



2025

INTERIM REPORT 中期報告

SHIMAO GROUP HOLDINGS LIMITED

世茂集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(於開曼群島註冊成立之有限公司)

Stock Code 股份代號: 813

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# CORPORATE INFORMATION

## Board of Directors

### Executive Directors

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

### Non-executive Directors

Hui Mei Mei, Carol  
Shao Liang

### Independent Non-executive Directors

Lyu Hong Bing  
Lam Ching Kam  
Fung Tze Wa

### Audit Committee

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

### Remuneration Committee

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

### Nomination Committee

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

## Company Secretary

Lam Yee Mei, Katherine

### Auditor

ZHONGHUI ANDA CPA Limited

## Principal Place of Business in Hong Kong

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Lippo Centre  
89 Queensway  
Hong Kong  
Telephone: (852) 2511 9968  
Facsimile: (852) 2511 0287  
Website: [www.shimaogroup.hk](http://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  
17/F, Far East Finance Centre  
16 Harcourt Road  
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](mailto:ir@shimaogroup.com)

# CHAIRMAN'S STATEMENT

**Dear shareholders,**

I hereby represent Shimao Group Holdings Limited (“Shimao Group”, “Shimao” or the “Company”) and its subsidiaries (collectively, the “Group”) to present the interim results of the Group for the six months ended 30 June 2025.

## Market and Outlook

In the first half of 2025, the real estate industry kept up its momentum to “reverse the downturn and stabilize the market” under the dual influences of policy support and market adjustments. In terms of policy, the central and local governments are working in concert to continuously refine measures and establish a new real estate development model centering on “reducing existing inventory and improving new supply”. Through a series of progressive policy initiatives, they are guiding the industry toward soft landing. In particular, the central government intensified the demand-side stimulus policies, including further lifting purchase restrictions, lowering down payment ratios, and promoting the implementation of “trade-in” policies to effectively unlock housing consumption potential. Simultaneously, a real estate relief fund was established to support project mergers and acquisitions, thereby mitigating industry risks.

Monetary policy also continued to stay accommodative. In May 2025, the central bank lowered the Loan Prime Rate (LPR) for loans over five years to 3.5%, while reducing the interest rate for first-home public housing fund loans to 2.6%. As both rates hit historic lows, financing costs were effectively lowered for homebuyers, injecting more liquidity into the market. At the State Council’s executive meeting held in June, the direction was further clarified by calling for “greater efforts to reverse the downturn and stabilize the market”, where four key tasks were expressly highlighted: “stabilizing expectations, stimulating demand, improving supply, and mitigating risks”, providing clear guidance for subsequent policy implementation.

From a market performance perspective, both supply and demand sides of the real estate market continued to recover in the first half of the year, with fundamentals showing signs of marginal improvement. However, the pace of market recovery was still slow as the real estate stimulus policies showed diminishing marginal effects. Looking ahead to the second half of the year, policy support is expected to remain in place, and a new window for policy easing may emerge. Nevertheless, full restoration of market confidence does not happen overnight, and the deep optimization of supply-demand dynamics requires time. Guided by policy direction and market self-regulation, the industry will gradually and smoothly transition toward a phase of high-quality development.

## Operational Strategy

Facing the accelerated evolution of changing market landscape, Shimao Group practiced its development philosophy of “quality houses, quality products, quality services” in 2025. Building upon existing resources, Shimao Group fixed its development direction to focus on cultivating core competencies and actively exploring new growth opportunities. On the product front, centered around the “quality houses” standard, Shimao Group comprehensively integrated resources to ensure quality delivery. By refining product details that target customer needs, it adopted a dual-pronged approach from “delivery assurance” to “demand matching”, thereby reshaping product competitiveness. Shimao Group simultaneously upgraded its service and operational capabilities. On one hand, it deepened its expertise in specialized property service segments, enhancing its competitive edges through quality improvements. On the other hand, it optimized asset operational efficiency, elevated the customer experience throughout the entire lifecycle, intensified the rollout of the asset-light model, and expanded the boundaries of the service value. On this basis, the Group further promoted the cooperation of diversified businesses. Leveraging its diversified industrial layout, it fostered collaborative development across businesses, injecting fresh momentum into holistic growth.

## CHAIRMAN'S STATEMENT

With respect to production and operation, the Group continued to take on prudent business strategies and established its dual-core strategy of “tapping into existing potential and enhancing product quality” in the first half of 2025: for tapping into existing potential, it strengthened the refined management over existing projects through measures such as asset inventory, disposal of inefficient assets, and optimization of development pace to revitalize existing land resources and concentrate resources on restarting high-quality land reserves, which continued to maintain and increase production added value and maximize the asset values. For enhancing product quality, the Group firmly drew upon the new quality productive forces to empower residential development, with product quality improvement as the core focus. The Group centered on what customers really need to develop market-competitive products that are recognized by them. Despite market confidence was yet to fully restore, the Group achieved contracted sales of RMB13.523 billion during the period, with a total contracted area of 1.109 million sq.m.. In the second half of the year, the Group will bear in mind its aspiration and operation philosophy of “providing quality products and services” by strengthening its basic essentials and create new growth areas under the development model of “One Core with Two Wings”.

With respect to financial management, the Group prioritized strengthening meticulous control over cash flow: dynamically monitoring its cash flow balance and fund balance, rigorously reviewing the reasonableness of funds utilization, prioritizing the allocation of funds needed for project delivery, so as to provide support for the orderly advancement of production and operations. Concurrently, Shimao has been actively pushing forward the restructuring of the onshore and offshore indebtedness and solving the debt issues through communications and negotiations with its creditors, achieving breakthroughs in resolving its debt obligations: on 25 March 2024, the Group announced a detailed offshore restructuring proposal, which was sanctioned by an order made by the High Court of Hong Kong on 13 March 2025 and came into effect on 21 July 2025. This not only created the best possible operation conditions for the Company, but also protected the interests of all investors in a fair manner.

### **Collaborative Development of Diversified Businesses**

In the first half of 2025, all the Group's business sectors grew in a synergetic manner. Under the development model of “One Core with Two Wings”, Shimao promoted effective integration and synergistic development across all business segments.

In respect of property management business, Shimao Services Holdings Limited (“Shimao Services”) focused on market expansion as its core mission, made solid progress and strived for advancement. Shimao Services recorded revenue of RMB3.6198 billion, gross profit of RMB0.709 billion and profit for the period of RMB22.26 million for the interim period. The gross floor area (“GFA”) under management amounted to 0.2223 billion sq.m. and the contracted GFA amounted to 0.3434 billion sq.m.. In the future, Shimao Services will transform service professionalism into a business barrier, human connections into ecosystem development momentum, and spatial operations into value creation, in a bid to truly achieve the transformation from property manager to integrated service provider, and secure a leading position in the industry development.

In respect of hotel business, with flexible pricing strategies and expansion of overseas customer base, Shimao hotels maintained stable operating fundamentals: average occupancy rate for the first half of 2025 was 67%, remaining stable compared to the same period in 2024; total revenue was RMB1.057 billion, representing a year-to-year decrease of 1.6%. Shimao hotels continued to strengthen service quality and anchored medium- to long-term growth through product innovation. Shimao hotels have further enriched their product portfolios this year by introducing new offers such as nationwide redemption cards for buffet breakfasts and buffet lunches/dinners. Concurrently, Shimao hotels were focusing on their retail business, developing and launching products with high quality-price ratio to meet a broader range of consumer needs while optimizing the hotels' revenue structure and driving revenue growth.

## CHAIRMAN'S STATEMENT

In respect of commercial and entertainment business, for the Company's commercial projects under management in the first half of 2025, the foot traffic increased 5% as compared with the same period last year, and the occupancy rate remained stable. With the further segmentation of offline consumption formats, the Company is actively exploring and reconstructing diversified commercial spaces and composite functions to create new commercial highlights. At the same time, its entertainment projects under management have revitalized their operations and achieved revenue growth from multiple channels by way of, among others, entertainment content updates, online marketing promotion, increase in media spending and crossover with other industries. In addition to focusing on enhancing the operational capabilities of its own projects, the Company is also actively shifting towards an asset-light business layout. In the future, Shimao commercial will seize the opportunities from favorable policy and continue to take cash flow as core by strengthening rent collection and optimizing cost structure. For city park projects, the focus will be on key marketing events, cross-industry expansion and the merchandise development, aiming to surpass revenue target.

**Appreciation**

On behalf of the Board, I would like to thank our shareholders, customers, partners and governments at all levels 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 understanding and assistance and walking with Shimao. In the first half of 2025, we advanced the development of diversified business system and actively explored new models for real estate business development. In the second half of 2025, Shimao will continuously enhance the competitiveness of its project offerings to create greater value for customers. We will maintain strategic resolve with renewed vigor and determination, embark on this new journey with unwavering confidence in victory, and contribute even more to industry development and customer needs.

**Hui Sai Tan, Jason***Chairman and President*

Hong Kong, 27 August 2025

# MANAGEMENT DISCUSSION AND ANALYSIS

## Business Review

### Property Development

#### 1) *Recognized Sales Revenue*

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

#### 2) *Contracted Sales Performance*

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

#### 3) *Revitalizing resources and making prudent operations*

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

#### 4) *Enhance competitiveness to ensure delivery*

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

## MANAGEMENT DISCUSSION AND ANALYSIS

**Property Management**

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

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

In the first half of 2025, Shimao Services focused on market expansion as its core mission, made solid progress and strived for advancement. Shimao Services recorded revenue of RMB3.6198 billion, gross profit of RMB0.709 billion and profit for the period of RMB22.26 million for the interim period. The gross floor area ("GFA") under management amounted to 0.2223 billion sq.m. and the contracted GFA amounted to 0.3434 billion sq.m..

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

**Hotel Operation**

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

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

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

## MANAGEMENT DISCUSSION AND ANALYSIS

## Commercial Properties Operation

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

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

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

## Financial Analysis

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

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

## Revenue

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

## MANAGEMENT DISCUSSION AND ANALYSIS

The components of the revenue are set out as follows:

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

\* The income does not include revenue from the Group.

**(i) Sales of Properties**

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

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

## MANAGEMENT DISCUSSION AND ANALYSIS

**(ii) Hotel Income**

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

Hotel operation income is analysed as follows:

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

## MANAGEMENT DISCUSSION AND ANALYSIS

**(iii) Commercial Properties Operation Income**

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

Commercial properties operation income is analysed as follows:

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

**(iv) Property Management Income, and Others**

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

**Cost of Sales**

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

## MANAGEMENT DISCUSSION AND ANALYSIS

### Gross Profit Margin

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

### Fair Value Losses on Investment Properties – Net

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

### Other Income/Other Gains or (Losses) – Net

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

### Selling and Marketing Costs and Administrative Expenses

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

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

### Provision for Impairment on Financial Assets

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

### Impairment Losses on Intangible Assets

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

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

### Finance Costs – Net

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

### Taxation

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

## MANAGEMENT DISCUSSION AND ANALYSIS

**Loss Attributable to Equity Holders of the Company**

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

**Liquidity and Financial Resources**

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

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

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

**Foreign Exchange Risks**

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

The Group has been paying closely attention to the fluctuation of the foreign exchange rate and will take measures to mitigate the risk of exchange rate fluctuation if necessary.

**Pledge of Assets**

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

**Capital and Property Development Expenditure Commitments**

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

**Employees and Remuneration Policy**

As of 30 June 2025, the Group employed a total of 40,141 employees, among whom 816 were engaged in property development. Total remuneration for the period amounted to approximately RMB2.189 billion. The Group has adopted a performance-based rewarding system to motivate its staff. The board of directors of the Company (the "Board") adopted two share award schemes (the "Share Award Schemes") of the Company on 30 December 2011 and 3 May 2021 (the "2021 Shimao Group Share Award Scheme") respectively, and the 2021 Shimao Group Share Award Scheme was terminated on 3 May 2024. The board of directors of Shimao Services also adopted a share award scheme (the "Shimao Services Share Award Scheme") of Shimao Services on 28 June 2021. The purpose of the Share Award Schemes and the Shimao Services Share Award Scheme is to recognize the contributions by certain selected employees of the Group and to provide them with incentives in order to retain them for the continual operation and development of the Group and to attract suitable personnel for further development of the Group. In relation to staff training, the Group also provides different types of programs for its staff to improve their skills and develop their respective expertise.

# CORPORATE GOVERNANCE AND OTHER INFORMATION

## Share Award Schemes

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

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

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

### 1. 2011 Shimao Group Share Award Scheme

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

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

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

## CORPORATE GOVERNANCE AND OTHER INFORMATION

During the six months ended 30 June 2025, no Shimao Group Share was granted, vested, lapsed or cancelled under the 2011 Shimao Group Share Award Scheme. Details of the movement of Shimao Group Shares granted under the 2011 Shimao Group Share Award Scheme during the six months ended 30 June 2025 are set out below:

|                                 |                                   | Number of Shimao Group Shares             |                                 |                                |                                              |                                         |
|---------------------------------|-----------------------------------|-------------------------------------------|---------------------------------|--------------------------------|----------------------------------------------|-----------------------------------------|
|                                 |                                   | Outstanding<br>as at<br>1 January<br>2025 | Granted<br>during the<br>period | Vested<br>during the<br>period | Lapsed/<br>cancelled<br>during the<br>period | Outstanding<br>as at<br>30 June<br>2025 |
| Name of grantees                | Date of grant                     |                                           |                                 |                                |                                              |                                         |
| <b>Directors</b>                |                                   |                                           |                                 |                                |                                              |                                         |
| Hui Sai Tan, Jason              | 15 April 2020 <sup>(Note 1)</sup> | 64,168                                    | –                               | –                              | –                                            | 64,168                                  |
|                                 | 15 April 2021 <sup>(Note 2)</sup> | 55,325                                    | –                               | –                              | –                                            | 55,325                                  |
|                                 |                                   | 119,493                                   | –                               | –                              | –                                            | 119,493                                 |
| Xie Kun                         | 15 April 2020 <sup>(Note 1)</sup> | 48,445                                    | –                               | –                              | –                                            | 48,445                                  |
|                                 | 15 April 2021 <sup>(Note 2)</sup> | 208,059                                   | –                               | –                              | –                                            | 208,059                                 |
|                                 |                                   | 256,504                                   | –                               | –                              | –                                            | 256,504                                 |
| Shao Liang                      | 15 April 2020 <sup>(Note 1)</sup> | 32,680                                    | –                               | –                              | –                                            | 32,680                                  |
|                                 | 15 April 2021 <sup>(Note 2)</sup> | 28,708                                    | –                               | –                              | –                                            | 28,708                                  |
|                                 |                                   | 61,388                                    | –                               | –                              | –                                            | 61,388                                  |
| Sub-total                       |                                   | 437,385                                   | –                               | –                              | –                                            | 437,385                                 |
| Other Employees of<br>the Group | 15 April 2020 <sup>(Note 1)</sup> | 345,940                                   | –                               | –                              | –                                            | 345,940                                 |
|                                 | 15 April 2021 <sup>(Note 2)</sup> | 1,729,765                                 | –                               | –                              | –                                            | 1,729,765                               |
| Sub-total                       |                                   | 2,075,705                                 | –                               | –                              | –                                            | 2,075,705                               |
| <b>Total</b>                    |                                   | <b>2,513,090</b>                          | <b>–</b>                        | <b>–</b>                       | <b>–</b>                                     | <b>2,513,090</b>                        |

## CORPORATE GOVERNANCE AND OTHER INFORMATION

## Notes:

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

Since the Adoption Date I and up to 30 June 2025, a total of 48,751,338 Shimao Group Shares had been granted under the 2011 Shimao Group Share Award Scheme, representing approximately 1.41% of the total number of issued Shimao Group Shares as at Adoption Date I. The number of Shimao Group Shares available for future grant under the 2011 Shimao Group Share Award Scheme was 20,567,678 Shimao Group Shares, representing approximately 0.26% of the total number of issued Shimao Group Shares as at the date of this report.

## 2. 2021 Shimao Group Share Award Scheme

Another share award scheme of the Company (the “2021 Shimao Group Share Award Scheme”) was adopted by the Board on 3 May 2021 (the “Adoption Date II”). Unless terminated earlier by the Board, the 2021 Shimao Group Share Award Scheme is valid and effective for a term of three years commencing on the Adoption Date II. The participants of the 2021 Shimao Group Share Award Scheme include any employee (including directors, supervisors or senior management) of any member of the Group and Shimao Services Group.

The maximum number of shares which can be awarded under the 2021 Shimao Group Share Award Scheme is 0.3% of the shares of Shimao Services (the “Shimao Services Shares”) in issue as at the Adoption Date II (i.e. 7,091,919 Shimao Services Shares). The maximum number of Shimao Services Shares which may be subject to an award or awards to a selected employee under the 2021 Shimao Group Share Award Scheme must not exceed 0.3% of the total number of issued Shimao Services Shares as at the Adoption Date II (i.e. 7,091,919 Shimao Services Shares).

The number of Shimao Services Shares granted is determined based on the grantee’s position, experience, years of service, performance and contribution to the Group and Shimao Services Group. The Shimao Services Shares granted will automatically lapse if the grantee, among other things, terminates his/her service or employment relationship with the Group or Shimao Services Group and other circumstances as provided in accordance with the rules of the 2021 Shimao Group Share Award Scheme.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

During the six months ended 30 June 2025, no Shimao Services Share was granted, vested or cancelled under the 2021 Shimao Group Share Award Scheme. Details of the movement of the Shimao Services Shares granted under the 2021 Shimao Group Share Award Scheme during the six months ended 30 June 2025 are set out below:

| Name of grantees                                                             | Date of grant <sup>(Note 1)</sup> | Number of Shimao Services Shares |                           |                          |                                     | Outstanding as at 30 June 2025 |
|------------------------------------------------------------------------------|-----------------------------------|----------------------------------|---------------------------|--------------------------|-------------------------------------|--------------------------------|
|                                                                              |                                   | Outstanding as at 1 January 2025 | Granted during the period | Vested during the period | Lapsed/ cancelled during the period |                                |
| Employees of the Group<br>(including the employees of Shimao Services Group) | 10 May 2021                       | 33,381                           | –                         | –                        | (33,381) <sup>(Note 2)</sup>        | –                              |

Notes:

- Subject to the satisfaction of the vesting criteria and conditions of the 2021 Shimao Group Share Award Scheme, 60% of awarded Shimao Services Shares will be vested after 12 months from the date of grant and 40% of awarded Shimao Services Shares will be vested after 24 months from the date of grant. The closing price of the Shimao Services Shares immediately before the date on which the awards were granted was HK\$19.74 per share. The fair value of the awards at the date of grant was HK\$19.80 per share, based on the closing price of the Shimao Services Shares on that date.
- 33,381 Shimao Services Shares were lapsed during the period.

Since the Adoption Date II and up to 30 June 2025, a total of 6,865,821 Shimao Services Shares had been granted under the 2021 Shimao Group Share Award Scheme, representing approximately 0.29% of the total number of issued Shimao Services Shares as at Adoption Date II. As the 2021 Shimao Group Share Award Scheme was terminated on 3 May 2024, no further grant of Shimao Services Shares shall be made.

### 3. Shimao Services Shares Award Scheme

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

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

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

## CORPORATE GOVERNANCE AND OTHER INFORMATION

During the six months ended 30 June 2025, no Shimao Services Share was granted, vested or cancelled under the Shimao Services Share Award Scheme. Details of the movement of Shimao Services Shares granted under the Shimao Services Share Award Scheme during the six months ended 30 June 2025 are set out below:

|                                             |                                      | Number of Shimao Services Shares          |                                 |                                |                                              |                                         |
|---------------------------------------------|--------------------------------------|-------------------------------------------|---------------------------------|--------------------------------|----------------------------------------------|-----------------------------------------|
|                                             |                                      | Outstanding<br>as at<br>1 January<br>2025 | Granted<br>during the<br>period | Vested<br>during the<br>period | Lapsed/<br>cancelled<br>during the<br>period | Outstanding<br>as at<br>30 June<br>2025 |
| Name of grantees                            | Date of grant                        |                                           |                                 |                                |                                              |                                         |
| <b>Director of Shimao Services</b>          |                                      |                                           |                                 |                                |                                              |                                         |
| Cao Shiyang (resigned on<br>31 August 2025) | 16 November 2022 <sup>(Note 1)</sup> | 96,945                                    | –                               | –                              | –                                            | 96,945                                  |
|                                             | 19 June 2023 <sup>(Note 2)</sup>     | 127,907                                   | –                               | –                              | –                                            | 127,907                                 |
| Sub-total                                   |                                      | 224,852                                   | –                               | –                              | –                                            | 224,852                                 |
| Other Employees of Shimao<br>Services Group | 16 November 2022 <sup>(Note 1)</sup> | 1,247,511                                 | –                               | –                              | –                                            | 1,247,511                               |
|                                             | 19 June 2023 <sup>(Note 2)</sup>     | 2,153,356                                 | –                               | –                              | (55,390)                                     | 2,097,966                               |
| Sub-total                                   |                                      | 3,400,867                                 | –                               | –                              | (55,390)                                     | 3,345,477                               |
| <b>Total</b>                                |                                      | <b>3,625,719</b>                          | <b>–</b>                        | <b>–</b>                       | <b>(55,390)</b> <sup>(Note 3)</sup>          | <b>3,570,329</b>                        |

Notes:

1. Subject to the satisfaction of the vesting criteria and conditions of the Shimao Services Share Award Scheme, 60% of awarded Shimao Services Shares will be vested after 6 months from the date of grant and 40% of awarded Shimao Services Shares will be vested after 18 months from the date of grant. The closing price of the Shimao Services Shares immediately before the date on which the awards were granted was HK\$2.65 per Shimao Services Share. The fair value of the awards at the date of grant was HK\$2.29 per share, based on the closing price of the Shimao Services Shares on that date.
2. Subject to the satisfaction of the vesting criteria and conditions of the Shimao Services Share Award Scheme, 60% of awarded Shimao Services Shares will be vested after 12 months from the date of grant and 40% of awarded Shimao Services Shares will be vested after 24 months from the date of grant. The closing price of the Shimao Services Shares immediately before the date on which the awards were granted was HK\$1.74 per Shimao Services Share. The fair value of the awards at the date of grant was HK\$1.68 per share, based on the closing price of the Shimao Services Shares on that date.
3. 55,390 Shimao Services Shares were lapsed during the period.

Since the Adoption Date III and up to 30 June 2025, a total of 7,542,551 Shimao Services Shares have been granted under the Shimao Services Share Award Scheme, representing approximately 0.32% of the total number of issued Shimao Services Shares as at Adoption Date III. The number of Shimao Services Shares available for future grant under the Shimao Services Share Award Scheme was 63,376,639 Shimao Services Shares, representing approximately 2.57% of the total number of issued Shimao Services Shares as at the date of this report.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

## Changes in Information of Directors

The changes in the information of the Directors which are required to be disclosed pursuant to Rule 13.51B(1) of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "HKEx") since the publication of the 2024 annual report of the Company are set out below:

| Name of Directors      | Details of Changes                                                                                                                                                                                                                          |
|------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Ms. Hui Mei Mei, Carol | Appointed as a member of the nomination committee of the Company on 30 June 2025                                                                                                                                                            |
| Mr. Lyu Hong Bing      | No longer served as 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 |

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

## Disclosure of Interests in Securities

### Directors' and Chief Executive's Interests and Short Position in the Company and the Associated Corporation

As at 30 June 2025, the interests and short position of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")) as recorded in the register required to be kept by the Company under section 352 of the SFO or as otherwise to be notified to the Company and the HKEx pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix C3 to the Listing Rules were as follows:

#### (1) Long Position in the shares of the Company

| Name of Directors  | Capacity/<br>Nature of interests | Number of<br>ordinary shares held | Approximate<br>percentage of<br>issued share<br>capital |
|--------------------|----------------------------------|-----------------------------------|---------------------------------------------------------|
| Hui Sai Tan, Jason | Beneficial owner                 | 3,682,198 <sup>(Note 1)</sup>     | 0.097%                                                  |
| Xie Kun            | Beneficial owner                 | 332,804 <sup>(Note 2)</sup>       | 0.009%                                                  |
| Shao Liang         | Beneficial owner                 | 61,388 <sup>(Note 3)</sup>        | 0.002%                                                  |

Notes:

- The interests disclosed include deemed interests in 119,493 Shimao Group Shares granted under the 2011 Shimao Group Share Award Scheme.
- The interests disclosed include deemed interests in 256,504 Shimao Group Shares granted under the 2011 Shimao Group Share Award Scheme.
- The interests disclosed include deemed interests in 61,388 Shimao Group Shares granted under the 2011 Shimao Group Share Award Scheme.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

*(2) Long Position in the shares of Associated Corporation – Shimao Services*

| Name of Directors  | Capacity/<br>Nature of interests | Number of<br>ordinary shares held | Approximate<br>percentage of<br>issued share<br>capital |
|--------------------|----------------------------------|-----------------------------------|---------------------------------------------------------|
| Hui Sai Tan, Jason | Beneficial owner                 | 57,129                            | 0.002%                                                  |
| Xie Kun            | Beneficial owner                 | 95,215                            | 0.004%                                                  |
| Zhao Jun           | Beneficial owner                 | 37,945                            | 0.002%                                                  |
| Shao Liang         | Beneficial owner                 | 35,016                            | 0.001%                                                  |

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

**Directors' Right to Acquire Shares or Debentures**

Save as disclosed above, at no time during the six months ended 30 June 2025 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 2025, 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<br>or underlying<br>shares held | Approximate<br>percentage of<br>issued share<br>capital |
|----------------------------------------------------------------------------|---------------------|--------------------------------------------------|---------------------------------------------------------|
| <b>Long position</b>                                                       |                     |                                                  |                                                         |
| Hui Wing Mau                                                               | Note 1              | 2,422,840,586                                    | 63.795%                                                 |
| Gemfair Investments Limited ("Gemfair")                                    | Beneficial owner    | 2,045,746,316                                    | 53.866%                                                 |
| Overseas Investment Group International Limited<br>("Overseas Investment") | Note 2              | 2,045,746,316                                    | 53.866%                                                 |
| Shiying Finance Limited ("Shiying Finance")                                | Beneficial owner    | 377,094,270                                      | 9.929%                                                  |

Notes:

- The interests disclosed represent 2,045,746,316 Shimao Group Shares held by Gemfair and 377,094,270 Shimao Group Shares held by Shiying Finance. Both Gemfair and Shiying 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 Shiying Finance.
- 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.

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

## CORPORATE GOVERNANCE AND OTHER INFORMATION

**The Board**

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

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

**Audit Committee**

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

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

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

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

**Remuneration Committee**

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

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

**Nomination Committee**

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

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

## CORPORATE GOVERNANCE AND OTHER INFORMATION

**Company Secretary**

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

**Directors' Securities Transactions**

The Company has adopted the Model Code as the code of conduct regarding securities transactions by the Directors. Before the Group's interim and annual results are announced, notifications are sent to the Directors to remind them not to deal in the securities of the Company during the blackout periods. The Company has made specific enquiry of all Directors and all Directors confirmed that they had complied with the required standard set out in the Model Code throughout the six months ended 30 June 2025.

**Corporate Governance Code**

The Company complied with all the code provisions set out in the Code throughout the six months ended 30 June 2025, except for the following deviations:

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

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

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

**Purchase, Sale or Redemption of Listed Securities**

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

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

**Interim Dividend**

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

## CORPORATE GOVERNANCE AND OTHER INFORMATION

**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](http://www.shimaogroup.hk)) and Hong Kong Exchanges and Clearing Limited ([www.hkexnews.hk](http://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 post to 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong or by email at [813-ecom@vistra.com](mailto:813-ecom@vistra.com).

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 post or by email.

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

Hong Kong, 27 August 2025

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

For the six months ended 30 June 2025

|                                                                                                    | Notes | Six months ended 30 June       |                                |
|----------------------------------------------------------------------------------------------------|-------|--------------------------------|--------------------------------|
|                                                                                                    |       | 2025<br>RMB'000<br>(Unaudited) | 2024<br>RMB'000<br>(Unaudited) |
| <b>Revenue</b>                                                                                     | 5     | <b>14,826,914</b>              | 29,194,689                     |
| Cost of sales                                                                                      | 15    | <b>(15,734,618)</b>            | (29,179,830)                   |
| <b>Gross (loss)/profit</b>                                                                         |       | <b>(907,704)</b>               | 14,859                         |
| Fair value losses on investment properties – net                                                   |       | <b>(238,372)</b>               | (35,738)                       |
| Other income/other gains or (losses) – net                                                         | 16    | <b>357,041</b>                 | (10,916,673)                   |
| Selling and marketing costs                                                                        | 15    | <b>(420,494)</b>               | (342,866)                      |
| Administrative expenses                                                                            | 15    | <b>(1,641,061)</b>             | (1,912,031)                    |
| Provision for impairment on financial assets                                                       | 15    | <b>(1,758,075)</b>             | (517,144)                      |
| Impairment losses on intangible assets                                                             | 15    | <b>(34,742)</b>                | –                              |
| Other operating expenses                                                                           | 15    | <b>(610,669)</b>               | (522,762)                      |
| <b>Operating loss</b>                                                                              |       | <b>(5,254,076)</b>             | (14,232,355)                   |
| Finance income                                                                                     |       | <b>1,109,238</b>               | 66,650                         |
| Finance costs                                                                                      |       | <b>(4,289,935)</b>             | (8,699,988)                    |
| Finance costs – net                                                                                | 17    | <b>(3,180,697)</b>             | (8,633,338)                    |
| Share of results of associated companies and joint ventures accounted for using the equity method  |       | <b>(402,399)</b>               | (238,342)                      |
| <b>Loss before income tax</b>                                                                      |       | <b>(8,837,172)</b>             | (23,104,035)                   |
| Income tax expenses                                                                                | 18    | <b>(908,744)</b>               | (1,110,649)                    |
| <b>Loss for the period</b>                                                                         |       | <b>(9,745,916)</b>             | (24,214,684)                   |
| <b>Other comprehensive (loss)/income for the period</b>                                            |       |                                |                                |
| <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 |       | <b>(46)</b>                    | (8)                            |
| Share of other comprehensive (loss)/income of joint ventures accounted for using the equity method |       | <b>(31,622)</b>                | 44,241                         |
| <i>Items that may be reclassified to profit or loss:</i>                                           |       |                                |                                |
| Exchange differences on translation of foreign operations                                          |       | <b>(1,526)</b>                 | 13,503                         |
| <b>Total comprehensive loss for the period</b>                                                     |       | <b>(9,779,110)</b>             | (24,156,948)                   |

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)  
For the six months ended 30 June 2025

|                                                                                  |       | Six months ended 30 June       |                                |
|----------------------------------------------------------------------------------|-------|--------------------------------|--------------------------------|
|                                                                                  | Notes | 2025<br>RMB'000<br>(Unaudited) | 2024<br>RMB'000<br>(Unaudited) |
| <b>Loss for the period attributable to:</b>                                      |       |                                |                                |
| – Equity holders of the Company                                                  |       | <b>(8,934,138)</b>             | (22,667,515)                   |
| – Non-controlling interests                                                      |       | <b>(811,778)</b>               | (1,547,169)                    |
|                                                                                  |       | <b>(9,745,916)</b>             | (24,214,684)                   |
| <b>Total comprehensive loss for the period attributable to:</b>                  |       |                                |                                |
| – Equity holders of the Company                                                  |       | <b>(8,956,636)</b>             | (22,624,743)                   |
| – Non-controlling interests                                                      |       | <b>(822,474)</b>               | (1,532,205)                    |
|                                                                                  |       | <b>(9,779,110)</b>             | (24,156,948)                   |
| <b>Loss per share for loss attributable to the equity holders of the Company</b> |       |                                |                                |
| – Basic (RMB)                                                                    | 20    | <b>(2.36)</b>                  | (5.98)                         |
| – Diluted (RMB)                                                                  | 20    | <b>(2.36)</b>                  | (5.98)                         |

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2025

|                                                                   | Notes | 30 June<br>2025<br>RMB'000<br>(Unaudited) | 31 December<br>2024<br>RMB'000<br>(Audited) |
|-------------------------------------------------------------------|-------|-------------------------------------------|---------------------------------------------|
| <b>ASSETS</b>                                                     |       |                                           |                                             |
| <b>Non-current assets</b>                                         |       |                                           |                                             |
| Property and equipment                                            | 6     | 13,661,655                                | 13,904,656                                  |
| Right-of-use assets                                               |       | 4,283,884                                 | 4,349,689                                   |
| Investment properties                                             |       | 40,817,782                                | 41,735,180                                  |
| Intangible assets                                                 |       | 2,197,258                                 | 2,155,161                                   |
| Investments accounted for using the equity method                 |       | 15,619,369                                | 16,132,916                                  |
| Amounts due from related parties                                  | 7     | 5,634,732                                 | 5,644,798                                   |
| Financial assets at fair value through other comprehensive income |       | 260,013                                   | 260,059                                     |
| Deferred income tax assets                                        |       | 506,699                                   | 1,060,771                                   |
| Other non-current assets                                          |       | 2,137,197                                 | 2,174,041                                   |
|                                                                   |       | <b>85,118,589</b>                         | <b>87,417,271</b>                           |
| <b>Current assets</b>                                             |       |                                           |                                             |
| Inventories                                                       |       | 207,614,916                               | 218,513,766                                 |
| Trade and other receivables and prepayments                       | 8     | 38,965,271                                | 40,838,595                                  |
| Prepayment for acquisition of land use rights                     |       | 3,096,513                                 | 3,775,484                                   |
| Prepaid income taxes                                              |       | 1,255,686                                 | 1,429,828                                   |
| Amounts due from related parties                                  | 7     | 67,206,802                                | 67,480,889                                  |
| Restricted cash                                                   | 9     | 4,128,538                                 | 4,398,874                                   |
| Cash and cash equivalents                                         | 9     | 11,228,176                                | 11,352,828                                  |
|                                                                   |       | <b>333,495,902</b>                        | <b>347,790,264</b>                          |
| Assets of a disposal group classified as held for sale            | 10    | <b>3,413,655</b>                          | <b>1,221,462</b>                            |
|                                                                   |       | <b>336,909,557</b>                        | <b>349,011,726</b>                          |
| <b>Total assets</b>                                               |       | <b>422,028,146</b>                        | <b>436,428,997</b>                          |
| <b>EQUITY</b>                                                     |       |                                           |                                             |
| <b>Equity attributable to the equity holders of the Company</b>   |       |                                           |                                             |
| Share capital                                                     | 11    | 384,165                                   | 384,165                                     |
| Reserves                                                          |       | (30,956,993)                              | (22,038,498)                                |
|                                                                   |       | <b>(30,572,828)</b>                       | <b>(21,654,333)</b>                         |
| <b>Non-controlling interests</b>                                  |       | <b>23,970,902</b>                         | <b>25,000,269</b>                           |
| <b>Total equity</b>                                               |       | <b>(6,601,926)</b>                        | <b>3,345,936</b>                            |

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 30 June 2025

|                                                             | Notes | 30 June<br>2025<br>RMB'000<br>(Unaudited) | 31 December<br>2024<br>RMB'000<br>(Audited) |
|-------------------------------------------------------------|-------|-------------------------------------------|---------------------------------------------|
| <b>LIABILITIES</b>                                          |       |                                           |                                             |
| <b>Non-current liabilities</b>                              |       |                                           |                                             |
| Borrowings                                                  | 12    | 29,915,460                                | 41,835,621                                  |
| Lease liabilities                                           |       | 24,633                                    | 25,628                                      |
| Deferred income tax liabilities                             |       | 6,925,517                                 | 6,987,554                                   |
|                                                             |       | <b>36,865,610</b>                         | 48,848,803                                  |
| <b>Current liabilities</b>                                  |       |                                           |                                             |
| Trade and other payables                                    | 13    | 85,577,812                                | 83,083,588                                  |
| Contract liabilities                                        |       | 42,534,095                                | 48,355,145                                  |
| Dividend payable                                            |       | 878,778                                   | 892,268                                     |
| Income tax payable                                          |       | 20,318,862                                | 20,015,870                                  |
| Borrowings                                                  | 12    | 219,713,281                               | 210,215,789                                 |
| Lease liabilities                                           |       | 22,691                                    | 31,531                                      |
| Amounts due to related parties                              | 14    | 19,767,533                                | 20,425,864                                  |
|                                                             |       | <b>388,813,052</b>                        | 383,020,055                                 |
| Liabilities of a disposal group classified as held for sale | 10    | 2,951,410                                 | 1,214,203                                   |
|                                                             |       | <b>391,764,462</b>                        | 384,234,258                                 |
| <b>Total liabilities</b>                                    |       | <b>428,630,072</b>                        | 433,083,061                                 |
| <b>Total equity and liabilities</b>                         |       | <b>422,028,146</b>                        | 436,428,997                                 |

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2025

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

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the six months ended 30 June 2025

|                                                                                                     | Attributable to the equity holders of the Company |                        |                        |                        |                        | Perpetual<br>capital<br>instruments | Other non-<br>controlling<br>interests | Total                  |
|-----------------------------------------------------------------------------------------------------|---------------------------------------------------|------------------------|------------------------|------------------------|------------------------|-------------------------------------|----------------------------------------|------------------------|
|                                                                                                     | Share<br>capital                                  | Share<br>premium       | Other<br>reserves      | Accumulated<br>losses  | Total                  |                                     |                                        |                        |
|                                                                                                     | RMB'000<br>(Unaudited)                            | RMB'000<br>(Unaudited) | RMB'000<br>(Unaudited) | RMB'000<br>(Unaudited) | RMB'000<br>(Unaudited) | RMB'000<br>(Unaudited)              | RMB'000<br>(Unaudited)                 | RMB'000<br>(Unaudited) |
| <b>Balance as at 1 January 2024</b>                                                                 | 384,165                                           | 5,374,683              | 12,998,610             | (4,041,507)            | 14,715,951             | 1,541,000                           | 34,994,079                             | 51,251,030             |
| <b>Comprehensive loss</b>                                                                           |                                                   |                        |                        |                        |                        |                                     |                                        |                        |
| Loss for the period                                                                                 | –                                                 | –                      | –                      | (22,667,515)           | (22,667,515)           | (178,698)                           | (1,368,471)                            | (24,214,684)           |
| <b>Other comprehensive (loss)/income for the period</b>                                             |                                                   |                        |                        |                        |                        |                                     |                                        |                        |
| <i>Items that will not be reclassified to profit or loss</i>                                        |                                                   |                        |                        |                        |                        |                                     |                                        |                        |
| Fair value loss on financial assets at fair value through<br>other comprehensive income, net of tax | –                                                 | –                      | (8)                    | –                      | (8)                    | –                                   | –                                      | (8)                    |
| Share of other comprehensive income of joint ventures<br>accounted for using the equity method      | –                                                 | –                      | 29,277                 | –                      | 29,277                 | –                                   | 14,964                                 | 44,241                 |
| <i>Items that may be reclassified to profit or loss</i>                                             |                                                   |                        |                        |                        |                        |                                     |                                        |                        |
| Exchange differences on translation of<br>foreign operations                                        | –                                                 | –                      | 13,503                 | –                      | 13,503                 | –                                   | –                                      | 13,503                 |
| <b>Total comprehensive (loss)/income for the period</b>                                             | –                                                 | –                      | 42,772                 | (22,667,515)           | (22,624,743)           | (178,698)                           | (1,353,507)                            | (24,156,948)           |
| Capital contribution from non-controlling<br>interests of subsidiaries                              | –                                                 | –                      | –                      | –                      | –                      | –                                   | 2,490                                  | 2,490                  |
| Changes in ownership interests in subsidiaries without<br>change of control                         | –                                                 | 153,466                | –                      | –                      | 153,466                | –                                   | (1,186,480)                            | (1,033,014)            |
| Disposal of subsidiaries                                                                            | –                                                 | –                      | –                      | –                      | –                      | –                                   | 194,621                                | 194,621                |
| Liquidation of subsidiaries                                                                         | –                                                 | –                      | –                      | –                      | –                      | –                                   | (192,463)                              | (192,463)              |
| Equity-settled share-based payment                                                                  |                                                   |                        |                        |                        |                        |                                     |                                        |                        |
| – Value of employee services                                                                        | –                                                 | –                      | 651                    | –                      | 651                    | –                                   | –                                      | 651                    |
| Appropriation to reserve                                                                            | –                                                 | –                      | 20,999                 | (20,999)               | –                      | –                                   | –                                      | –                      |
| Settlement of perpetual capital instruments                                                         |                                                   |                        |                        |                        |                        |                                     |                                        |                        |
| by a new loan                                                                                       | –                                                 | –                      | –                      | –                      | –                      | (1,362,302)                         | –                                      | (1,362,302)            |
| Dividends and distributions                                                                         | –                                                 | –                      | –                      | –                      | –                      | –                                   | (161,612)                              | (161,612)              |
| <b>Total transactions with owners</b>                                                               | –                                                 | 153,466                | 21,650                 | (20,999)               | 154,117                | (1,362,302)                         | (1,343,444)                            | (2,551,629)            |
| <b>Balance at 30 June 2024</b>                                                                      | 384,165                                           | 5,528,149              | 13,063,032             | (26,730,021)           | (7,754,675)            | –                                   | 32,297,128                             | 24,542,453             |

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2025

|                                                                                                 | Six months ended 30 June       |                                |
|-------------------------------------------------------------------------------------------------|--------------------------------|--------------------------------|
|                                                                                                 | 2025<br>RMB'000<br>(Unaudited) | 2024<br>RMB'000<br>(Unaudited) |
| <b>Cash flows from operating activities</b>                                                     |                                |                                |
| Net cash generated from/(used in) operations                                                    | 2,100,200                      | (1,265,375)                    |
| Interest received                                                                               | 29,935                         | 66,650                         |
| Interest paid                                                                                   | (199,974)                      | (288,832)                      |
| PRC income tax paid                                                                             | (349,813)                      | (474,851)                      |
| <b>Net cash generated from/(used in) operating activities</b>                                   | <b>1,580,348</b>               | <b>(1,962,408)</b>             |
| <b>Cash flows from investing activities</b>                                                     |                                |                                |
| Additions of property and equipment and investment properties                                   | (133,951)                      | (83,492)                       |
| Disposal of property and equipment                                                              | 27,108                         | 64,130                         |
| Disposal of investment properties                                                               | 6,193                          | 285,000                        |
| Purchase of intangible assets                                                                   | (160,187)                      | (2,285)                        |
| Net cash (outflow)/inflow on disposal of subsidiaries                                           | (17,240)                       | 187,310                        |
| Net cash outflow on liquidation of subsidiaries                                                 | (54,047)                       | (2,260)                        |
| Capital injections to associated companies                                                      | (1,490)                        | –                              |
| Repayments from joint ventures and associated companies                                         | 71,643                         | 214,105                        |
| Dividends received from associated companies and joint ventures                                 | 12,278                         | 9,500                          |
| <b>Net cash (used in)/generated from investing activities</b>                                   | <b>(249,693)</b>               | <b>672,008</b>                 |
| <b>Cash flows from financing activities</b>                                                     |                                |                                |
| Proceeds from borrowings                                                                        | 553,717                        | 2,073,969                      |
| Repayments of borrowings                                                                        | (1,865,187)                    | (2,601,713)                    |
| Capital contribution from non-controlling interests of subsidiaries                             | 3,850                          | 2,490                          |
| Net cash inflow/(outflow) on transaction with non-controlling interests                         | 76,611                         | (234,350)                      |
| Dividends paid to non-controlling interests                                                     | (3,530)                        | (44,732)                       |
| Repayments to non-controlling interests                                                         | (616,403)                      | (302,724)                      |
| Advances from/(repayments to) joint ventures and associated companies                           | 151,153                        | (78,938)                       |
| Decrease in restricted cash pledged for borrowings                                              | 254,814                        | 206,399                        |
| Lease payment                                                                                   | (20,355)                       | (41,071)                       |
| <b>Net cash used in financing activities</b>                                                    | <b>(1,465,330)</b>             | <b>(1,020,670)</b>             |
| <b>Net decrease in cash and cash equivalents</b>                                                | <b>(134,675)</b>               | <b>(2,311,070)</b>             |
| Cash and cash equivalents at the beginning of the period                                        | 11,372,355                     | 15,186,591                     |
| Effect of foreign exchange rate changes                                                         | (4,858)                        | 3,096                          |
| <b>Cash and cash equivalents at the end of the period</b>                                       | <b>11,232,822</b>              | <b>12,878,617</b>              |
| <b>Analysis of balance of cash and cash equivalents:</b>                                        |                                |                                |
| Cash and cash equivalents                                                                       | 11,228,176                     | 12,878,617                     |
| Cash and cash equivalents included in assets of<br>a disposal group classified as held for sale | 4,646                          | –                              |
|                                                                                                 | <b>11,232,822</b>              | <b>12,878,617</b>              |

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

## 1. General information

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

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

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

## 2. Basis of preparation

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

These interim condensed consolidated financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2024. The accounting policies and methods of computation used in the preparation of these interim condensed consolidated financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2024.

### Going concern basis

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

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

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2025

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

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

- (i) On 21 July 2025, all the conditions precedent to the Group’s proposed offshore indebtedness restructuring scheme (the “Restructuring Scheme”) have been satisfied and the Restructuring Scheme became effective. As a result, the Group’s offshore indebtedness under the Restructuring Scheme, including the US\$-denominated senior notes with a total principal amount of approximately US\$6.8 billion and borrowings from various offshore banks and financial institutions with the total principal amounts of approximately US\$2.1 billion and HK\$20.4 billion together with the relevant accrued interests, will be fully discharged by the relevant scheme creditors in exchange for the issue of new short term instruments, new long term instruments and the zero coupon mandatory convertible bonds in the second half of 2025;
- (ii) Concurrent with the Restructuring Scheme becoming effective, amounts and dividend payable in the aggregate amount of approximately HK\$7.8 billion due to the controlling shareholder of Company by the Group will be discharged in exchange for the controlling shareholder notes and controlling shareholder mandatory convertible bonds in the second half of 2025;
- (iii) Save for the Restructuring Scheme, the Group has also been actively negotiating with other PRC onshore lenders and creditors on the extension or restructuring of borrowings. Due to the diverse lender base and changing market conditions, time is still required to determine the extension plans or restructuring plans on a case-by-case basis. Taking into account the extension cases and the Group’s credit history and longstanding relationships with the relevant lenders and creditors, the Directors believe that the Group will be able to complete the signing of the relevant extension or restructuring agreements for the existing borrowings step by step;
- (iv) Up to the date of these interim condensed consolidated financial statements, a total of approximately RMB451 million new loans was drawn according to the local governments’ whitelists, a financing coordination mechanism launched by the Ministry of Housing and Urban-Rural Development and the National Financial Regulatory Administration in year 2024 that qualifies the property projects of the PRC property developers for financial support from financial institutions;
- (v) The Group will continuously focus on the acceleration of sales and delivery of its existing inventory of properties;
- (vi) The Group will actively seek other alternative financing and borrowings to finance the settlement of its existing financial obligations and future operating and capital expenditures; and
- (vii) The Group will actively face the current situation and seek various ways to resolve the pending litigations of the Group. The Group is positive that it will be able to reach a solution to the litigations which have not yet reached a definite outcome at the current stage.

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

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

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2025

**2. Basis of preparation** (CONTINUED)**Adoption of new or amended HKFRS Accounting Standards**

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

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

**3. Critical judgements and key accounting estimates**

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

In preparing these interim condensed consolidated financial statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2024.

**4. Financial risk management**

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

The interim condensed consolidated financial statements do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2024.

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

**(a) Liquidity risk**

Compared to year end, there was no material change in the contractual undiscounted cash outflows for financial liabilities except for the Group's offshore indebtedness under the Restructuring Scheme, which will be fully discharged by the relevant scheme creditors in exchange for the issue of new short term instruments, new long term instruments and the zero coupon mandatory convertible bonds in the second half of 2025.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2025

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

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

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

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

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

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

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

|                                                                             | Fair value measurement using: |             |             |             |
|-----------------------------------------------------------------------------|-------------------------------|-------------|-------------|-------------|
|                                                                             | Level 1                       | Level 2     | Level 3     | Total       |
|                                                                             | RMB'000                       | RMB'000     | RMB'000     | RMB'000     |
|                                                                             | (Unaudited)                   | (Unaudited) | (Unaudited) | (Unaudited) |
| <b>At 30 June 2025</b>                                                      |                               |             |             |             |
| <b>Financial assets</b>                                                     |                               |             |             |             |
| Financial assets at fair value through other comprehensive income ("FVOCI") |                               |             |             |             |
| – investment in listed equity securities                                    | 13                            | –           | –           | 13          |
| – investment in structured products                                         | –                             | –           | 260,000     | 260,000     |
|                                                                             |                               |             |             |             |
|                                                                             | Fair value measurement using: |             |             |             |
|                                                                             | Level 1                       | Level 2     | Level 3     | Total       |
|                                                                             | RMB'000                       | RMB'000     | RMB'000     | RMB'000     |
|                                                                             | (Audited)                     | (Audited)   | (Audited)   | (Audited)   |
| <b>At 31 December 2024</b>                                                  |                               |             |             |             |
| <b>Financial assets</b>                                                     |                               |             |             |             |
| Financial assets at FVOCI                                                   |                               |             |             |             |
| – investment in listed equity securities                                    | 59                            | –           | –           | 59          |
| – investment in structured products                                         | –                             | –           | 260,000     | 260,000     |

Financial assets at FVOCI included in Level 1 as at 30 June 2025 and 31 December 2024 are the equity securities traded in NASDAQ, the fair value of which is based on quoted market prices at the end of the reporting period.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2025

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

Financial assets at FVOCI included in Level 3 as at 30 June 2025 and 31 December 2024 are the investment in structured products entered into with financial institutions, the fair value of which are determined using the valuation model for which not all inputs are market observable, such as discount rates and net assets value of underlying assets. The higher the discount rates/net assets value, the lower/higher the fair value of the financial assets at FVOCI measured at fair value based on level 3.

There were no changes in valuation techniques during the period.

*ii) Reconciliation of the Group's financial assets measured at fair value based on level 3:*

During the six months ended 30 June 2025 and 2024, there were no changes between the opening balances and closing balances of the Group's financial assets at FVOCI measured at fair value based on level 3.

**5. Segment information**

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

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

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

**(a) Revenue**

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

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

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2025

## 5. Segment information (CONTINUED)

## (b) Segment information

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

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

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

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

\*\*\* Unallocated mainly represent corporate level activities.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2025

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

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

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

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2025

## 5. Segment information (CONTINUED)

## (b) Segment information (continued)

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

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

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

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

\*\*\* Unallocated mainly represent corporate level activities.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2025

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

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

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

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

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

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2025

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

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

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

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

**6. Property and equipment**

During the six months ended 30 June 2025, the Group acquired property and equipment of approximately RMB169,954,000 (six months ended 30 June 2024: approximately RMB83,393,000). Property and equipment with a total net book value of RMB27,108,000 were disposed by the Group during the six months ended 30 June 2025 (six months ended 30 June 2024: RMB64,130,000). Assets under construction with a total net book value of RMB111,198,000 were transferred to inventories during the six months ended 30 June 2025 (six months ended 30 June 2024: RMB1,273,683,000).

**7. Amounts due from related parties**

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

|                                | <b>30 June<br/>2025<br/>RMB'000<br/>(Unaudited)</b> | <b>31 December<br/>2024<br/>RMB'000<br/>(Audited)</b> |
|--------------------------------|-----------------------------------------------------|-------------------------------------------------------|
| Included in non-current assets |                                                     |                                                       |
| – Joint ventures               | <b>4,894,237</b>                                    | 4,904,456                                             |
| – Associated companies         | <b>826,303</b>                                      | 826,303                                               |
|                                | <b>5,720,540</b>                                    | 5,730,759                                             |
| Provision for impairment       | <b>(85,808)</b>                                     | (85,961)                                              |
|                                | <b>5,634,732</b>                                    | 5,644,798                                             |

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2025

**7. Amounts due from related parties (CONTINUED)**

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

|                            | <b>30 June<br/>2025<br/>RMB'000<br/>(Unaudited)</b> | <b>31 December<br/>2024<br/>RMB'000<br/>(Audited)</b> |
|----------------------------|-----------------------------------------------------|-------------------------------------------------------|
| Included in current assets |                                                     |                                                       |
| – Associated companies     | <b>1,199,370</b>                                    | 1,213,536                                             |
| – Joint ventures           | <b>51,211,035</b>                                   | 51,583,154                                            |
| – Non-controlling interest | <b>17,406,195</b>                                   | 17,337,333                                            |
|                            | <b>69,816,600</b>                                   | 70,134,023                                            |
| Provision for impairment   | <b>(2,609,798)</b>                                  | (2,653,134)                                           |
|                            | <b>67,206,802</b>                                   | 67,480,889                                            |

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

**8. Trade and other receivables and prepayments**

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

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2025

**8. Trade and other receivables and prepayments** (CONTINUED)

Notes:

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

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

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

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

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

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 2025, a provision of approximately RMB1,532,754,000 (31 December 2024: RMB856,960,000) was made against the gross amount of trade receivables.

The Group makes periodic collective assessments as well as individual assessments on the recoverability of other receivables based on historical settlement records, past experience and available forward-looking information. As at 30 June 2025, a provision of approximately RMB2,277,115,000 (31 December 2024: RMB1,848,790,000) was made against the gross amount of other receivables.

As at 30 June 2025 and 31 December 2024, trade and other receivables of the Group were mainly denominated in RMB.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2025

**9. Cash and cash equivalents and restricted cash**

|                           | <b>30 June<br/>2025<br/>RMB'000<br/>(Unaudited)</b> | 31 December<br>2024<br>RMB'000<br>(Audited) |
|---------------------------|-----------------------------------------------------|---------------------------------------------|
| Restricted cash           | <b>4,128,538</b>                                    | 4,398,874                                   |
| Cash and cash equivalents | <b>11,228,176</b>                                   | 11,352,828                                  |
|                           | <b>15,356,714</b>                                   | 15,751,702                                  |

As at 30 June 2025, the Group's restricted cash comprised approximately RMB1,541,490,000 (31 December 2024: RMB1,557,012,000) of guarantee deposits for the benefit of mortgage loan facilities granted by the banks to the purchasers of the Group's properties (note 21(a)) and approximately RMB2,587,048,000 (31 December 2024: RMB2,841,862,000) of deposits pledged as collateral for the Group's borrowings (note 12).

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

The effective interest rate on bank deposits as at 30 June 2025 was 0.05% (31 December 2024: 0.10%).

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

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

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

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2025

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

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

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

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

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

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2025

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

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

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

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2025

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

|                                                          | Par value | Number of shares | Nominal value of ordinary shares |                       |
|----------------------------------------------------------|-----------|------------------|----------------------------------|-----------------------|
|                                                          | HK\$      | '000             | HK\$'000                         | Equivalent to RMB'000 |
| Authorised:                                              |           |                  |                                  |                       |
| At 1 January 2025 (Audited)                              | 0.1       | 5,000,000        | 500,000                          |                       |
| Increase during the six months ended 30 June 2025 (Note) | 0.1       | 20,000,000       | 2,000,000                        |                       |
| At 30 June 2025 (Unaudited)                              | 0.1       | 25,000,000       | 2,500,000                        |                       |
| Issued and fully paid:                                   |           |                  |                                  |                       |
| At 1 January 2025 (Audited) and 30 June 2025 (Unaudited) |           | 3,797,831        | 379,783                          | 384,165               |

Note:

The resolution of the increase of the authorised share capital of the Company from HK\$500,000,000 divided into 5,000,000,000 shares to HK\$2,500,000,000 divided into 25,000,000,000 shares by creating an additional 20,000,000,000 unissued shares was approved on 15 January 2025.

**(b) Share Award Scheme**

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

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

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2025

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

A Trust was constituted to manage the 2011 Shimao Group Share Award Scheme, and a wholly-owned subsidiary of the Company incorporated in the British Virgin Islands was designated as a Trustee. Up to 30 June 2025, the Trust purchased a total of 47,026,000 ordinary shares from market, totaling HK\$756,630,000 (equivalent to RMB665,074,000). Up to 30 June 2025, a total of 48,751,338 shares were granted to eligible employees according to the 2011 Shimao Group Share Scheme, among the shares granted, 36,764,063 shares were vested, and 9,474,185 shares were lapsed.

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

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

|                            | Six months ended 30 June |                     |
|----------------------------|--------------------------|---------------------|
|                            | 2025<br>(Unaudited)      | 2024<br>(Unaudited) |
| Unvested shares, beginning | 2,513,090                | 4,217,846           |
| Lapsed                     | –                        | (1,364,979)         |
| Unvested shares, ending    | 2,513,090                | 2,852,867           |

No share awards were granted during the six months ended 30 June 2025. For the six months ended 30 June 2025, the weighted average fair value of the unvested shares granted is approximately HK\$57,963,000, equivalent to approximately RMB52,859,000 (six months ended 30 June 2024: approximately HK\$65,799,000, equivalent to approximately RMB60,054,000).

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

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 2021 Shimao Group Share Award Scheme and determine the number of awarded shares.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2025

**11.Share capital** (CONTINUED)**(b) Share Award Scheme** (continued)**(2) (continued)**

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 2021 Shimao Group Share Award Scheme before being transferred to the employees when vesting conditions are fully met.

Since 3 May 2021 and up to the date of this report, a total of 6,865,821 shares of Shimao Services had been granted under the 2021 Shimao Group Share Award Scheme, representing approximately 0.29% of the total number of issued shares of Shimao Services as at 3 May 2021. As the 2021 Shimao Group Share Award Scheme was terminated on 3 May 2024, no further grant of the shares of Shimao Services shall be made.

Movements in the number of unvested shares granted under the 2021 Shimao Group Share Award Scheme during the six months ended 30 June 2025 are as follows:

|                            | Six months ended 30 June |                     |
|----------------------------|--------------------------|---------------------|
|                            | 2025<br>(Unaudited)      | 2024<br>(Unaudited) |
| Unvested shares, beginning | 33,381                   | 33,381              |
| Lapsed                     | (33,381)                 | –                   |
| Unvested shares, ending    | –                        | 33,381              |

For the six months ended 30 June 2024, the weighted average fair value of the unvested shares of Shimao Services granted is approximately HK\$52,000, equivalent to RMB47,000.

On 28 June 2021, Shimao Services adopted a share award scheme (the “Shimao Services Share Award Scheme”). The purpose of the Shimao Services Share Award Scheme is to recognise the contributions by certain selected employees of Shimao Services and to provide them with incentives in order to retain them for the continual operation and development of Shimao Services, and to attract suitable personnel for further development of Shimao Services. The Shimao Services Share Award Scheme shall be valid and effective for a term of ten years commencing on the adoption date. The maximum number of shares which can be awarded under the Shimao Services Share Award Scheme is 3% (i.e. 70,919,190 shares) of the total number of issued shares of Shimao Services as at the adoption date. Up to 30 June 2025, a total of 7,542,551 shares under the Shimao Services Share Award Scheme were granted to certain employees of Shimao Services at nil consideration. Pursuant to the Shimao Services Share Award Scheme, after meeting the vesting conditions and circumstances of the stock reward plan, 60% of the reward shares will be vested 6 months or 12 months from the grant date, and 40% of the reward shares will be vested 18 months or 24 months from the grant date.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2025

**11.Share capital** (CONTINUED)**(b) Share Award Scheme** (continued)**(2) (continued)**

Movements in the number of unvested shares granted under the Shimao Services Share Award Scheme during the six months ended 30 June 2025 are as follows:

|                            | Six months ended 30 June |                     |
|----------------------------|--------------------------|---------------------|
|                            | 2025<br>(Unaudited)      | 2024<br>(Unaudited) |
| Unvested shares, beginning | 3,625,719                | 4,718,961           |
| Lapsed                     | (55,390)                 | (853,799)           |
| Unvested shares, ending    | 3,570,329                | 3,865,162           |

For the six months ended 30 June 2025, the weighted average fair value of the unvested shares of Shimao Services granted is approximately HK\$2,749,000, equivalent to RMB2,507,000 (six months ended 30 June 2024: approximately HK\$2,976,000, equivalent to RMB2,716,000).

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

|                                        | As at 30 June               |                             |
|----------------------------------------|-----------------------------|-----------------------------|
|                                        | 2025<br>'000<br>(Unaudited) | 2024<br>'000<br>(Unaudited) |
| Shares issued                          | 3,797,831                   | 3,797,831                   |
| Treasury shares for Share Award Scheme | (10,262)                    | (10,262)                    |
| Shares outstanding                     | 3,787,569                   | 3,787,569                   |

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2025

**12. Borrowings**

|                                                           | <b>30 June<br/>2025<br/>RMB'000<br/>(Unaudited)</b> | <b>31 December<br/>2024<br/>RMB'000<br/>(Audited)</b> |
|-----------------------------------------------------------|-----------------------------------------------------|-------------------------------------------------------|
| Borrowings included in non-current liabilities            |                                                     |                                                       |
| Long-term borrowings                                      |                                                     |                                                       |
| – secured by assets (Note (i))                            | <b>73,414,565</b>                                   | 73,429,320                                            |
| – secured by assets and shares of subsidiaries (Note (i)) | <b>17,188,265</b>                                   | 17,253,986                                            |
| – secured by shares of subsidiaries (Note (i))            | <b>12,920,017</b>                                   | 13,909,776                                            |
| – secured by shares of subsidiary guarantors (Note (ii))  | <b>23,655,873</b>                                   | 23,862,257                                            |
| – unsecured                                               | <b>15,919,472</b>                                   | 14,932,852                                            |
| Senior notes – secured (Note (iii))                       | <b>45,918,212</b>                                   | 46,078,543                                            |
| Medium-term notes – unsecured (Note (iv))                 | <b>3,040,000</b>                                    | 3,040,000                                             |
| Long-term bonds – secured (Note (v))                      | <b>18,864,161</b>                                   | 18,859,161                                            |
|                                                           | <b>210,920,565</b>                                  | 211,365,895                                           |
| Less: Portion of long-term borrowings due within one year | <b>(124,973,660)</b>                                | (116,167,347)                                         |
| Portion of senior notes due within one year               | <b>(45,918,212)</b>                                 | (46,078,544)                                          |
| Portion of medium-term notes due within one year          | <b>(3,040,000)</b>                                  | (3,040,000)                                           |
| Portion of long-term bonds due within one year            | <b>(7,073,233)</b>                                  | (4,244,383)                                           |
| Amounts due within one year                               | <b>(181,005,105)</b>                                | (169,530,274)                                         |
|                                                           | <b>29,915,460</b>                                   | 41,835,621                                            |
| Borrowings included in current liabilities                |                                                     |                                                       |
| Short-term borrowings                                     |                                                     |                                                       |
| – secured by assets (Note (i))                            | <b>13,461,344</b>                                   | 12,708,892                                            |
| – secured by assets and shares of subsidiaries (Note (i)) | <b>3,541,000</b>                                    | 4,102,383                                             |
| – secured by shares of subsidiaries (Note (i))            | <b>6,621,233</b>                                    | 5,158,315                                             |
| – unsecured                                               | <b>12,128,426</b>                                   | 15,748,609                                            |
| Senior notes – secured (Note (iii))                       | <b>2,676,923</b>                                    | 2,688,066                                             |
| Private placement notes (Note (vi))                       | <b>279,250</b>                                      | 279,250                                               |
| Current portion of non-current borrowings                 | <b>181,005,105</b>                                  | 169,530,274                                           |
|                                                           | <b>219,713,281</b>                                  | 210,215,789                                           |

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2025

**12. Borrowings** (CONTINUED)

Notes:

- (i) As at 30 June 2025, the Group's total secured bank borrowings and borrowings from other financial institutions of approximately RMB127,146,424,000 (31 December 2024: RMB126,562,672,000) were secured by its property and equipment, investment properties, land use rights, properties under development, completed properties held for sale and restricted cash, and/or secured by the pledge of the shares of certain subsidiaries of the Group.

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

|                                    | <b>30 June<br/>2025<br/>RMB'000<br/>(Unaudited)</b> | <b>31 December<br/>2024<br/>RMB'000<br/>(Audited)</b> |
|------------------------------------|-----------------------------------------------------|-------------------------------------------------------|
| Property and equipment             | <b>10,566,891</b>                                   | 10,607,607                                            |
| Land use rights                    | <b>3,526,994</b>                                    | 3,430,513                                             |
| Investment properties              | <b>33,127,811</b>                                   | 33,395,664                                            |
| Properties under development       | <b>60,084,481</b>                                   | 79,222,387                                            |
| Completed properties held for sale | <b>27,007,799</b>                                   | 22,691,256                                            |
| Restricted cash (note 9)           | <b>2,587,048</b>                                    | 2,841,862                                             |
|                                    | <b>136,901,024</b>                                  | 152,189,289                                           |

- (ii) 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 2025, US\$399,000,000 and HK\$2,486,050,000 of the principal remained outstanding (31 December 2024: US\$399,000,000 and HK\$2,486,050,000) and was defaulted.

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 2025, US\$795,958,000 and HK\$3,794,300,000 of the principal remained outstanding (31 December 2024: US\$795,958,000 and HK\$3,794,300,000) and was defaulted.

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, 15% out of the loan principal will mature in 2023, 35% will mature in 2024 and 50% will mature in 2025. As at 30 June 2025, US\$657,500,000 and HK\$5,128,500,000 of the principal remained outstanding (31 December 2024: US\$657,500,000 and HK\$5,128,500,000) and was defaulted.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2025

**12. Borrowings** (CONTINUED)

Notes: (continued)

- (iii) 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% initially 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% initially due on 3 July 2022. As at 30 June 2025, the senior notes with a total principal amount of US\$1,000,000,000 (31 December 2024: US\$1,000,000,000) remained outstanding and was defaulted.

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% initially due on 30 January 2025. As at 30 June 2025, the principal amount of US\$500,000,000 (31 December 2024: US\$500,000,000) remained outstanding and was defaulted.

On 21 February 2019, the Company issued senior notes with total principal of US\$1,000,000,000 at a fixed interest rate of 6.125% initially due on 21 February 2024. As at 30 June 2025, the principal amount of US\$1,000,000,000 (31 December 2024: US\$1,000,000,000) remained outstanding and was defaulted.

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% initially due on 15 July 2026. As at 30 June 2025, the principal amount of US\$1,000,000,000 (31 December 2024: US\$1,000,000,000) remained outstanding and was defaulted.

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% initially due on 13 July 2030. As at 30 June 2025, the principal amount of US\$300,000,000 (31 December 2024: US\$300,000,000) remained outstanding and was defaulted.

On 11 January 2021, the Company issued senior notes with total principal of US\$872,000,000 at a fixed interest rate of 3.45% initially due on 11 January 2031. As at 30 June 2025, the principal amount of US\$872,000,000 (31 December 2024: US\$872,000,000) remained outstanding and was defaulted.

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% initially due on 28 April 2022. As at 30 June 2025, the principal amount of US\$700,000,000 (31 December 2024: US\$700,000,000) remained outstanding and was defaulted.

On 16 June 2021, the Company issued zero coupon senior notes with a total principal of US\$400,000,000 initially due on 14 June 2022. As at 30 June 2025, the principal amount of US\$373,945,000 (31 December 2024: US\$373,945,000) remained outstanding and was defaulted.

On 16 September 2021, the Company issued senior notes with total principal of US\$300,000,000 at a fixed interest rate of 3.975% initially due on 16 September 2023. As at 30 June 2025, the principal amount of US\$300,000,000 (31 December 2024: US\$300,000,000) remained outstanding and was defaulted.

On 16 September 2021, the Company issued senior notes with total principal of US\$748,000,000 at a fixed interest rate of 5.20% initially due on 16 January 2027. As at 30 June 2025, the principal amount of US\$748,000,000 (31 December 2024: US\$748,000,000) remained outstanding and was defaulted.

The Company may at its option redeem these notes, in whole or in part, by certain dates based on the terms of these notes. The notes are senior obligations guaranteed by certain restricted offshore subsidiaries and secured by a pledge of the shares of these offshore restricted subsidiaries.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2025

**12. Borrowings** (CONTINUED)

Notes: (continued)

- (iv) On 21 October 2019, Shanghai Shimao issued medium-term notes with a total principal of RMB1,000,000,000 at a fixed interest rate of 4.24% due on 21 October 2023. As at 30 June 2025, the principal amount of RMB930,000,000 (31 December 2024: RMB930,000,000) remained outstanding and was defaulted.

On 9 January 2020, Shanghai Shimao issued medium-term notes with a total principal of RMB500,000,000 at a fixed interest rate of 4.12% due on 9 January 2023. During the year ended 31 December 2023, the Group succeeded in extending the maturity date of the medium-term notes in which 5% of the total principal will mature in May 2023, 5% of the total principal will mature in November 2023, and 90% of the total principal will mature in January 2024. As at 30 June 2025, the principal amount of RMB500,000,000 (31 December 2024: RMB500,000,000) remained outstanding and was defaulted.

On 15 March 2021, Shanghai Shimao issued medium-term notes with a total principal of RMB970,000,000 at a fixed interest rate of 5.15% due on 16 March 2023. During the year ended 31 December 2023, the Group succeeded in extending the maturity date of the medium-term notes in which RMB31,040,000 will mature in or before December 2023 and RMB938,960,000 will mature in or before March 2024. As at 30 June 2025, the principal amount of RMB970,000,000 (31 December 2024: RMB970,000,000) remained outstanding and was defaulted.

On 30 April 2021, Shanghai Shimao issued medium-term notes with a total principal of RMB640,000,000 at a fixed interest rate of 5.50% due on 6 May 2023. During the year ended 31 December 2023, the Group succeeded in extending the maturity date of the medium-term notes in which RMB44,800,000 will mature in or before December 2023 and RMB595,200,000 will mature in or before May 2024. As at 30 June 2025, the principal amount of RMB640,000,000 (31 December 2024: RMB640,000,000) remained outstanding and was defaulted.

- (v) On 15 October 2015, Shanghai Shimao Jianshe Co., Ltd. ("Shimao Jianshe"), a subsidiary of the Group, 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. As at 30 June 2025, the total extended outstanding principal amount of these long-term bonds was approximately RMB562,154,000, amongst which an amount of approximately RMB67,458,000 has defaulted; an aggregated amount of approximately RMB134,917,000 will be matured before 30 June 2026; and an aggregated amount of approximately RMB359,779,000 will be matured between 15 September 2026 and 15 September 2027.

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%. As at 30 June 2025, the total extended outstanding principal amount of these long-term bonds was approximately RMB483,473,000, amongst which an amount of approximately RMB87,639,000 has defaulted; an aggregated amount of approximately RMB253,178,000 will be matured before 30 June 2026; and an aggregated amount of approximately RMB142,656,000 will be matured between 28 September 2026 and 28 December 2026.

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%. 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%. 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%. As at 30 June 2025, the total extended outstanding principal amount of these long-term bonds was approximately RMB3,065,965,000, amongst which an amount of approximately RMB367,916,000 has defaulted; an aggregated amount of approximately RMB735,832,000 will be matured before 30 June 2026; and an aggregated amount of approximately RMB1,962,217,000 will be matured between 15 September 2026 and 15 September 2027.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2025

**12. Borrowings** (CONTINUED)

Notes: (continued)

(v) (continued)

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%. On 8 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%. 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%. 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%. As at 30 June 2025, the total extended outstanding principal amount of these long-term bonds was approximately RMB4,063,819,000, amongst which an amount of approximately RMB731,487,000 has defaulted; an aggregated amount of approximately RMB2,113,186,000 will be matured before 30 June 2026; and an aggregated amount of approximately RMB1,219,146,000 will be matured between 28 September 2026 and 28 December 2026.

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% and RMB2,800,000,000 at a fixed interest rate of 3.90%. 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%. 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%. As at 30 June 2025, the total extended outstanding principal amount of these long-term bonds was approximately RMB10,688,750,000, amongst which an amount of approximately RMB793,676,000 has defaulted; an aggregated amount of approximately RMB1,787,944,000 will be matured before 30 June 2026; and an aggregated amount of approximately RMB8,107,130,000 will be matured between 15 September 2026 and 15 September 2028.

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

- (vi) On 24 April 2020, Shanghai Shimao issued the second phase of private placement notes with an aggregate principal amount of RMB500,000,000 at a fixed interest rate of 3.70% due on 26 April 2022. As at 30 June 2025, the principal amount of RMB279,250,000 (31 December 2024: RMB279,250,000) remained outstanding and was defaulted.

As at 30 June 2025, borrowings with a total carrying amount of RMB66,014,645,000 and RMB36,890,854,000 are denominated in US dollar and HK dollar, respectively (31 December 2024: RMB66,179,302,000 and RMB37,729,988,000).

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2025

**13. Trade and other payables**

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

Notes:

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

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

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

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2025

**14. Amounts due to related parties**

|                                                      | <b>30 June<br/>2025<br/>RMB'000<br/>(Unaudited)</b> | <b>31 December<br/>2024<br/>RMB'000<br/>(Audited)</b> |
|------------------------------------------------------|-----------------------------------------------------|-------------------------------------------------------|
| – Associated companies                               | <b>2,672,529</b>                                    | 2,747,359                                             |
| – Joint ventures                                     | <b>8,374,586</b>                                    | 8,285,102                                             |
| – Non-controlling interests                          | <b>2,490,545</b>                                    | 3,061,797                                             |
| – Entities controlled by the controlling shareholder | <b>6,229,873</b>                                    | 6,331,606                                             |
|                                                      | <b>19,767,533</b>                                   | 20,425,864                                            |

Amounts due to associated companies and joint ventures mainly represent advanced proceeds received for purchasing construction materials and other operating and financing activities. Amounts due to non-controlling interests mainly represent funds injected by the non-controlling shareholders for the development of properties. Amounts due to entities controlled by the controlling shareholder mainly represent funds injected by the entities which are beneficially owned by Mr. Hui Wing Mau for the general working capital of the Group.

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

**15. Expenses by nature**

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

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2025

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

|                                                                                  | Six months ended 30 June       |                                |
|----------------------------------------------------------------------------------|--------------------------------|--------------------------------|
|                                                                                  | 2025<br>RMB'000<br>(Unaudited) | 2024<br>RMB'000<br>(Unaudited) |
| <b>Other income</b>                                                              |                                |                                |
| Government grants received                                                       | 10,429                         | 10,369                         |
| <b>Other gains/(losses) – net</b>                                                |                                |                                |
| Penalty income (Note)                                                            | 24,585                         | 22,832                         |
| Net (losses)/gains on disposal of subsidiaries with loss of control (Note 23(a)) | (45,244)                       | 32,287                         |
| Net gains/(losses) on liquidation of subsidiaries (Note 23(b))                   | 385,550                        | (614,337)                      |
| Loss on impairment of assets classified as held for sale                         | (73,333)                       | –                              |
| Loss on settlement of indebtedness                                               | –                              | (9,653,825)                    |
| Provision for impairment losses on right-of-use assets                           | –                              | (999,589)                      |
| Others                                                                           | 55,054                         | 285,590                        |
|                                                                                  | <b>346,612</b>                 | <b>(10,927,042)</b>            |
|                                                                                  | <b>357,041</b>                 | <b>(10,916,673)</b>            |

Note:

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

**17. Finance costs/(income) – net**

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

Note:

Net foreign exchange (gain)/loss is mainly derived from the translation of foreign currency borrowings.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2025

**18. Income tax expense**

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

**Hong Kong profits tax**

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

**PRC enterprise income tax**

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

**PRC land appreciation tax**

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

**PRC withholding income tax**

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

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

**19. Dividends**

No dividends were declared during the six months ended 30 June 2025 and 30 June 2024.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2025

**20. Loss per share**

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

|                                                                  | Six months ended 30 June |                     |
|------------------------------------------------------------------|--------------------------|---------------------|
|                                                                  | 2025<br>(Unaudited)      | 2024<br>(Unaudited) |
| Loss attributable to the equity holders of the Company (RMB'000) | <b>(8,934,138)</b>       | (22,667,515)        |
| Weighted average number of ordinary shares in issue (thousands)  | <b>3,787,569</b>         | 3,787,569           |
| Basic loss per share (RMB)                                       | <b>(2.36)</b>            | (5.98)              |

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares in issue for the potential dilutive effect caused by the shares granted under the Share Scheme assuming they were exercised. Diluted loss per share is the same as basic loss per share for the six months ended 30 June 2025 and 2024 as the effect caused by the shares granted under the Share Scheme is anti-dilutive.

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

|                                                                     | 30 June<br>2025<br>RMB'000<br>(Unaudited) | 31 December<br>2024<br>RMB'000<br>(Audited) |
|---------------------------------------------------------------------|-------------------------------------------|---------------------------------------------|
| Guarantees in respect of mortgage facilities for certain purchasers | <b>29,160,491</b>                         | 30,503,172                                  |

Note:

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

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2025

**21. Contingencies and financial guarantee contract** (CONTINUED)

- (b) At 30 June 2025, the Group provided financial guarantees for certain joint ventures and associate companies in respect of their bank and other borrowings in the amount of approximately RMB23,462,240,000 (31 December 2024: approximately RMB23,653,532,000) with maturity in or before 2026. These guarantees are not expected to result in significant outflow of the Group's resources and no financial liability is recognised in this connection as the estimated fair value on financial guarantee contract loss is insignificant.

**(c) Contingencies for litigation**

Up to the date of approval of the interim condensed consolidated financial statements, the Group was in the progress of various legal litigations related to its consolidated borrowing or financial guarantees and other matters. The Directors have assessed the impact of the above litigation matters on the interim condensed consolidated financial statements for the six months ended 30 June 2025. The Group is actively negotiating with relevant creditors and seeking various ways to resolve these litigations. The Directors consider that such litigations, individually or jointly, will not have significant adverse effects on the operating performance, cash flow and financial condition of the Group at the current stage.

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

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

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2025

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

During the six months ended 30 June 2025, the Group has the following significant disposal or liquidation of subsidiaries and transactions with NCI.

**(a) Disposal of subsidiaries with loss of control**

For the six months ended 30 June 2025, the Group lost control of certain subsidiaries. The disposal resulted in a total net cash outflow of approximately RMB17,240,000 and net losses of approximately RMB45,244,000.

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

|                                                              | <b>RMB'000<br/>(Unaudited)</b> |
|--------------------------------------------------------------|--------------------------------|
| Cash and cash equivalents                                    | 21,657                         |
| Property and equipment                                       | 132                            |
| Intangible assets                                            | 1,737                          |
| Deferred income tax assets                                   | 781                            |
| Amounts due from related parties                             | 16,354                         |
| Trade and other receivables and prepayments                  | 152,918                        |
| Trade and other payables                                     | (48,483)                       |
| Contract liabilities                                         | (923)                          |
| Income tax payable                                           | (1,973)                        |
| Amounts due to the Group                                     | (117,695)                      |
| Deferred income tax liabilities                              | (652)                          |
| Total identifiable net assets                                | 23,853                         |
| Non-controlling interests                                    | 25,808                         |
| Net assets attributable to the equity holders of the Company | 49,661                         |
| Cash consideration                                           | 4,417                          |
| Net assets disposed of                                       | (49,661)                       |
| Net losses on disposals (Note 16)                            | (45,244)                       |
| Cash consideration received                                  | 4,417                          |
| Less: cash and cash equivalents in the entities disposed     | (21,657)                       |
| Net cash outflow due to the disposals                        | (17,240)                       |

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2025

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

For the six months ended 30 June 2025, the PRC courts adjudged the liquidation of the Group's certain subsidiaries applied by certain creditors and have proceeded with receivership procedures. The Directors considered that the Group lost control over the subsidiaries upon the commencement of the receivership and deconsolidated the subsidiaries thereafter. The liquidation resulted in a total net cash outflow of approximately RMB54,047,000 and net gains of approximately RMB385,550,000.

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

|                                                              | <b>RMB'000<br/>(Unaudited)</b> |
|--------------------------------------------------------------|--------------------------------|
| Cash and cash equivalents                                    | <b>54,047</b>                  |
| Inventories                                                  | <b>154,869</b>                 |
| Property and equipment                                       | <b>100</b>                     |
| Amounts due from the Group                                   | <b>2,074,816</b>               |
| Amounts due from related parties                             | <b>117,772</b>                 |
| Trade and other receivables and prepayments                  | <b>1,191,216</b>               |
| Prepaid income taxes                                         | <b>8,179</b>                   |
| Deferred income tax assets                                   | <b>84,815</b>                  |
| Trade and other payables                                     | <b>(1,102,475)</b>             |
| Contract liabilities                                         | <b>(723,768)</b>               |
| Amounts due to related parties                               | <b>(10,877)</b>                |
| Income tax payable                                           | <b>(76,468)</b>                |
| Total identifiable net assets                                | <b>1,772,226</b>               |
| Non-controlling interests                                    | <b>(145,745)</b>               |
| Net assets attributable to the equity holders of the Company | <b>1,626,481</b>               |
| Consideration                                                | <b>2,012,031</b>               |
| Net assets deconsolidated                                    | <b>(1,626,481)</b>             |
| Gains on liquidation of subsidiaries (Note 16)               | <b>385,550</b>                 |
| Net cash outflow due to the deconsolidation                  | <b>(54,047)</b>                |

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2025

**23. Significant disposal/liquidation of subsidiaries and transactions with NCI***(CONTINUED)***(c) Transaction with non-controlling interests****(i) Capital contribution from non-controlling interests**

For the six months ended 30 June 2025, non-controlling interests made several capital injections into certain subsidiaries of the Group with a total amount of RMB19,850,000.

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

Sets forth below summarised 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:

|                                                                             | The date of acquisitions<br>RMB'000<br>(Unaudited) |
|-----------------------------------------------------------------------------|----------------------------------------------------|
| Net carrying amount of non-controlling interests acquired                   | 103,276                                            |
| Consideration settled by other receivables                                  | (142,232)                                          |
| Consideration received from non-controlling interests in the current period | 76,611                                             |
| Increase in equity attributable to the equity holders of the Company        | 37,655                                             |

Notes:

For the six months ended 30 June 2025, the Group acquired and disposed of additional interests in the subsidiaries for a net consideration of approximately RMB65,621,000. The Group recognised a decrease in non-controlling interests of approximately RMB103,276,000 and an increase in the equity attributable to the equity holders of the Company of approximately RMB37,655,000.

**24. Related party transactions**

The Group is controlled by Gemfair Investments Limited (Incorporated in the British Virgin Islands), which owns 53.87% of the Company's shares. The ultimate controlling party of the Group is Mr. Hui Wing Mau.

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

|                                                 | Six months ended 30 June       |                                |
|-------------------------------------------------|--------------------------------|--------------------------------|
|                                                 | 2025<br>RMB'000<br>(Unaudited) | 2024<br>RMB'000<br>(Unaudited) |
| Brand management fee income                     | 1,144                          | 2,015                          |
| Construction material sold to related companies | 241                            | 51                             |
|                                                 | 1,385                          | 2,066                          |

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2025

**24. Related party transactions** (CONTINUED)**(b) Key management compensation**

|                                                   | Six months ended 30 June       |                                |
|---------------------------------------------------|--------------------------------|--------------------------------|
|                                                   | 2025<br>RMB'000<br>(Unaudited) | 2024<br>RMB'000<br>(Unaudited) |
| Emoluments                                        |                                |                                |
| – Salaries and other short-term employee benefits | 3,158                          | 6,226                          |
| – Retirement scheme contributions                 | 176                            | 176                            |
|                                                   | <b>3,334</b>                   | 6,402                          |

**25. Events after the reporting period**

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

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

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

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

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

**26. Approval of the interim condensed consolidated financial statements**

The interim condensed consolidated financial statements were approved by the Company’s board of directors on 27 August 2025.



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

