 The following new standards, new interpretations and amendments to standards and interpretations have been issued but are not effective for the financial year beginning on 1 January 2021 and have not been early adopted by the Group:

		Effective for annual periods beginning on or after
HKAS 16 (Amendments)	Property, Plant and Equipment: Proceeds before intended use	1 January 2022
HKAS 37 (Amendments)	Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
HKFRS 3 (Amendments)	Reference to the Conceptual Framework	1 January 2022
Annual Improvements to HKFRS Standards 2018–2020		1 January 2022
AG 5 (Revised)	Merger Accounting for Common Control Combinations	1 January 2022
HKAS 1 (Amendments)	Presentation of financial statements	1 January 2023
HK Int 5 (2020)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2023
HKFRS 17	Insurance contracts	1 January 2023
HKFRS 10 and HKAS 28 (Amendments)	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

The Group is assessing the full impact of the new standards, new interpretations and amendments to standards and interpretations.

3 Estimates

The preparation of interim financial information 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 this interim condensed consolidated financial information, 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 2020.

4 Financial Risk Management

4.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The interim condensed consolidated financial information 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 as at 31 December 2020.

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

4.2 Liquidity risk

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

4.3 Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

For the six months ended 30 June 2021

4 Financial Risk Management (CONTINUED)**4.3 Fair value estimation (continued)**

The following table presents the Group's financial assets and liabilities that are measured at fair value as at 30 June 2021 and 31 December 2020.

As at 30 June 2021	Unaudited			Total RMB'000
	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	
Assets				
Financial assets at fair value through other comprehensive income("FVOCI")				
– listed equity securities	1,080,054	–	–	1,080,054
– investment in unlisted entities	–	–	613,820	613,820
Financial assets at fair value through profit or loss("FVPL")	–	–	166,347	166,347
Total	1,080,054	–	780,167	1,860,221
Liabilities				
Derivative financial instruments	–	16,571	–	16,571
As at 31 December 2020				
	Audited			Total
	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	RMB'000
Assets				
Financial assets at FVOCI				
– listed equity securities	1,382,554	–	–	1,382,554
– investment in unlisted entities	–	–	592,392	592,392
Financial assets at FVPL	–	–	168,016	168,016
Derivative financial instruments	–	2,337	–	2,337
Total	1,382,554	2,337	760,408	2,145,299
Liabilities				
Derivative financial instruments	–	33,114	–	33,114

Financial assets at FVOCI included in Level 1 as at 30 June 2021 and 31 December 2020 are the equity securities traded in Shanghai Stock Exchange, Shenzhen Stock Exchange, Hong Kong Exchanges and Clearing Limited, New York Stock Exchange and NASDAQ, the fair value of which is based on quoted market prices at the balance sheet date.

Financial assets at FVOCI as at 30 June 2021 and 31 December 2020 included in Level 3 are the investment in structured products entered into with a financial institution and unlisted entities, the fair value of which is determined using valuation model for which not all inputs are market observable rates.

Financial assets at FVPL as at 30 June 2021 and 31 December 2020 included in Level 3 are the investment in an unlisted entity recognised as a debt investment with cash flows not solely payments of principal and interest, the fair value of which is determined using valuation model for which not all inputs are market observable rates.

Derivative financial instruments included in Level 2 as at 30 June 2021 and 31 December 2020 are one interest rate swaps contract and three currency option contracts with the Morgan Stanley & Co International PLC ("Morgan Stanley") and nine interest rate swaps contracts with The Hongkong and Shanghai Banking Corporation Limited, the fair value of which is determined using forward exchange rates and interest rates that are quoted by financial institutions.

There were no changes in valuation techniques during the period.

4 Financial Risk Management (CONTINUED)

4.3 Fair value estimation (continued)

Derivative financial instruments at fair value through profit or loss

	Six months ended 30 June	
	2021 RMB'000	2020 RMB'000
Opening balances of (liabilities)/assets	(30,777)	63,004
Additions	–	39,412
Gains/(losses) recognised in profit or loss	14,206	(14,748)
Settlements	–	(62,701)
Closing balances of (liabilities)/assets	(16,571)	24,967
Changes in unrealised gains/(losses), under 'Other income/other gains – net' (Note 20)	14,206	(14,748)

Financial assets at FVOCI

	Six months ended 30 June	
	2021 RMB'000	2020 RMB'000
Opening balances of assets	1,974,946	988,995
Additions	23,139	404,984
Fair value losses recognised in other comprehensive income	(304,211)	(72,647)
Closing balances of assets	1,693,874	1,321,332
Changes in unrealised losses, under 'Other comprehensive income'	(304,211)	(72,647)

Financial assets at FVPL

	Six months ended 30 June	
	2021 RMB'000	2020 RMB'000
Opening balances of assets	168,016	179,637
Fair value (losses)/gains recognised in profit or loss	(1,669)	2,660
Closing balances of assets	166,347	182,297
Changes in unrealised (losses)/gains, under 'Other income/other gains – net' (Note 20)	(1,669)	2,660

For the six months ended 30 June 2021

4 Financial Risk Management (CONTINUED)

4.3 Fair value estimation (continued)

Convertible redeemable shares of a subsidiary at fair value through profit or loss

	Six months ended 30 June	
	2021 RMB'000	2020 RMB'000
Opening balances of liabilities	–	–
Additions	–	1,729,000
Fair value gains recognised in profit or loss	–	20,076
Closing balances of liabilities	–	1,749,076
Changes in unrealised gains, under 'Fair value changes of convertible redeemable shares of a subsidiary'	–	20,076

4.4 Fair value of financial assets and liabilities measured at amortised cost

The fair value of senior notes is as follows:

	30 June 2021 RMB'000	31 December 2020 RMB'000
Non-current	30,745,647	26,203,753

The fair values of senior notes were calculated using the market price of the traded senior notes on the balance sheet date. The fair values of senior notes are within level 1 of the fair value hierarchy.

5 Segment Information

The chief operation decision-maker (the "CODM") has been identified as the management committee. The CODM reviews the Group's internal reporting in order to assess performance and allocate resources. The CODM has determined the operating segments based on these reports.

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

The CODM assesses the performance of the operating segments based on a measure of revenue and operating profit. The information provided to the CODM is measured in a manner consistent with that in the annual financial statements.

(a) Revenue

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

	Six months ended 30 June	
	2021 RMB'000	2020 RMB'000
Sales of properties	66,521,433	61,465,703
Hotel operation income	971,885	453,035
Commercial properties operation income	946,877	734,161
Property management income, and others	4,961,079	1,899,823
	73,401,274	64,552,722

5 Segment Information (CONTINUED)

(b) Segment information

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

	Property development and investment		Shimao Services Holdings Limited ("Shimao Services")**	Unallocated***	Total
	Shanghai Shimao Co., Ltd. ("Shanghai Shimao")*	Others			
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue					
– Sales of properties	11,002,675	55,518,758	–	–	66,521,433
– Recognised at a point in time	10,994,796	54,375,553	–	–	65,370,349
– Recognised over time	7,879	1,143,205	–	–	1,151,084
– Hotel operation income	120,485	851,400	–	–	971,885
– Commercial properties operation income	606,927	339,950	–	–	946,877
– Property management income, and others	170,966	951,868	4,233,757	–	5,356,591
Total revenue before elimination	11,901,053	57,661,976	4,233,757	–	73,796,786
Elimination					(395,512)
Total revenue					73,401,274
Operating profit/(loss)	3,808,412	11,709,746	732,929	(422,731)	15,828,356
Finance income	77,045	1,217,451	12,100	1,829	1,308,425
Finance costs	(218,720)	(285,403)	(10,460)	(404,671)	(919,254)
Share of results of associated companies and joint ventures accounted for using the equity method	(8,771)	163,104	2,036	–	156,369
Profit/(loss) before income tax	3,657,966	12,804,898	736,605	(825,573)	16,373,896
Income tax expense					(6,896,046)
Profit for the period					9,477,850
Other segment items are as follows:					
Capital expenditure	2,579	721,516	53,147	–	777,242
Fair value gains on investment properties	231,819	302,019	–	–	533,838
Fair value gains on derivative financial instruments	–	–	–	14,206	14,206
Depreciation and amortisation	44,505	281,751	77,796	24,939	428,991
Depreciation and amortisation of right-of-use assets	16,902	49,812	10,152	–	76,866
Provision for impairment losses on financial assets	7,661	265,101	125,834	–	398,596

* The Group owns an effective equity interest of 63.92% in Shanghai Shimao as at 30 June 2021.

** The Group owns an effective equity interest of 65.59% in Shimao Services as at 30 June 2021.

*** Unallocated mainly represent corporate level activities.

For the six months ended 30 June 2021

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

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

	Property development and investment		Shimao Services**	Unallocated***	Total
	Shanghai Shimao*	Others			
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue					
– Sales of properties	8,579,209	52,886,494	–	–	61,465,703
– Recognised at a point in time	8,457,747	51,893,798	–	–	60,351,545
– Recognised over time	121,462	992,696	–	–	1,114,158
– Hotel operation income	58,560	394,475	–	–	453,035
– Commercial properties operation income	481,268	252,893	–	–	734,161
– Property management income, and others	37,330	673,434	1,564,636	–	2,275,400
Total revenue before elimination	9,156,367	54,207,296	1,564,636	–	64,928,299
Elimination					(375,577)
Total revenue					64,552,722
Operating profit/(loss)	2,946,626	12,680,755	314,145	(318,917)	15,622,609
Finance income	63,844	464,737	2,626	29,342	560,549
Finance costs	(159,028)	(646,902)	(13,259)	(455,051)	(1,274,240)
Fair value changes of convertible redeemable shares of a subsidiary	–	(20,076)	–	–	(20,076)
Share of results of associated companies and joint ventures accounted for using the equity method	31,760	42,122	117	–	73,999
Profit/(loss) before income tax	2,883,202	12,520,636	303,629	(744,626)	14,962,841
Income tax expense					(6,960,794)
Profit for the period					8,002,047
Other segment items are as follows:					
Capital expenditure	1,417,356	294,657	298,350	–	2,010,363
Fair value gains on investment properties	185,616	123,151	–	–	308,767
Fair value losses on derivative financial instruments	–	–	–	(14,748)	(14,748)
Fair value changes of convertible redeemable shares of a subsidiary	–	(20,076)	–	–	(20,076)
Depreciation and amortisation	45,572	281,127	19,303	19,420	365,422
Depreciation and amortisation of right-of-use assets	64,914	44,362	4,903	–	114,179
Provision for/(reversal of) impairment losses on financial assets	2,525	(8,380)	7,269	–	1,414

* The Group owns an effective equity interest of 63.92% in Shanghai Shimao as at 30 June 2020.

** The Group owns an effective equity interest of 90.00% in Shimao Services as at 30 June 2020.

*** Unallocated mainly represent corporate level activities.

5 Segment Information (CONTINUED)

(b) Segment information (continued)

The segment assets and liabilities as at 30 June 2021 are as follows:

	Property development and investment		Shimao Services RMB'000	Total RMB'000
	Shanghai Shimao RMB'000	Others RMB'000		
Investments accounted for using the equity method	1,711,184	28,700,884	36,110	30,448,178
Intangible assets	1,709,730	255,138	2,444,046	4,408,914
Other segment assets	149,723,073	422,660,050	9,758,650	582,141,773
Total segment assets	153,143,987	451,616,072	12,238,806	616,998,865
Deferred income tax assets				3,300,296
Financial assets at FVOCI				1,693,874
Financial assets at FVPL				166,347
Other assets				4,408,442
Total assets				626,567,824
Borrowings	26,725,686	72,638,174	13,208	99,377,068
Other segment liabilities	68,336,897	214,902,534	5,159,990	288,399,421
Total segment liabilities	95,062,583	287,540,708	5,173,198	387,776,489
Corporate borrowings				65,137,326
Deferred income tax liabilities				9,095,359
Derivative financial instruments				16,571
Other liabilities				1,607,430
Total liabilities				463,633,175

5 Segment Information (CONTINUED)

(b) Segment information (continued)

The segment assets and liabilities as at 31 December 2020 are as follows:

	Property development and investment		Shimao Services RMB'000	Total RMB'000
	Shanghai Shimao RMB'000	Others RMB'000		
Investments accounted for using the equity method	1,651,650	29,251,032	34,074	30,936,756
Intangible assets	1,709,730	243,785	1,873,297	3,826,812
Other segment assets	144,354,358	394,589,664	8,930,119	547,874,141
Total segment assets	147,715,738	424,084,481	10,837,490	582,637,709
Deferred income tax assets				3,231,065
Financial assets at FVOCI				1,974,946
Financial assets at FVPL				168,016
Derivative financial instruments				2,337
Other assets				1,739,077
Total assets				589,753,150
Borrowings	23,512,691	59,193,544	30,000	82,736,235
Other segment liabilities	70,638,183	208,020,833	4,012,016	282,671,032
Total segment liabilities	94,150,874	267,214,377	4,042,016	365,407,267
Corporate borrowings				62,406,829
Deferred income tax liabilities				8,520,394
Derivative financial instruments				33,114
Other liabilities				890,794
Total liabilities				437,258,398

There are no differences from the last annual financial statements in the basis of segmentation or in the basis of measurement of segment profit or loss.

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

	30 June 2021 RMB'000	31 December 2020 RMB'000
Related to development and sales of properties contracts Contract liabilities (Note(i))	112,894,277	106,126,631

Note:

(i) Contract liabilities have been disclosed with value-added-tax of RMB7.0 billion deducted as at 30 June 2021.

6 Capital Expenditure

	Property and equipment RMB'000	Investment properties (Note (b)) RMB'000	Intangible Assets (Note (a)) RMB'000	Total RMB'000
Opening net book amount as at 1 January 2021	16,864,312	63,175,590	3,826,812	83,866,714
Additions	478,085	272,636	26,521	777,242
Acquisition of subsidiaries (Note 27(a))	106,655	–	606,459	713,114
Transfer from properties under development	–	2,725,445	–	2,725,445
Fair value gains	–	533,838	–	533,838
Depreciation and amortisation (Note 19)	(371,808)	–	(57,183)	(428,991)
Disposal of subsidiaries (Note 27(b))	(42,464)	–	–	(42,464)
Disposal	(19,563)	(203,000)	(1,786)	(224,349)
Capitalization	–	–	8,091	8,091
Closing net book amount as at 30 June 2021	17,015,217	66,504,509	4,408,914	87,928,640
Opening net book amount as at 1 January 2020	15,922,942	56,062,747	2,009,346	73,995,035
Additions	525,352	1,485,011	–	2,010,363
Acquisition of subsidiaries	175,056	–	182,004	357,060
Transfer from properties under development	–	448,908	–	448,908
Fair value gains	–	308,767	–	308,767
Depreciation (Note 19)	(365,422)	–	–	(365,422)
Disposal of a subsidiary	(120)	–	–	(120)
Disposal	(8,245)	–	–	(8,245)
Closing net book amount as at 30 June 2020	16,249,563	58,305,433	2,191,350	76,746,346

Notes:

(a) Intangible assets comprise goodwill from business combinations and other intangible assets.

For the six months ended 30 June 2021

6 Capital Expenditure (CONTINUED)

Notes (continued):

(b) Investment properties

	Six months ended 30 June	
	2021 RMB'000	2020 RMB'000
Investment properties at fair value		
Opening balance	61,873,771	54,761,492
Additions – Construction cost and others	272,636	1,484,447
Additions – Transfer from properties under development	2,725,445	448,908
Disposals	(203,000)	–
Fair value gains	533,838	308,767
	65,202,690	57,003,614
Investment properties at cost		
Opening balance	1,301,819	1,301,255
Additions – Construction cost and others	–	564
	1,301,819	1,301,819
Closing balance	66,504,509	58,305,433

The valuations of the investment properties at 30 June 2021 and 31 December 2020 were carried out by an independent firm, Vigers Appraisal and Consulting Limited, who is a fellow member of the Royal Institution of Chartered Surveyors.

For completed investment properties, the fair values were determined using term and reversionary method on the basis of capitalisation of net rental income derived from the existing tenancies and the reversionary value by reference to recent comparable sales transactions in the relevant property market. The significant unobservable inputs adopted in the valuation included market prices, market rents, term and reversionary yields.

For investment properties under development, the valuation was determined using residual method by making reference to market capitalisation rates and recent comparable sales transactions on the assumption that the property had already been completed in accordance with latest development scheme at the valuation date by deducting the estimated costs to be incurred to complete the project and the developer's estimated profit margin.

6 Capital Expenditure (CONTINUED)

Notes (continued):

(b) Investment properties (continued)

Fair value measurements using significant unobservable inputs (Level 3)**Investment properties at fair value**

	Six months ended 30 June 2021		
	Completed investment properties RMB'000	Investment properties under development RMB'000	Total RMB'000
Opening balance	35,736,162	26,137,609	61,873,771
Additions	–	272,636	272,636
Transfer from properties under development	–	2,725,445	2,725,445
Transfer from investment properties under development	3,902,137	(3,902,137)	–
Disposals	(203,000)	–	(203,000)
Net gains from fair value adjustment	218,391	315,447	533,838
Closing balance	39,653,690	25,549,000	65,202,690

Investment properties at fair value

	Six months ended 30 June 2020		
	Completed investment properties RMB'000	Investment properties under development RMB'000	Total RMB'000
Opening balance	35,104,492	19,657,000	54,761,492
Additions	–	1,484,447	1,484,447
Transfer from properties under development	448,908	–	448,908
Net gains from fair value adjustment	77,214	231,553	308,767
Closing balance	35,630,614	21,373,000	57,003,614

Investment properties included in Level 3 are all completed investment properties and certain investment properties under development.

There were no transfers among Level 1, Level 2 and Level 3 during the period.

Investment properties under construction as at 30 June 2021 of RMB1,301,819,000 (31 December 2020: RMB1,301,819,000) were measured at cost, because their constructions were at very early stage and related fair values were not reliably determinable. These investment properties under development shall be measured at cost until either their fair values become reliably determinable or development is completed, whichever is earlier.

For the six months ended 30 June 2021

7 Leases

This note provides information for leases where the Group is a lessee.

(a) Amounts recognised in the balance sheet

The balance sheet shows the following amounts relating to leases:

	30 June 2021 RMB'000	31 December 2020 RMB'000
Right-of-use assets		
Land use rights and leasehold land	8,123,451	8,227,912
Buildings	82,320	73,607
Vehicles	6,181	14,749
	8,211,952	8,316,268
Lease liabilities		
Current	34,755	37,495
Non-current	44,915	39,452
	79,670	76,947

(b) Amounts recognised in the statement of comprehensive income

The statement of comprehensive income shows the following amounts relating to leases:

	Six months ended 30 June	
	2021 RMB'000	2020 RMB'000
Depreciation and amortisation of right-of-use assets		
Land use rights and leasehold land	(57,387)	(38,814)
Buildings	(17,684)	(68,287)
Equipment	–	(15)
Vehicles	(1,795)	(7,063)
	(76,866)	(114,179)
Interest expense (included in finance costs) (Note 21)	(2,341)	(6,370)
Expense relating to short-term leases and low value assets leases (included in cost of sales, selling and marketing costs and administrative expenses)	(849)	(27,131)

The total cash outflow for leases during the period was RMB19,242,000.

For the six months ended 30 June 2021

8 Investments Accounted for Using the Equity Method

	30 June 2021 RMB'000	31 December 2020 RMB'000
Investments accounted for using the equity method comprise:		
Associated companies (Note (a))	5,622,979	4,428,791
Joint ventures (Note (b))	24,825,199	26,507,965
	30,448,178	30,936,756

(a) Interests in associated companies

	Six months ended 30 June	
	2021 RMB'000	2020 RMB'000
Opening balance	4,428,791	3,848,564
Capital injections (Note (i))	1,195,551	269,708
Share of results	(1,363)	185,197
Disposal	–	(263)
Dividends received	–	(40,500)
Ending balance	5,622,979	4,262,706

Notes:

- (i) Capital injections include investment in new associates and additional injections in existing associates.

For the six months ended 30 June 2021, the Group made additional capital injection into existing associates with a total amount of RMB1,195,551,000.

(b) Interests in joint ventures

	Six months ended 30 June	
	2021 RMB'000	2020 RMB'000
Opening balance	26,507,965	20,318,611
Capital injections (Note (i))	499,381	1,611,780
Transfer from subsidiaries	–	1,250,000
Closure	–	(5,057)
Share of results	157,732	(111,198)
Capital distribution	–	(286,126)
Transfer to subsidiaries	(1,598,923)	(505,737)
Dividends received	(678,414)	(520,055)
Share of other comprehensive income	53,305	–
Disposal (Note (ii))	(115,847)	(770,164)
Ending balance	24,825,199	20,982,054

Notes:

- (i) Capital injections include investment in new joint ventures and additional injections in existing joint ventures.

For the six months ended 30 June 2021, the Group invested in new joint ventures with amount of RMB7,900,000. Pursuant to the articles of association, the Group and the third parties would jointly control the operation of these entities.

The Group made additional capital injection into existing joint venture with amount of RMB491,481,000. After capital injection, the Group remained joint control in these entities.

- (ii) For the six months ended 30 June 2021, the Group disposed its interests in several joint ventures at total consideration of RMB130,039,000. The disposal has resulted in a net gain of RMB14,192,000 (Note 20) and net cash inflow of RMB130,039,000.

For the six months ended 30 June 2021

9 Amounts due from Related Parties

	30 June 2021 RMB'000	31 December 2020 RMB'000
Included in non-current assets		
– Joint ventures	4,032,393	1,408,280
– Associated companies	1,162,113	600,628
	5,194,506	2,008,908
Provision for impairment	(77,918)	(30,134)
	5,116,588	1,978,774

The Group made advances to several joint ventures and associated companies to finance their acquisition of land use rights. These advances are interest-free, unsecured and have no fixed repayment terms. The Group's intention is that the advances will only be recalled when the joint ventures and associated companies have surplus cash.

	30 June 2021 RMB'000	31 December 2020 RMB'000
Included in current assets		
– Associated companies	6,069,107	6,768,438
– Joint ventures	33,245,265	26,124,892
– Non-controlling interests	3,313,119	1,140,244
	42,627,491	34,033,574
Provision for impairment	(70,688)	(55,182)
	42,556,803	33,978,392

The balances due from related companies are unsecured, interest-free and have no fixed repayment terms.

The carrying amounts of amounts due from related companies approximate their fair values.

10 Financial Assets at Fair Value Through other Comprehensive Income

	30 June 2021 RMB'000	31 December 2020 RMB'000
Non-current assets		
Listed securities (Note (a))	1,080,054	1,382,554
Unlisted securities (Note (b))	613,820	592,392
	1,693,874	1,974,946

Notes:

- (a) Listed equity securities represented investments in the PRC and USA without lock-up period and were stated at market value based on the quoted price (Note 4).
- (b) Unlisted securities represented investments measured at fair value of which the fair value are determined using valuation model for which not all inputs are observable and is within Level 3 of the fair value hierarchy (Note 4).

For the six months ended 30 June 2021

11 Financial Assets at Fair Value Through Profit or Loss

	30 June 2021 RMB'000	31 December 2020 RMB'000
Financial assets at FVPL included in non-current assets investment in an unlisted entity (Note)	166,347	168,016

Note:

Investment in the unlisted entity represented an investment measured at fair value, of which the fair value is determined using valuation model for which not all inputs are observable and is within Level 3 of the fair value hierarchy (Note 4).

12 Other Non-Current Assets

Other non-current assets mainly represent the prepayments for acquisition of land use rights, art works and equity interests.

The Group made prepayments for certain land use rights, the ownership certificates of which have not been obtained as at the balance sheet date. As at 30 June 2021, prepayments of RMB11,094,618,000 (31 December 2020: RMB13,483,055,000) were related to the lands for the purpose to develop properties for sale, and are included in current assets, 'prepayment for acquisition of land use rights'.

As at 30 June 2021, the Group has a balance of art works of RMB1,423,699,000 (31 December 2020: RMB1,154,018,000). The amounts represent the aggregate cost of art works held by the Group. In the opinion of the directors of the Company, the recoverable amounts of the art works are at least their carrying amounts at the end of both reporting periods.

As at 30 June 2021, the Group made prepayments of RMB1,221,666,000 (31 December 2020: RMB1,321,750,000) for acquisition of certain equity interests.

13 Trade and Other Receivables and Prepayments

	30 June 2021 RMB'000	31 December 2020 RMB'000
Trade receivables (Note (a))	7,889,265	6,649,065
Prepayments for construction costs	5,283,615	4,849,498
Bidding deposits for land use rights (Note (b))	3,207,343	3,028,253
Loan receivables (Note (c))	1,509,255	1,528,513
Prepaid tax and surcharges on pre-sale proceeds	1,798,538	1,464,396
Other receivables	4,988,704	4,634,519
	24,676,720	22,154,244
Provision for impairment	(1,101,996)	(766,690)
	23,574,724	21,387,554

For the six months ended 30 June 2021

13 Trade and Other Receivables and Prepayments (CONTINUED)

Notes:

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

	30 June 2021 RMB'000	31 December 2020 RMB'000
Within 180 days	6,448,288	5,902,275
Over 180 days and within 365 days	777,590	299,532
Over 365 days	663,387	447,258
	7,889,265	6,649,065

As at 30 June 2021, receivables arising from sales of properties were approximately RMB4,994,187,000 (31 December 2020: RMB4,849,999,000).

- (b) Bidding deposits for land use rights mainly represented deposits the Group placed with various municipal governments for the participation in various land auctions. These deposits will be deducted against the total land costs to be paid, if the Group wins the bid at the auction. If the Group does not win, the amount will be fully refunded.
- (c) As at 30 June 2021, loan receivables of RMB1,509,255,000 (31 December 2020: RMB1,528,513,000) were secured by the pledge of certain properties, notes receivable or credit guaranty of borrowers, bearing interest rate at a range from 10.0% to 18.0% per annum and repayable within one year.

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 2021, a provision of RMB189,141,000 (31 December 2020: RMB89,214,000) was made against the gross amount of trade receivables.

The Group makes periodic collective assessments as well as individual assessment on the recoverability of other receivables based on historical settlement records, past experience and available forward-looking information. As at 30 June 2021, a provision of RMB912,855,000 (31 December 2020: RMB677,476,000) was made against the gross amount of other receivables.

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 2021, the fair values of trade receivables, bidding deposits for land use rights, loan receivables and other receivables of the Group approximate their carrying amounts, as the impact of discounting is not significant.

As at 30 June 2021 and 31 December 2020, trade and other receivables of the Group were mainly denominated in RMB.

14 Cash And Cash Equivalents and Restricted Cash

	30 June 2021	31 December 2020
	RMB'000	RMB'000
Restricted cash	7,616,190	7,428,982
Cash and cash equivalents	74,768,698	61,038,027
	82,384,888	68,467,009

As at 30 June 2021, the Group's bank deposits of approximately RMB1,687,001,000 (31 December 2020: RMB1,589,859,000) was restricted and deposited in certain banks as guarantee deposits for mortgage loan facilities granted by the banks to the purchasers of the Group's properties. In addition, the Group's cash of approximately RMB5,929,189,000 (31 December 2020: RMB5,839,123,000) were pledged as collateral for the Group's borrowings.

The Group's cash and bank balances are mainly denominated in RMB. 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 2021 was 0.34% (31 December 2020: 0.34%).

15 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 30 June 2021 and 31 December 2020	0.1	5,000,000	500,000	
Issued and fully paid:				
At 1 January 2021 and 30 June 2021		3,537,697	353,769	362,850
At 1 January 2020		3,301,493	330,149	341,575
Placing and subscription of shares (Note)		236,204	23,620	21,275
At 30 June 2020		3,537,697	353,769	362,850

Note:

On 31 January 2020, the Company has issued a total of 158,000,000 shares at HK\$29.58 per share in accordance with the placing and subscription agreement dated 17 January 2020, a share premium of RMB4,126,653,000 was recorded.

On 5 May 2020, the Company has issued a total of 78,204,000 shares at HK\$29.73 per share in accordance with the placing and subscription agreement dated 22 April 2020, a share premium of RMB2,111,795,000 was recorded.

The issued shares rank pari passu to the then existing shares.

15 Share Capital (CONTINUED)

(b) Share Award Schemes

- (1) The Company's board of directors (the "Board") approved and adopted a share award scheme on 30 December 2011 (the "Share Scheme"). Unless terminated earlier by the Board, the Share 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 Share 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 Share Scheme and determine the number of awarded shares.

A Trust was constituted to manage the Share Scheme, and a wholly owned subsidiary of the Company incorporated in the British Virgin Islands was designated as Trustee. Up to 30 June 2021, the Trust purchased 43,506,000 ordinary shares from market, totaling HK\$696,422,000 (equivalent to RMB614,845,000), of which 48,751,338 shares were granted to eligible employees according to the Share Scheme. Up to 30 June 2021, among the shares granted, 36,764,063 shares were vested, and 3,277,922 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:

	Number of unvested shares granted	
	Six months ended 30 June	
	2021	2020
Unvested shares, beginning	7,639,311	8,949,186
Granted	5,394,354	4,341,514
Vested	(4,324,312)	(5,651,389)
Unvested shares, ending	8,709,353	7,639,311

The weighted average fair value of the unvested shares of the Company granted during the six months ended 30 June 2021 is HK\$165,826,081, equivalent to RMB137,983,882 (2020: HK\$250,569,401, equivalent to RMB228,880,113).

- (2) The Board approved and adopted another share award scheme on 3 May 2021 (the "Shimao Services Share Award Scheme"). Unless terminated earlier by the Board, the Shimao Services Share Award Scheme is valid and effective for a term of 3 years commencing on 3 May 2021. Under the Shimao Services Share Award Scheme, the maximum number of shares of Shimao Services can be awarded by the Company is 0.3% (i.e. 7,091,919 shares of Shimao Services) of the issued shares of Shimao Services as at the date of adoption.

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 Shimao Services Share Award Scheme and determine the number of awarded shares.

During the six months ended 30 June 2021, 6,865,821 shares of Shimao Services were granted to certain directors and selected employees of the Group under the Shimao Services Share Award Scheme. None of the awarded share has been vested during the six months ended 30 June 2021.

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 Best Cosmos Limited (a wholly-owned subsidiary of the Company and the immediate holding company of Shimao Services) as Trustee of a Trust established for the Shimao Services Share Award Scheme before being transferred to the employees when vesting conditions are fully met.

For the six months ended 30 June 2021

15 Share Capital (CONTINUED)

(b) Share Award Schemes (continued)

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

	Number of unvested shares granted Six months ended 30 June 2021
Unvested shares, beginning	–
Granted	6,865,821
Unvested shares, ending	6,865,821

The weighted average fair value of the unvested shares of Shimao Services granted during the six months ended 30 June 2021 is HK\$113,972,629, equivalent to RMB94,550,553.

(c) Reconciliation of the number of the Company's shares outstanding is as follows:

	Number of shares issued As at 30 June	
	2021 '000	2020 '000
Shares issued	3,537,697	3,537,697
Treasury shares for the Share Scheme	(6,742)	(3,566)
Shares outstanding	3,530,955	3,534,131

For the six months ended 30 June 2021

16 Borrowings

	30 June 2021 RMB'000	31 December 2020 RMB'000
Borrowings included in non-current liabilities		
Long-term borrowings		
– secured by assets (Note (i))	40,604,650	25,248,500
– secured by shares of subsidiary guarantors (Note (ii))	25,274,258	21,534,498
– unsecured (Note (iii))	27,056,800	31,799,765
Senior notes – secured (Note (v))	35,326,582	32,136,206
Medium-term notes – unsecured (Note (vi))	3,140,000	3,030,000
Long-term bonds – unsecured (Note (vii))	21,204,051	21,201,123
Domestic corporate bonds – unsecured (Note (viii))	739,646	4,738,620
Private placement notes – unsecured (Note (ix))	1,000,000	1,000,000
	154,345,987	140,688,712
Less: Portion of long-term borrowings due within one year	(24,719,522)	(18,351,076)
Portion of senior notes due within one year	(5,285,434)	(7,466,711)
Portion of medium-term notes due within one year	(30,000)	(1,530,000)
Portion of long-term bonds due within one year	(3,500,000)	–
Portion of domestic corporate bonds due within one year	(739,646)	(4,738,620)
Amounts due within one year	(34,274,602)	(32,086,407)
	120,071,385	108,602,305
Borrowings included in current liabilities		
Short-term borrowings		
– secured by assets (Note (i))	706,000	285,000
– secured by shares (Note (iv))	500,000	1,000,000
– unsecured	4,453,558	3,169,352
Senior notes (Note (v))	4,508,849	–
Current portion of non-current borrowings	34,274,602	32,086,407
	44,443,009	36,540,759

Notes:

- (i) As at 30 June 2021, the Group's total secured bank borrowings and borrowings from other financial institutions of RMB41,310,650,000 (31 December 2020: RMB25,533,500,000) were secured by its property and equipment, investment properties, land use rights, properties under development, completed properties held for sale and restricted cash.

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

	30 June 2021 RMB'000	31 December 2020 RMB'000
Properties under development	42,741,470	28,393,480
Investment properties	19,508,026	22,164,124
Restricted cash	5,929,189	5,839,123
Completed properties held for sale	8,032,991	6,285,457
Land use rights	621,077	457,433
Property and equipment	3,307,307	2,435,534
	80,140,060	65,575,151

16 Borrowings (CONTINUED)

Notes (continued):

- (ii) On 30 October 2017, the Company entered into a multi-currency loan facility agreement with a syndicate of 12 banks. Pursuant to the agreement, the Company obtained 4-year syndicated loan facilities, including a US\$680,000,000 facility and a HK\$5,890,000,000 facility at a floating rate of interest, 5% out of the loan principal will mature in 2019, 25% will mature in 2020 and 70% will mature in 2021. The loan facilities were guaranteed by certain subsidiaries of the Group, and secured by pledge of the shares of these subsidiary guarantors. As at 30 June 2021, US\$680,000,000 and HK\$5,890,000,000 have been drawn down. As at 30 June 2021, US\$340,000,000 and HK\$2,945,000,000 of the principal remained outstanding (31 December 2020: US\$476,000,000 and HK\$4,123,000,000).

On 14 September 2018, the Company entered into a multi-currency loan facility agreement with a syndicate of 8 banks. Pursuant to the agreement, the Company obtained 4-year syndicated loan facilities, including a US\$540,000,000 facility and a HK\$2,849,500,000 facility at a floating rate of interest, 5% out of the loan principal will mature in 2020, 25% will mature in 2021 and 70% will mature in 2022. The loan facilities were guaranteed by certain subsidiaries of the Group, and secured by pledge of the shares of these subsidiary guarantors. On 25 January 2019, the multi-currency loan facility agreement extended to a syndicate of 14 banks. Pursuant to the agreement, the 4-year syndicated loan facilities extended to a US\$570,000,000 facility and a HK\$3,551,500,000 facility at a floating rate of interest. As at 30 June 2021, US\$570,000,000 and HK\$3,551,500,000 have been drawn down. As at 30 June 2021, US\$ 484,500,000 and HK\$ 3,018,775,000 of the principal remained outstanding (31 December 2020: US\$541,500,000 and HK\$3,373,925,000).

On 9 August 2019, the Company entered into a multi-currency loan facility agreement with a syndicate of 13 banks. Pursuant to the agreement, the Company obtained 4-year syndicated loan facilities, including a US\$837,850,000 facility and a HK\$3,994,000,000 facility at a floating rate of interest, 5% out of the loan principal will mature in 2021, 35% will mature in 2022 and 60% will mature in 2023. As at 30 June 2021, US\$837,850,000 and HK\$3,994,000,000 have been drawn down. As at 30 June 2021, US\$837,850,000 and HK\$ 3,994,000,000 of the principal remained outstanding (31 December 2020: US\$837,850,000 and HK\$3,994,000,000).

On 27 July 2020, a subsidiary of the Company entered into a multi-currency loan facility agreement with a syndicate of 7 banks. Pursuant to the agreement, a subsidiary of the Company obtained 5-year syndicated loan facilities, including a HK\$4,500,000,000 facility at a floating rate of interest, 6% out of the loan principal will mature in 2022, 8% will mature in 2023, 10% will mature in 2024 and 76% will mature in 2025. As at 30 June 2021, HK\$4,095,351,961 have been drawn down. As at 30 June 2021, HK\$4,095,351,961 of the principal remained outstanding.

On 22 April 2021, the Company entered into a multi-currency loan facility agreement with a syndicate of 19 banks. Pursuant to the agreement, the Company obtained 4-year syndicated loan facilities, including a US\$657,500,000 facility and a HK\$5,128,500,000 facility at a floating rate of interest, 5% out of the loan principal will mature in 2023, 25% will mature in 2024 and 70% will mature in 2025. As at 30 June 2021, US\$160,000,000 and HK\$1,248,000,000 have been drawn down. As at 30 June 2021, US\$160,000,000 and HK\$1,248,000,000 of the principal remained outstanding.

- (iii) As at 30 June 2021, included in the unsecured borrowings of RMB105,517,524 (31 December 2020: RMB113,980,000) were guaranteed by Mr. Hui Wing Mau.
- (iv) As at 30 June 2021, 215,000,000 shares (31 December 2020: 430,000,000) of the Group companies held by Shanghai Shimao Jianshe Co., Ltd. ("Shimao Jianshe") have been pledged for total bank borrowings of RMB500,000,000 (31 December 2020: RMB1,000,000,000).
- (v) On 3 July 2017, the Company issued senior notes with total principal of US\$450,000,000 and US\$150,000,000 at a fixed interest rate of 4.75% due on 3 July 2022.

On 11 December 2017, the Company issued senior notes with total principal of US\$400,000,000 at a fixed interest rate of 4.75% due on 3 July 2022.

On 30 January 2018, the Company issued senior notes with total principal of US\$500,000,000 at a fixed interest rate of 5.20% due on 30 January 2025.

On 15 October 2018, the Company issued senior notes with total principal of US\$250,000,000 at a fixed interest rate of 6.38% due on 15 October 2021.

On 17 December 2018, the Company issued senior notes with total principal of US\$570,000,000 at a fixed interest rate of 6.38% due on 15 October 2021.

On 21 February 2019, the Company issued senior notes with total principal of US\$1,000,000,000 at a fixed interest rate of 6.13% due on 21 February 2024.

On 15 July 2019, the Company issued senior notes with total principal of US\$1,000,000,000 at a fixed interest rate of 5.60% due on 16 July 2026.

On 13 July 2020, the Company issued senior notes with total principal of US\$300,000,000 at a fixed interest rate of 4.60% due on 13 July 2030.

On 12 January 2021, the Company issued senior notes with total principal of US\$872,000,000 at a fixed interest rate of 3.45% due on 11 January 2031.

On 30 April 2021, the Company issued senior notes with total principal of US\$700,000,000 at a fixed interest rate of 4.50% due on 28 April 2022.

16 Borrowings (CONTINUED)

Notes (continued):

- (vi) On 17 December 2018, Shanghai Shimao issued medium-term notes with total principal of RMB1,000,000,000 at a fixed interest rate of 5.00%. Shanghai Shimao shall be entitled to adjust the interest rate at the end of second year whereas the investors shall be entitled to sell back in whole or in part of medium-term notes on 17 December 2020. On 17 December 2020, Shanghai Shimao redeemed medium-term notes with total principal of RMB970,000,000 at a fixed interest rate of 5.00%. The total redemption price paid was RMB1,020,000,000, including the principal amount of RMB970,000,000 plus accrued and unpaid interest of RMB50,000,000. The remaining medium-term notes with total principal of RMB30,000,000 will be due on 17 December 2021 at a fixed interest rate of 4.50%.
- On 21 October 2019, Shanghai Shimao issued medium-term notes with total principal of RMB1,000,000,000 at a fixed interest rate of 4.24% due on 21 October 2022.
- On 9 January 2020, Shanghai Shimao issued medium-term notes with total principal of RMB500,000,000 at a fixed interest rate of 4.12% due on 9 January 2023.
- On 16 March 2021, Shanghai Shimao issued medium-term notes with total principal of RMB970,000,000 at a fixed interest rate of 5.15% due on 16 March 2023.
- On 6 May 2021, Shanghai Shimao issued medium-term notes with total principal of RMB640,000,000 at a fixed interest rate of 5.50% due on 6 May 2023.
- On 4 February 2021, Shanghai Shimao early redeemed medium-term notes with total principal of RMB800,000,000 at a fixed interest rate of 6.43% due on 7 February 2021.
- On 4 March 2021, Shanghai Shimao early redeemed medium-term notes with total principal of RMB700,000,000 at a fixed interest rate of 6.33% due on 8 March 2021.
- (vii) On 15 October 2015, Shimao Jianshe issued long-term bonds with total principal of RMB1,400,000,000 at a fixed interest rate of 4.15%. Shimao Jianshe shall be entitled to adjust the interest rate at the end of fifth year whereas the investors shall be entitled to sell back in whole or in part of long-term bonds on 15 October 2020. On 16 October 2020, Shimao Jianshe redeemed long-term bonds with total principal of RMB865,801,000 at a fixed interest rate of 4.15%. The total redemption price paid was RMB923,901,000, including the principal amount of RMB865,801,000 plus accrued and unpaid interest of RMB58,100,000. The remaining long-term bonds with total principal of RMB534,199,000 will be due on 16 October 2022 at a fixed interest rate of 4.15%.
- On 15 January 2019, Shanghai Shimao issued the first phase of long-term bonds with aggregate principal amount of RMB2,000,000,000 at a fixed interest rate of 4.65% due on 15 January 2022. On 19 March 2019, Shanghai Shimao issued second phase of long-term bonds with aggregate principal amount of RMB1,000,000,000 at a fixed interest rate of 4.64% due on 19 March 2022. On 22 May 2019, Shanghai Shimao issued the third phase of long-term bonds with aggregate principal amount of RMB500,000,000 at a fixed interest rate of 4.15% due on 22 May 2022.
- On 18 September 2019, Shimao Jianshe issued the first phase of long-term bonds with aggregate principal amount of RMB1,000,000,000 at a fixed interest rate of 4.30% due on 18 September 2022. On 11 November 2019, Shimao Jianshe issued the second phase of long-term bonds with aggregate principal amount of RMB1,000,000,000 at a fixed interest rate of 4.80% due on 11 November 2024. On 11 November 2019, Shimao Jianshe issued the third phase of long-term bonds with aggregate principal amount of RMB900,000,000 at a fixed interest rate of 4.30% due on 11 November 2022.
- On 5 March 2020, Shanghai Shimao issued the first phase of long-term bonds with aggregate principal amount of RMB2,000,000,000 at a fixed interest rate of 3.60% due on 5 March 2023. On 7 July 2020, Shanghai Shimao issued the second phase of long-term bonds with aggregate principal amount of RMB1,000,000,000 at a fixed interest rate of 3.76% due on 7 July 2022. On 1 September 2020, Shanghai Shimao issued the third phase of long-term bonds with aggregate principal amount of RMB500,000,000 at a fixed interest rate of 3.99% due on 1 September 2022. On 24 September 2020, Shanghai Shimao issued the fourth phase of long-term bonds with aggregate principal amount of RMB500,000,000 at a fixed interest rate of 3.94% due on 24 September 2022.
- On 25 March 2020, Shimao Jianshe issued the first phase of long-term bonds with aggregate principal amount of RMB1,700,000,000 at a fixed interest rate of 3.23% due on 24 March 2023 and RMB2,800,000,000 at a fixed interest rate of 3.90% due on 25 March 2025. On 11 May 2020, Shimao Jianshe issued the second phase of long-term bonds with aggregate principal amount of RMB3,100,000,000 at a fixed interest rate of 3.20% due on 11 May 2023. On 27 August 2020, Shimao Jianshe issued the third phase of long-term bonds with aggregate principal amount of RMB2,700,000,000 at a fixed interest rate of 3.90% due on 27 August 2023.

For the six months ended 30 June 2021

16 Borrowings (CONTINUED)

Notes (continued):

(viii) On 3 August 2016 and 22 September 2016, the Company issued domestic corporate bonds with total principal of RMB540,000,000 and RMB1,200,000,000 at a fixed interest rate of 4.3% and 4.1% due on 3 August 2021 and 22 September 2021.

On 31 July 2019, the Company adjusted the interest rate of domestic corporate bonds with total principal of RMB540,000,000 from 4.3% to 4.6%. On 21 September 2019, the Company adjusted the interest rate of domestic corporate bonds with total principal of RMB1,200,000,000 from 4.1% to 4.9%.

On 31 July 2020, the Company early redeemed domestic corporate bonds with total principal of RMB100,000,000 at a fixed interest rate of 4.6%, which was originally due on 31 July 2021. The total redemption price paid was RMB104,600,000 including the principal amount of RMB100,000,000 plus accrued and unpaid interest of RMB4,600,000.

On 17 September 2020, the Company early redeemed domestic corporate bonds with total principal of RMB900,000,000 at a fixed interest rate of 4.9% which was originally due on 22 September 2021. The total redemption price paid was RMB944,100,000 including the principal amount of RMB900,000,000 plus accrued and unpaid interest of RMB44,100,000.

On 14 January 2021, the Company redeemed domestic corporate bonds with total principal of RMB4,000,000,000 at a fixed interest rate of 6.9% which was originally due on 14 January 2021.

(ix) On 19 January 2020, Shanghai Shimao issued the first phase of private placement notes with aggregate principal amount of RMB500,000,000 at a fixed interest rate of 4.50% due on 19 January 2023. On 26 April 2020, Shanghai Shimao issued the second phase of private placement notes with aggregate amount of RMB500,000,000 at a fixed interest rate of 3.70% due on 26 April 2023.

As at 30 June 2021, borrowings with a total carrying amount of RMB54,997,410,000, RMB27,073,603,000 and RMB823,835,000 are denominated in US dollar, HK dollar and Japanese Yen, respectively. (2020: RMB50,052,429,000, RMB27,703,827,000 and RMB891,628,000)

17 Trade and Other Payables

	30 June 2021 RMB'000	31 December 2020 RMB'000
Trade payables (Note (a))	87,404,158	82,025,056
Other payables (Note (b))	6,310,382	7,458,732
Other taxes payable	12,140,700	10,206,828
Accrued expenses	2,414,442	2,815,826
	108,269,682	102,506,442

Notes:

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

	30 June 2021 RMB'000	31 December 2020 RMB'000
Within 90 days	86,978,014	81,639,538
Over 90 days and within 1 year	426,144	385,518
	87,404,158	82,025,056

(b) As at 30 June 2021, other payables mainly included deposits received from customers amounted to RMB3,342,913,000 (31 December 2020: RMB4,531,548,000). Besides this, the residual amounts mainly included payables for equity interest, deposits from constructors and fees collected from customers on behalf of government agencies.

For the six months ended 30 June 2021

18 Amounts Due to Related Parties

	30 June 2021 RMB'000	31 December 2020 RMB'000
Joint ventures	15,860,692	22,496,606
Associated companies	7,966,760	6,645,195
Non-controlling interests	11,694,633	15,229,370
	35,522,085	44,371,171

Amounts due to non-controlling interests represent funds injected by the non-controlling shareholders for the development of properties.

The balances due to related parties are unsecured, interest-free and have no fixed repayment terms.

19 Expenses by Nature

Expenses included in cost of sales, selling and marketing costs, administrative expenses, provision for impairment losses on financial assets and other operating expenses are analysed as follows:

	Six months ended 30 June	
	2021 RMB'000	2020 RMB'000
Cost of properties sold and others	51,482,578	44,572,191
Including: interests capitalised	3,445,650	2,986,281
land and construction cost	44,954,689	40,652,827
Staff costs – including directors' emoluments	1,563,073	1,435,728
Advertising, promotion and commission costs	1,960,895	998,259
Corporate and office expenses	597,338	569,296
Taxes and surcharges on sales of properties	389,029	385,293
Depreciation and amortisation (Note 6)	428,991	365,422
Direct expenses arising from hotel operation	807,727	352,941
Consulting fee	408,602	299,759
Depreciation and amortisation of right-of-use assets (Note 7)	76,866	114,179
(Reversal of)/provision for impairment losses on completed properties held for sale	(37,966)	67,512
Charitable donations	37,552	61,609
Auditor's remuneration	7,000	7,000
Provision for impairment losses on financial assets	398,596	1,414
Others	269,848	361,762
Total cost of sales, selling and marketing costs, administrative expenses, provision for impairment losses on financial assets and other operating expenses	58,390,129	49,592,365

For the six months ended 30 June 2021

20 Other Income/Other Gains – Net

	Six months ended 30 June	
	2021 RMB'000	2020 RMB'000
Other income		
Government grants received	139,098	76,585
Other gains – net		
Net gains on acquisition of subsidiaries (Note 27(a))	3,377	195,813
Forfeit deposits and contract termination income (Note)	24,016	33,578
Gains on disposal of subsidiaries (Note 27(b))	66,806	13,467
Gains on investment in structured products issued by banks	–	4,107
(Losses)/gains on financial assets at FVPL	(1,669)	2,660
Losses on disposal of an associated company	–	(38)
Losses on closure of joint ventures	–	(455)
Gains/(losses) on derivative financial instruments	14,206	(14,748)
Gains/(losses) on disposal of joint ventures (Note 8(b))	14,192	(20,712)
Others	23,347	63,228
	144,275	276,900
	283,373	353,485

Note:

This represents forfeit deposits and contract termination income received from property buyers who do not execute sales and purchase agreements on property sales or from tenants who early terminate tenancy agreements.

21 Finance (Income)/Costs – Net

	Six months ended 30 June	
	2021 RMB'000	2020 RMB'000
Finance income		
– interest income on short-term bank deposits	(565,098)	(560,549)
– net foreign exchange gain (Note)	(743,327)	–
Finance income	(1,308,425)	(560,549)
Interest on borrowings from banks and other financial institutions		
– wholly repayable within five years	3,641,338	3,361,047
– not wholly repayable within five years	137,096	153,757
Interest on senior notes		
– wholly repayable within five years	890,365	757,089
– not wholly repayable within five years	138,312	200,345
Interest charges paid/payable for lease liabilities		
– wholly repayable within five years	2,341	6,370
	4,809,452	4,478,608
Net foreign exchange losses	–	1,304,103
Less: interest and foreign exchange losses capitalised	(3,890,198)	(4,508,471)
Finance costs	919,254	1,274,240
Net finance (income)/costs	(389,171)	713,691

Note:

Net foreign exchange gain mainly represents gain on translation of foreign currency borrowings.

For the six months ended 30 June 2021

22 Income Tax Expense

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
Current income tax		
– PRC enterprise and withholding income tax	3,322,449	3,492,971
– PRC land appreciation tax	3,104,578	3,145,942
	6,427,027	6,638,913
Deferred income tax		
– PRC enterprise and withholding income tax	469,019	321,881
	6,896,046	6,960,794

(a) Hong Kong profits tax

No Hong Kong profits tax has been provided for as the Group has no estimated assessable profit in Hong Kong for the period.

(b) PRC enterprise income tax

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

(c) PRC land appreciation tax

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

(d) PRC withholding income tax

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

Gain on disposal of an investment in the PRC by overseas holding companies may also be subject to a 10% withholding tax.

23 Dividends

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
Final dividends payable of HK110 cents (2019: HK85 cents) per ordinary share (Note (a))	3,238,090	2,746,633
Declared interim dividends of HK70 cents (2020: HK70 cents) per ordinary share (Note (b))	2,057,036	2,225,530
	5,295,126	4,972,163

23 Dividends (CONTINUED)

Notes:

- (a) A final dividend in respect of the year ended 31 December 2020 of HK90 cents per ordinary share and a special dividend of HK20 cents per ordinary share, amounting to approximately HK\$3,537,697,000 (equivalent to RMB3,238,090,000) was proposed at the Company's board meeting held on 30 March 2021, and was approved at the annual general meeting of the Company held on 8 June 2021.
- (b) An interim dividend in respect of the six months ended 30 June 2020 of HK60 cents per ordinary share and a special dividend of HK10 cents per ordinary share, amounting to approximately HK\$2,476,388,000 (equivalent to RMB2,192,099,000) was paid in September 2020.

At a meeting held on 30 August 2021, the Board declared an interim dividend of HK70 cents per ordinary share for the six months ended 30 June 2021, amounting to approximately HK\$2,473,588,000 (equivalent to RMB2,057,036,000). The declared interim dividends will be payable in cash or in form of shares of the Company in respect of part or all of such dividends at shareholders' option.

This declared dividend is not reflected as a dividend payable in this condensed consolidated financial information.

24 Earnings Per Share

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

	Six months ended 30 June 2021	2020
Profit attributable to the equity holders of the Company (RMB'000)	6,282,755	5,265,571
Weighted average number of ordinary shares in issue (thousands)	3,528,965	3,451,115
Basic earnings per share (RMB cents)	178.03	152.58

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares in issue for the potential dilutive effect caused by the shares granted under the Share Scheme assuming they were exercised.

	Six months ended 30 June 2021	2020
Profit attributable to the equity holders of the Company (RMB'000)	6,282,755	5,265,571
Weighted average number of ordinary shares in issue (thousands)	3,528,965	3,451,115
Adjustments for shares granted under the Share Scheme (thousands)	4,783	5,252
Weighted average number of ordinary shares for diluted earnings per share (thousands)	3,533,748	3,456,367
Diluted earnings per share (RMB cents)	177.79	152.34

25 Contingencies and Financial Guarantee Contracts

- (a) The Group had the following contingent liabilities:

	30 June 2021 RMB'000	31 December 2020 RMB'000
Guarantees in respect of mortgage facilities for certain purchasers	26,461,454	24,376,406

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 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 outstanding mortgage principals together with the accrued interest and penalty. No provision has been made for the guarantees in the condensed consolidated financial statements.

25 Contingencies and Financial Guarantee Contracts (CONTINUED)

(b) The Group had the following financial guarantee liabilities:

	Year of maturity	30 June 2021 RMB'000	31 December 2020 RMB'000
Guarantees in respect of borrowings	2021-2024	13,013,356	11,486,391

Note:

The Group mainly provided guarantees in proportion of its respective equity interests in certain joint ventures and associated companies for their borrowings. 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

A bank filed a litigation against Shanghai Shimao, a subsidiary of the Company, alleging that Shanghai Shimao should repay the principal and interest of the borrowings in a total amount of approximately RMB390,000,000 on behalf of Hangzhou Shimao Century Property Co., Ltd. ("Hangzhou Shimao"), an associated company of Shanghai Shimao, since Hangzhou Shimao was in financial difficulty and Shanghai Shimao once provided guarantee in respect to its borrowings. The provision charge amounting to approximately RMB53,210,000 has been recognised in profit or loss within 'Other income/other gains – net' during the year ended 31 December 2016. As at 30 June 2021, the legal litigation is still in trial process. In light of the legal advice obtained by the Group, the outcome of this legal litigation will not give rise to any significant loss beyond the estimated amounts provided as at 30 June 2021 and 31 December 2020. No more provision has been accrued or reversed during the six months ended 30 June 2021.

For other outstanding litigation against the Group as at 30 June 2021, it is expected that they would not have significant impact to the Group.

26 Commitments

Commitments for capital and property development expenditure

	30 June 2021 RMB'000	31 December 2020 RMB'000
Contracted but not provided for		
– Properties being developed for sale	47,691,213	46,323,531
– Land use rights (including those related to associated companies and joint ventures)	13,719,627	10,545,643
– Property and equipment and investment properties	1,674,577	1,573,524
	63,085,417	58,442,698

27 Significant Acquisition or Disposal of Subsidiaries and Transactions With Non-Controlling Interests

(a) Acquisition of subsidiaries

For the six months ended 30 June 2021, the Group acquired additional equity interests of a joint venture of the Group, at a consideration of RMB65,400,000. After the acquisition, the Group gained control over this company pursuant to the revised articles of association. The fair value of the investment in the joint venture was RMB1,598,923,000 before the acquisition. The purchase resulted in a net cash outflow of RMB30,598,000.

For the six months ended 30 June 2021, the Group acquired the equity interests in several companies, at a consideration of RMB767,559,000. The Group gained control over these companies pursuant to the revised articles of association. The purchase resulted in a net cash outflow of RMB730,972,000.

The following table summarises the consideration paid, the fair value of assets acquired, liabilities assumed and the non-controlling interests at the acquisition date.

	RMB'000
Total purchase consideration	
Cash consideration paid	832,959
Fair value of investments in joint ventures held before business combinations	1,598,923
	2,431,882
Total recognised amounts of identifiable assets acquired and liabilities assumed:	
Cash and cash equivalents	71,389
Properties under development	9,116,954
Trade and other receivables and prepayments	1,026,855
Property and equipment (Note 6)	106,655
Intangible assets (Note 6)	230,000
Other current assets	49,756
Deferred income tax assets	169
Borrowings	(3,392)
Contract liabilities	(69,832)
Trade and other payables	(6,659,023)
Deferred income tax liabilities	(38,700)
	3,830,831
Total identifiable net assets	3,830,831
Non-controlling interests	(1,772,031)
Goodwill (Note 6)	376,459
	2,435,259
Gains on acquisition (Note 20)	3,377
Outflow of cash to acquire business, net of cash acquired	
Cash consideration paid	(832,959)
Cash and cash equivalents in the entities acquired	71,389
	(761,570)
Net cash outflow from acquisition	(761,570)

27 Significant Acquisition or Disposal of Subsidiaries and Transactions With Non-Controlling Interests (CONTINUED)

(b) Disposal of subsidiaries with loss of control and remaining interest retained as joint venture

For the six months ended 30 June 2021, the Group lost control of certain subsidiaries. The disposal resulted in a net cash inflow of RMB148,896,000 and net gains of RMB66,806,000.

Net assets disposed and reconciliation of disposal gains and cash inflow on disposal are as follow:

	RMB'000
Cash and cash equivalents	4,389
Trade and other receivables and prepayments	57,017
Property and equipment (Note 6)	42,464
Income tax payable	(4)
Deferred income tax liabilities	(1,816)
Trade and other payables	(3,480)
Total identifiable net assets	98,570
Non-controlling interests	(12,091)
Net assets attribute to the equity holders of the Company	86,479
Total consideration	153,285
Net assets disposed	(86,479)
Disposal gains (Note 20)	66,806
Total consideration	153,285
Less: Cash and cash equivalents in the entities disposed	(4,389)
Net cash inflow due to disposal	148,896

(c) Transaction with non-controlling interests

(i) Capital contribution from non-controlling interests

For the six months ended 30 June 2021, non-controlling interests made several capital injections into the Group with total consideration of RMB5,116,674,000, which was equal to the carrying amount of non-controlling interests acquired on the date of acquisition.

(ii) Changes in ownership interests in subsidiaries without change of control

For the six months ended 30 June 2021, the Group acquired additional interests in the subsidiaries for a net consideration of RMB1,650,914,000. The Group recognized a decrease in non-controlling interests of RMB1,540,186,000 and a decrease in equity attributable to the equity holders of the Company of RMB110,728,000. The effect of changes in the ownership interest of the Group on the equity attributable to the equity holders of the Company during the period is summarized as follows:

	The date of acquisition RMB'000
Carrying amount of non-controlling interests acquired	1,540,186
Consideration paid in current period to non-controlling interests	(1,650,914)
Excess of consideration paid recognized in equity	(110,728)

28 Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, control the other party or exercise significant influence over the other party in making financial and operation decisions. Parties are also considered to be related if they are subject to common control.

The Group is controlled by Gemfair Investments Limited (incorporated in the British Virgin Islands), which owns 55.064% of the Company's shares. The ultimate controlling person of the Group is Mr. Hui Wing Mau.

- (a) Other than those disclosed elsewhere in this interim condensed consolidated financial information, the Group had entered into the following major related party transactions during the period:

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
Construction material sold to related companies	52,495	41,139
Brand management fee income	154,661	119,133
	207,156	160,272

- (b) Key management compensation

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
Emoluments		
– Salaries and other short-term employee benefits	9,619	9,265
– Retirement scheme contributions	140	70
	9,759	9,335



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