SHIMAO GROUP HOLDINGS LIMITED
世 茂 集 團 控 股 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 813)

ANNUAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2024

RESULTS HIGHLIGHTS

1. Contracted sales in 2024 were RMB34.002 billion. Contracted gross floor area amounted to 2.675 million sq.m..

2. Revenue of the Group was approximately RMB59.975 billion, representing a slightly increase of approximately 0.9% as compared to last year.

3. Revenue generated from hotel operation, commercial properties operation, property management and others was approximately RMB12.064 billion, representing a year-on-year decrease of 3.3%.

4. Gross loss of the Group was approximately RMB5.869 billion. Gross profit margin was -9.8%.

5. Loss for the year attributable to equity holders of the Company was approximately RMB35.905 billion.

6. As at 31 December 2024, the Group's land bank was approximately 43.61 million sq.m. (before interests).

7. The Board did not recommend the payment of any final dividend for the year ended 31 December 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

In 2024, the property market of China continued to undergo adjustments. Policywise, easing policies remained as the major tone in the real estate market, as the Central Government rolled out much stronger measures with increasing frequency to maintain stable development. The all-round financial support from the Central Bank and the tone "reverse the downturn and stabilize the market" set at the Political Bureau Meeting will mark a turning point for the industry. At the meetings of the Political Bureau of the Central Committee and the Economic Work Conference in December, emphasis was again placed on the real estate market direction for 2025, indicating that the policy tone has shifted to mitigating risk, stabilizing entities and the market.

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, hotel operation, commercial properties operation and property management business. For the year ended 31 December 2024, revenue of the Group reached RMB59.975 billion. During the year, revenue from property sales amounted to RMB47.911 billion, accounting for 79.9% of the total revenue. The recognized sales area was 3.579 million sq.m..

2) *Contracted Sales Performance*

   As the real estate market sales continued to contract, more and more customers tended to "shorten the replacement cycle and seek for better living experience". The industry transformation will focus on "deleveraging, concentrating efforts to focus on product quality and developing integrated business". Through the effective establishment of a survey and feedback mechanism for customer needs, the Group managed to build a closed-loop system from demands to product delivery, putting more attention to customers. The Group formulated detailed task schedules for each aspect of project sales and implemented them with concerted efforts to break through the obstacles and improve efficiency. The Group's contracted sales for 2024 amounted to RMB34.002 billion; the aggregate contracted sold area was 2.675 million sq.m.. The average selling price for the year was RMB12,710 per sq.m..

3) *Ensuring delivery with equal emphasis on quality and quantity, making prudent judgment and coordinating resources*

In response to the market downturn and the pressure on resources, the Group classified projects into different levels and types for management and control made precise and effective resource allocation according to needs. By the end of 2024, the Group had an area under construction of approximately 23.28 million sq.m. and an area completed of approximately 4.58 million sq.m. for the year. As of 31 December 2024, the Group had about 246 projects and a total area of approximately 43.61 million sq.m. (before interests) land bank, which provided the necessary support for the Group's future sales and development. In 2024, Shimao continued to focus on quality delivery. The Group achieved cumulative delivery of 136 batches of units for 73 projects across 49 cities in China, thus performing its corporate responsibility with actions. Looking forward to 2025, the Group's floor area under construction and floor area completed are planned to be approximately 20.89 million sq.m. and approximately 2.39 million sq.m., respectively. After comprehensive assessment of the land market supply and the Group's current land bank, the Group did not acquire any land during the year.

4) *Under the development model of "One Core with Two Wings", strengthening basic essentials and creating new growth areas*

In 2024, Shimao promoted the collaborative development of all business segments under the development model of "One Core with Two Wings". The Group maintained its competitiveness in property development, focused on customer needs and concentrated on product quality. For property services, the Group focused on quality enhancement and captured the niche; for commercial properties and hotels, the Group improved the quality of its operations, asset operation and customer experience, and enhanced the output of its asset-lights. The Group has been strengthening its basic essentials, creating new growth areas, and seeking breakthroughs and innovations, with the aim to focus on building customer-oriented core competitiveness in the new landscape.

Property Management

In respect of property management business, Shimao Group engaged in property management business through its subsidiary, Shimao Services Holdings Limited ("Shimao Services"). In 2024, China's property industry as a whole continued to show a bearish trend of adjustment, and the property market entered a new cycle of de-stocking. The revenue growth path of the property management services industry has also changed significantly, with the previous growth model driven by new projects facing challenges. More large property management service companies are looking at the stock market and non-residential market for in-depth expansion. The importance of basic property management services has been re-emphasised and has become a key driver of the industry's growth.

In 2024, Shimao Services was confident of achieving full-year revenue of RMB7,895.5 million, gross profit of RMB1,564.3 million and core net profit attributable to equity holders of RMB492.4 million. Gross floor area (GFA) under management was 218.4 million sq.m. and contracted GFA was 314.3 million sq.m..

In 2025, Shimao Services will focus on healthy operations as its core business objective. Shimao Services will endeavour to adjust the existing operating structure and allocate resources in a more reasonable manner; actively open up a new track for third-party bidding to expand the market, closely follow the industry trend and market demand, and grasp the business opportunities in emerging areas; vigorously explore new resources, deeply tap the potential resources in various projects, closely surround the living scenes and actual needs of owners in small districts, and provide convenient services through innovative service modes and methods to achieve revenue generation.

Hotel Operation

As of 31 December 2024, 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. Currently, the Group has 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.

With respect to revenue from guest rooms, the performance of the hotel industry in Mainland China in 2024 diminished as compared to 2023, especially the luxury hotels had been lowering price for higher occupancy, as evidenced by the decline of 6% in average room rate on a year-on-year basis and high-end hotels experiencing a drop in revenue per available room (RevPAR) of as much as 7%. Against this backdrop, Shimao Hotels maintained stable operating fundamentals through flexible adjustment of pricing strategy and product innovation. For the full year, the Group achieved total revenue of RMB2.225 billion, representing a year-on-year decrease of 3.1%; and the revenue per available room (RevPAR) basically unchanged from 2023.

In 2024, Shimao Hotels adhered to the development strategy of striking balance between asset-light and asset-heavy, so as to continue the improvement in product quality and boost the spending. In terms of project expansion, it welcomed the opening of Yuluxe Hotel Baoji (寶雞如意茵香茂御酒店), the soft opening of Yuluxe Hotel Dali (大理鑫鶴茂御酒店), and the development of agent-construction management business on a brand new deluxe hotel project in Sanya. In terms of hotel operation, to celebrate the 20th anniversary of Shimao Hotels, hotels of the Group across 21 cities broke the barriers among different groups in hotel management to reward customers by innovatively launching sought-after products that were redeemable nationwide for a limited period, with cumulative sales exceeding RMB100 million.

In 2025, Shimao Hotels will keep up with the changing needs of consumers and investors and continue to enhance its competitiveness by focusing on digital marketing innovations and the research and development of top-selling products in food and beverage segment.

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 2024, Shimao's commercial properties operation remained stable. The Company's offline retail business was characterized by a larger recovery in foot traffic over sales, since short-term forecasts for disposable income and marginal propensity to consume remained cautious. During the reporting period, for commercial projects under management, the foot traffic increased 6% as compared with the same period last year, but cumulative sales recorded a year-on-year decrease of 5%. Among them, regional commercial segment and community-based commercial segment both showed trends of increased foot traffic but decreased sales. In addition, the overall occupancy rate of commercial projects under management was close to 90%, which was approximate to that at the end of the previous year. The Company's office buildings under management are all located in the core districts of cities in which they are situated. Although the Company managed to stabilize leasing levels through various means such as flexible leasing policies and customer relationship consolidation, the overall occupancy rate has still declined due to macroeconomy and the cost reduction by and the relocation of tenants. During the reporting period, the overall occupancy rate of office buildings was 70%, which was lower than the occupancy rate at the end of the previous year by approximately 7 percentage points.

In the government's work report delivered in 2025, it emphasized "vigorously boosting consumption, increasing return on investment, and expanding domestic demand on all fronts" for domestic demand to become the main driving force and a stable anchor for economic growth. The Company will seize the opportunities from favorable policies, revitalize the internal resources, rebuild its competitiveness to further promote the diversified business layout, and form a synergy through internal resource integration, business collaboration, and mutual sharing of resources, so as to facilitate the operation transformation.

Outlook

Looking ahead to 2025, the government's work report emphasizes the need to "stabilize the property market", stating that relevant basic systems will be set up in an orderly manner, and that a new development model for real estate will be fostered at a faster pace. The Group will return to the fundamentals of its operations, focus on customer needs and increase efforts in improving key areas. Under the development model of "One Core with Two Wings", the Group will follow the market trend and national policies direction, maintain its fundamental base, strengthen its basic essentials as well as create new growth areas, so as to promote healthy growth.

FINANCIAL ANALYSIS

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

	2024	2023
	RMB million	*RMB million*
Revenue	**59,975**	59,464
Gross (loss)/profit	**(5,869)**	5,848
Operating loss	**(29,328)**	(13,250)
Loss attributable to equity holders of the Company	**(35,905)**	(21,030)
Losses per share – Basic *(RMB)*	**(9.48)**	(5.55)

Revenue

For the year ended 31 December 2024, the revenue of the Group was approximately RMB59,975 million (2023: RMB59,464 million), representing an increase of 0.9% over 2023. 79.9% (2023: 79.0%) of the revenue was generated from the sales of properties and 20.1% (2023: 21.0%) from hotel operation, commercial properties operation, property management and others.

The components of the revenue are set out as follows:

	2024	2023
	RMB million	*RMB million*
Sales of properties	**47,911**	46,986
Hotel operation income	**2,225**	2,295
Commercial properties operation income	**1,667**	1,740
Property management income and others	**8,172**	8,443
Total	**59,975**	59,464

* The income does not include revenue from the Group.

(i) Sales of Properties

Sales of properties for the years ended 31 December 2024 and 2023 are set out below:

	2024		2023	
	Area (sq.m.)	***RMB million***	*Area (sq.m.)*	*RMB million*
Midwest Region	**1,460,324**	**13,593**	1,060,320	10,789
Northern Region	**537,055**	**12,714**	169,552	1,771
Jiangsu, Zhejiang and Shanghai Region	**671,048**	**11,462**	1,490,506	21,074
Southeast Region	**910,834**	**10,142**	920,963	13,352
Total	**3,579,261**	**47,911**	3,641,341	46,986

(ii) Hotel Income

Hotel operation income decreased by approximately 3.1% to RMB2,225 million in 2024 from RMB2,295 million in 2023.

Hotel operation income is set out as follows:

	Date of Commencement	2024 *RMB million*	2023 *RMB million*
Conrad Shanghai	September 2006	**334**	310
Four Points by Sheraton Hong Kong Tung Chung	January 2021	**264**	196
Sheraton Hong Kong Tung Chung Hotel	December 2020	**210**	190
InterContinental Shanghai Wonderland	November 2018	**138**	179
Conrad Xiamen	August 2016	**131**	139
Hilton Wuhan Riverside	July 2016	**106**	130
The Yuluxe Sheshan, Shanghai, A Tribute Portfolio Hotel	November 2005	**103**	129
Hilton Changsha Riverside	July 2021	**102**	120
InterContinental Fuzhou	January 2014	**92**	92
Hilton Nanjing Riverside	December 2011	**92**	101
Hilton Shenyang	January 2018	**87**	98
Crowne Plaza Shaoxing	March 2014	**77**	87
Hilton Yantai	August 2017	**75**	82
Yuluxe Hotel Chengdu	August 2018	**60**	63
Le Méridien Hangzhou Binjiang	September 2018	**53**	63
DoubleTree by Hilton Ningbo Beilun	December 2016	**50**	57
Yuluxe Hotel Taizhou	August 2014	**26**	27
DoubleTree by Hilton Ningbo Chunxiao	December 2015	**25**	28
Holiday Inn Mudanjiang	December 2010	**25**	23
Minimax Hotel Chengdu Longquanyi	October 2021	**13**	12
Others		**162**	169
Total		**2,225**	2,295

(iii) Commercial Properties Operation Income

Commercial properties operation income decreased by approximately 4.2% to RMB1,667 million in 2024 from RMB1,740 million in 2023. Rental income decreased by 4.5% which was mainly due to market weakness, resulting in a decrease rental rates of commercial properties, especially that of the office buildings.

Commercial properties operation income is analysed as follows:

	Date of Commencement	2024 *RMB million*	2023 *RMB million*
Rental Income			
Shanghai Shimao Festival City	December 2004	**245**	238
Jinan Shimao Festival City	May 2014	**146**	142
Beijing Shimao Tower	July 2009	**132**	134
Chengdu Shimao Festival City	April 2021	**132**	121
Shenzhen Shimao Qianhai Center	July 2020	**101**	112
Shanghai Shimao Tower	December 2018	**91**	92
Changsha Shimao Global Financial Center	September 2020	**72**	67
Kunshan Shimao Plaza	April 2012	**59**	59
Nanjing Yuhua Shimao (Commercial)	December 2018	**51**	59
Shaoxing Shimao Dear Town (Commercial)	May 2010	**51**	59
Nanjing Straits City (Commercial)	December 2014	**50**	56
Xiamen Shimao Straits Mansion	January 2017	**38**	40
Xiamen Jimei Shimao Festival City	April 2021	**36**	33
Suzhou Shimao Canal Scene (Commercial)	June 2010	**25**	25
Quanzhou Shishi Shimao Skyscraper City	January 2017	**23**	22
Qingdao Shimao 52+	August 2020	**11**	13
Wuhu Shimao Riviera Garden (Commercial)	September 2009	**8**	10
Miscellaneous rental income		**35**	85
Rental income sub-total		**1,306**	1,367
Commercial properties operation related service income		**361**	373
Total		**1,667**	1,740

(iv) Property Management Income, and Others

Property management income, and others decreased by approximately 3.2% to RMB8,172 million in 2024 from RMB8,443 million in 2023, which were mainly due to decrease in revenue from city services.

Cost of Sales

Cost of sales increased by 22.8% to approximately RMB65,844 million in 2024 from RMB53,616 million in 2023, which was mainly due to the increase in provision for impairment losses on properties.

Gross Profit Margin

For the year ended 31 December 2024, the Group's gross profit margin was approximately -9.8% (2023 gross profit margin: 9.8%). The decrease in gross profit margin was due to the following reasons: higher average costs were recognised such as land cost and construction cost; provision for impairment losses on properties increased, which was affected by the continuous downturn in the real estate industry.

Fair Value Losses on Investment Properties – Net

For the year ended 31 December 2024, the Group recorded aggregate fair value losses of approximately RMB2,813 million (2023: RMB5,878 million), mainly caused by the decrease in fair value of most investment properties due to the sustained slump in the commercial property market. Aggregate net fair value losses after deferred income tax of approximately RMB703 million (2023: RMB1,470 million) recognized was RMB2,110 million (2023: RMB4,408 million).

Other (Losses)/Other Income and Gains – Net

For the year ended 31 December 2024, the Group recognized net other losses of approximately RMB13,609 million (2023: net other losses of RMB3,849 million), which mainly comprised of loss of approximately RMB12,103 million on settlement of indebtedness and restructuring of certain PRC on-shore debts, loss of approximately RMB557 million on the disposal of subsidiaries, and loss of approximately RMB431 million from the liquidation of several subsidiaries which were adjudged bankrupt and under receivership procedures.

Selling and Marketing Costs and Administrative Expenses

For the year ended 31 December 2024, the Group's selling and marketing costs decreased by 36.5% to approximately RMB901 million from approximately RMB1,420 million for the year ended 31 December 2023, which was in line with the decline in the Group's contracted sales.

For the year ended 31 December 2024, the Group's administrative expenses decreased by 16.6% to approximately RMB3,922 million from approximately RMB4,703 million for the year ended 31 December 2023. The Group's administrative expenses were mainly personnel costs, depreciation and amortization.

Provision for Impairment on Financial Assets

Given the combined impact of multiple unfavourable factors in macroeconomic, industry and financing environments, the Group made further provisions for expected credit losses of approximately RMB1,109 million during the year ended 31 December 2024.

Impairment Losses on Intangible Assets

For the year ended 31 December 2024, impairment losses on intangible assets were RMB46 million (2023: RMB121 million).

The impairment losses was mainly due to Shimao Services' impairment losses on goodwill arising from business combinations in prior years. Shimao Services' management built an impairment test model to monitor the operating performance of the acquired companies. 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 year ended 31 December 2024, net finance costs increased by 51.5% to approximately RMB12,075 million (2023: RMB7,972 million), which was mainly due to the decrease in proportion of capitalized interest in total interest expenses compared to the year ended 31 December 2023, as the construction area of the Group's property development projects decreased.

Share of Results of Associated Companies and Joint Ventures

For the year ended 31 December 2024, share of results of associated companies and joint ventures was losses of approximately RMB634 million, representing a decrease in loss of approximately RMB388 million compared with the year ended 31 December 2023, which was mainly due to the losses of recognized sales of properties of the Group's associated companies and joint ventures have narrowed in 2024 compared to that in 2023.

Taxation

The Group's tax provisions amounted to approximately RMB1,648 million for the year ended 31 December 2024, in which PRC land appreciation tax ("LAT") was RMB990 million (2023: RMB1,355 million, in which LAT was RMB665 million). The increase in LAT was mainly due to the decrease in tax reimbursement.

Loss Attributable to Equity Holders of the Company

Loss attributable to equity holders of the Company for the year ended 31 December 2024 increased to approximately RMB35.905 billion from approximately RMB21.030 billion for the year ended 31 December 2023. The increase in loss was mainly due to the decrease in the Group's gross profit and the increase in other losses.

Liquidity and Financial Resources

As at 31 December 2024, the Group had aggregate cash and bank balances (including restricted cash) of approximately RMB15,752 million, representing a decrease of approximately RMB5,680 million as compared to approximately RMB21,432 million at 31 December 2023, of which restricted cash of approximately RMB4,399 million (31 December 2023: RMB6,246 million) and guarantee deposits for construction of pre-sale properties with an amount of approximately RMB5,318 million (31 December 2023: RMB7,535 million) were included.

As at 31 December 2024, the total amount of borrowings was approximately RMB252.051 billion, representing a decrease of approximately RMB11.912 billion as compared to approximately RMB263.963 billion at 31 December 2023.

The Group's borrowings-to-assets ratio (total borrowings divided by total assets) was approximately 57.8% as at 31 December 2024 (31 December 2023: 48.6%). The Group's current ratio (current assets divided by current liabilities) was approximately 0.9 as at 31 December 2024 (31 December 2023: 1.0).

The maturity of the borrowings of the Group as at 31 December 2024 is set out as follows:

	RMB million
Bank borrowings, borrowings from other financial institutions and bonds	
Within 1 year	161,448
Between 1 and 2 years	15,793
Between 2 and 5 years	16,648
Over 5 years	9,395
Senior notes	
Within 1 year	48,767
Total	252,051

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 be taking measures to mitigate the risk of exchange rate fluctuation if necessary.

Pledge of Assets

As at 31 December 2024, the Group's total secured borrowings of approximately RMB218.051 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 RMB152.189 billion), and/or secured by the pledge of the shares of certain subsidiaries of the Group.

Capital and Property Development Expenditure Commitments

As of 31 December 2024, the Group had contracted capital and property development expenditure but not provided for amounted to RMB27.613 billion.

Employees and Remuneration Policy

As of 31 December 2024, the Group employed a total of 41,481 employees, among whom 924 were engaged in property development. Total remuneration for the year amounted to approximately RMB4.858 billion. The Group has adopted a performance-based rewarding system to motivate its staff. The board of directors of the Company (the "Board") adopted two share award schemes (the "Share Award Schemes") of the Company on 30 December 2011 and 3 May 2021 respectively. The 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.

ANNUAL RESULTS

The Board presents the audited consolidated results of the Group for the year ended 31 December 2024, together with comparative figures for 2023. These annual results have been reviewed by the Company's Audit Committee and audited and agreed by the Company's auditor.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

		Year ended 31 December	
		2024	2023
	Notes	***RMB'000***	*RMB'000*
Revenue	*3*	**59,975,062**	59,463,712
Cost of sales	*7*	**(65,843,636)**	(53,615,805)
Gross (loss)/profit		**(5,868,574)**	5,847,907
Fair value losses on investment properties – net		**(2,812,958)**	(5,878,296)
Other (losses)/other income and gains – net	*8*	**(13,608,820)**	(3,848,781)
Selling and marketing costs	*7*	**(901,207)**	(1,419,774)
Administrative expenses	*7*	**(3,921,977)**	(4,703,318)
Provision for impairment on financial assets	*7*	**(1,108,622)**	(2,031,610)
Impairment losses on property and equipment	*7*	**(8,170)**	(6,457)
Impairment losses on intangible assets	*7*	**(45,829)**	(121,316)
Other operating expenses	*7*	**(1,052,030)**	(1,088,070)
Operating loss		**(29,328,187)**	(13,249,715)
Finance income		**121,990**	284,155
Finance costs		**(12,197,327)**	(8,256,328)
Finance costs – net	*9*	**(12,075,337)**	(7,972,173)
Share of results of associated companies and joint ventures accounted for using the equity method		**(633,935)**	(1,022,291)
Loss before income tax		**(42,037,459)**	(22,244,179)
Income tax expenses	*11*	**(1,648,189)**	(1,355,238)
Loss for the year		**(43,685,648)**	(23,599,417)

	Notes	Year ended 31 December **2024** ***RMB'000***	2023 *RMB'000*
Other comprehensive (loss)/income for the year:			
Items that will not be reclassified to profit or loss			
Fair value losses on financial assets at fair value through other comprehensive income, net of tax		**(12)**	(1,187,571)
Share of other comprehensive income/(loss) of joint ventures accounted for using the equity method		**17,908**	(17,994)
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations		**(7,213)**	4,278
Total comprehensive loss for the year		**(43,674,965)**	(24,800,704)
Loss for the year attributable to:			
Equity holders of the Company		**(35,905,060)**	(21,030,181)
Non-controlling interests		**(7,780,588)**	(2,569,236)
		(43,685,648)	(23,599,417)
Total comprehensive loss for the year attributable to:			
Equity holders of the Company		**(35,900,434)**	(22,225,043)
Non-controlling interests		**(7,774,531)**	(2,575,661)
		(43,674,965)	(24,800,704)
Losses per share for loss attributable to the equity holders of the Company			
– Basic (RMB)	*13*	**(9.48)**	(5.55)
– Diluted (RMB)	*13*	**(9.48)**	(5.55)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2024

		As at 31 December	
		2024	2023
	Notes	***RMB'000***	*RMB'000*
ASSETS			
Non-current assets			
Property and equipment		**13,904,656**	17,039,656
Right-of-use assets		**4,349,689**	7,081,816
Investment properties		**41,735,180**	60,847,476
Intangible assets		**2,155,161**	2,729,081
Investments accounted for using the equity method		**16,132,916**	17,671,636
Amounts due from related parties		**5,644,798**	5,945,686
Financial assets at fair value through other comprehensive income		**260,059**	384,244
Deferred income tax assets		**1,060,771**	1,579,054
Other non-current assets		**2,174,041**	2,239,654
		87,417,271	115,518,303
Current assets			
Inventories		**218,513,766**	276,518,212
Trade and other receivables and prepayments	*4*	**40,838,595**	40,292,835
Prepayment for acquisition of land use rights		**3,775,484**	4,067,851
Prepaid income taxes		**1,429,828**	2,539,869
Amounts due from related parties		**67,480,889**	70,578,540
Restricted cash		**4,398,874**	6,245,890
Cash and cash equivalents		**11,352,828**	15,186,591
		347,790,264	415,429,788
Assets of a disposal group classified as held for sale	*6*	**1,221,462**	12,302,304
		349,011,726	427,732,092
Total assets		**436,428,997**	543,250,395

		As at 31 December	
		2024	2023
	Notes	***RMB'000***	*RMB'000*
EQUITY			
Equity attributable to the equity holders of the Company			
Share capital		**384,165**	384,165
Reserves		**(22,038,498)**	14,331,786
		(21,654,333)	14,715,951
Non-controlling interests			
Perpetual capital instruments		**–**	1,541,000
Other non-controlling interests		**25,000,269**	34,994,079
		25,000,269	36,535,079
Total equity		**3,345,936**	51,251,030
LIABILITIES			
Non-current liabilities			
Borrowings		**41,835,621**	64,555,626
Lease liabilities		**25,628**	41,481
Deferred income tax liabilities		**6,987,554**	7,535,816
		48,848,803	72,132,923
Current liabilities			
Trade and other payables	*5*	**83,083,588**	86,807,924
Contract liabilities		**48,355,145**	85,834,358
Dividend payable		**892,268**	873,188
Income tax payable		**20,015,870**	20,367,316
Borrowings		**210,215,789**	199,407,588
Lease liabilities		**31,531**	56,239
Amounts due to related parties		**20,425,864**	19,547,025
		383,020,055	412,893,638
Liabilities of a disposal group classified as held for sale	*6*	**1,214,203**	6,972,804
		384,234,258	419,866,442
Total liabilities		**433,083,061**	491,999,365
Total equity and liabilities		**436,428,997**	543,250,395

NOTES

1 GENERAL INFORMATION

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

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

These consolidated financial statements are presented in Renminbi ("RMB"), unless otherwise stated.

2 BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the applicable disclosures required by the Rules Governing the Listing of Securities on the Main Board of The Stock Exchange and by the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, as modified by the revaluation of investment properties, financial assets at fair value through other comprehensive income ("FVOCI") and derivative financial instruments which are carried at fair value.

The preparation of the consolidated financial statements in conformity with HKFRSs requires the use of certain key assumptions and estimates. It also requires the directors of the Company (the "Directors") to exercise its judgements in the process of applying the accounting policies. The areas involving critical judgements and areas where assumptions and estimates are significant to the consolidated financial statements.

(a) Going concern basis

For the year ended 31 December 2024, the Group incurred a loss attributable to equity holders of the Company of approximately RMB35.9 billion. As at 31 December 2024, the Group had borrowings in a total of approximately RMB252.1 billion, out of which approximately RMB210.2 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 RMB15.8 billion. As at 31 December 2024, the Group had not repaid borrowings of RMB172.1 billion in aggregate according to their scheduled repayment dates. In addition, the Group was involved in various litigation and arbitration cases for various reasons.

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

In view of such circumstances, the Directors have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern for at least 12 months from 31 December 2024, taking into account the following plans and measures:

(i) The Group's proposed offshore indebtedness restructuring scheme (the "Restructuring Scheme") was approved by approximately 98.75% of the number of creditors voting at the meeting on 24 February 2025, and was subsequently approved and sanctioned by the High Court of Hong Kong on 13 March 2025. Upon all the conditions precedent to the Restructuring Scheme being satisfied or waived and the Restructuring Scheme becoming effective, 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. The Directors expect the Restructuring Scheme will be completed and become effective in 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;

(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) The Group will continuously focus on the acceleration of sales and delivery of its existing inventory of properties. Up to the date of these consolidated financial statements, a total of approximately RMB399 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 actively seek other alternative financing and borrowings to finance the settlement of its existing financial obligations and future operating and capital expenditures; and

(vi) 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 have reviewed the Group's cash flow projections, which covers a period of not less than 12 months from 31 December 2024. The Directors are of the opinion that, considering the anticipated cash inflows to be generated from the Group's operations taking into account reasonably possible changes in operation performance, its cost control measures, as well as the above-mentioned plans and measures, the Group will be able to meet its financial obligations as and when they fall due within twelve months from 31 December 2024. Accordingly, it is appropriate to prepare the consolidated financial statements on a going concern basis.

Notwithstanding the above, material uncertainties exist as to whether the Group is able to achieve its plans and measures as described above. Whether the Group will be able to continue as a going concern would depend upon the following:

- Successful in negotiating with the remaining lenders and creditors in the PRC on the extension or deferral of the repayment of the Group's PRC onshore borrowings;

- Successful implementation of the plans and measures to ensure the sales strategy can be executed to achieve its budgeted sales and timely collection of the relevant sales proceeds and other receivables; and

- Successful in raising sufficient funds through alternative financing and borrowings to finance the settlement of its existing financial obligations and future operating and capital expenditures.

The property market sector in mainland China exhibited persistent contraction throughout 2024, the Group's overall pre-sales have continued to decline, and the financing performance has not shown significant improvement. There is uncertainty as to the stabilisation and recovery of the Group's sales and the continued support from the Group's lenders and creditors, hence, there is significant uncertainty as to the Group's ability to implement the above plans and measures.

Should the Group be unable to continue as a going concern, adjustments would have to be made to the 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 consolidated financial statements.

(b) Adoption of new or amended HKFRSs

In the current year, the Group has adopted all the new and revised HKFRSs issued by the HKICPA, that are relevant to its operations and effective for its accounting year beginning on 1 January 2024. HKFRSs comprise HKFRS, Hong Kong Accounting Standards ("HKAS"), and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's consolidated financial statements and amounts reported for the current year and prior years.

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

3 SEGMENT INFORMATION

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

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

The CODM assesses the performance of the operating segments based on a measure of revenue and profit before 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 year:

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Sales of properties	**47,911,418**	46,985,856
Hotel operation income	**2,224,745**	2,295,484
Commercial properties operation income	**1,666,670**	1,740,254
Property management income, and others	**8,172,229**	8,442,118
	59,975,062	59,463,712

(b) Segment information

The segment results for 31 December 2024 are as follows:

	Property development and investment: Shanghai Shimao Co., Ltd. ("Shanghai Shimao")* *RMB'000*	Property development and investment: Others *RMB'000*	Shimao Services Holdings Limited ("Shimao Services")** *RMB'000*	Unallocated*** *RMB'000*	Total *RMB'000*
Revenue					
– Sales of properties	4,773,677	43,137,741	–	–	47,911,418
– Recognised at a point in time	4,773,677	43,137,741	–	–	47,911,418
– Hotel operation income	228,362	1,996,383	–	–	2,224,745
– Commercial properties operation income	1,278,994	387,676	–	–	1,666,670
– Property management income, and others	395,098	113,561	7,895,536	–	8,404,195
Total revenue before elimination	6,676,131	45,635,361	7,895,536	–	60,207,028
Elimination					(231,966)
Total revenue					59,975,062
Operating loss	(9,266,093)	(19,702,547)	(157,636)	(201,911)	(29,328,187)
Finance income	11,235	68,268	31,501	10,986	121,990
Finance costs	(4,549,795)	(5,771,601)	(30,879)	(1,845,052)	(12,197,327)
Share of results of associated companies and joint ventures accounted for using the equity method	(133,104)	(510,101)	9,270	–	(633,935)
Loss before income tax	(13,937,757)	(25,915,981)	(147,744)	(2,035,977)	(42,037,459)
Income tax expense					(1,648,189)
Loss for the year					(43,685,648)
Other segment items are as follows:					
Capital expenditures	398,352	60,113	333,465	–	791,930
Fair value (losses)/gain on investment properties – net	(2,813,455)	497	–	–	(2,812,958)
Depreciation and amortisation charge	110,255	550,695	208,397	11,085	880,432
Amortisation of right-of-use assets	9,091	110,733	33,190	–	153,014
Provision for impairment on financial assets	628,839	319,293	160,490	–	1,108,622
Impairment loss on intangible assets	–	–	45,829	–	45,829
Provision for impairment losses on properties under development and completed properties held for sale	3,094,555	8,258,437	31,818	–	11,384,810
Impairment loss on property and equipment	–	–	8,170	–	8,170

* The Group owns an effective equity interest of 66.18% in Shanghai Shimao as at 31 December 2024.

** The Group owns an effective equity interest of 62.87% in Shimao Services as at 31 December 2024.

*** Unallocated mainly represent corporate level activities.

The segment results for 31 December 2023 are as follows:

	Property development and investment				
	Shanghai Shimao*	Others	Shimao Services**	Unallocated***	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Revenue					
– Sales of properties	3,607,618	43,378,238	–	–	46,985,856
– Recognised at a point in time	3,607,618	43,378,238	–	–	46,985,856
– Hotel operation income	245,285	2,050,199	–	–	2,295,484
– Commercial properties operation income	1,289,840	450,414	–	–	1,740,254
– Property management income, and others	361,946	235,642	8,202,668	–	8,800,256
Total revenue before elimination	5,504,689	46,114,493	8,202,668	–	59,821,850
Elimination					(358,138)
Total revenue					59,463,712
Operating profit/(loss)	(7,752,379)	(6,248,446)	464,885	286,225	(13,249,715)
Finance income	15,517	173,524	78,106	17,008	284,155
Finance costs	(1,023,422)	(5,448,253)	(45,932)	(1,738,721)	(8,256,328)
Share of results of associated companies and joint ventures accounted for using the equity method	(20,312)	(1,014,081)	12,102	–	(1,022,291)
Profit/(loss) before income tax	(8,780,596)	(12,537,256)	509,161	(1,435,488)	(22,244,179)
Income tax expense					(1,355,238)
Loss for the year					(23,599,417)
Other segment items are as follows:					
Capital expenditures	123,993	125,460	243,550	–	493,003
Fair value losses on investment properties	(3,786,921)	(2,091,375)	–	–	(5,878,296)
Fair value losses on derivative financial instruments	–	–	–	(37,705)	(37,705)
Depreciation and amortisation charge	97,129	349,207	344,339	123,767	914,442
Amortisation of right-of-use assets	9,122	123,283	47,066	–	179,471
Provision for impairment on financial assets	528,136	1,380,737	122,737	–	2,031,610
Impairment loss on intangible assets	–	–	121,316	–	121,316
Provision for impairment losses on properties under development and completed properties held for sale	1,530,481	1,434,313	1,230	–	2,966,024
Impairment loss on property and equipment	–	–	6,457	–	6,457

* The Group owns an effective equity interest of 63.45% in Shanghai Shimao as at 31 December 2023.

** The Group owns an effective equity interest of 62.87% in Shimao Services as at 31 December 2023.

*** Unallocated mainly represent corporate level activities.

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

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

The segment assets and liabilities at 31 December 2023 are as follows:

	Property development and investment			
	Shanghai Shimao*	Others	Shimao Services**	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Investments accounted for using the equity method	850,096	16,760,521	61,019	17,671,636
Intangible assets	–	71,363	2,657,718	2,729,081
Other segment assets	119,891,946	377,968,167	9,538,936	507,399,049
Total segment assets	120,742,042	394,800,051	12,257,673	527,799,766
Deferred income tax assets				1,579,054
Financial assets at FVOCI				384,244
Assets of a disposal group classified as held for sale				12,302,304
Other assets				1,185,027
Total assets				543,250,395
Borrowings	27,713,758	157,543,524	299,942	185,557,224
Other segment liabilities	62,237,095	139,479,946	3,373,979	205,091,020
Total segment liabilities	89,950,853	297,023,470	3,673,921	390,648,244
Corporate borrowings				78,405,990
Deferred income tax liabilities				7,535,816
Liabilities of a disposal group classified as held for sale				6,972,804
Other liabilities				8,436,511
Total liabilities				491,999,365

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.

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

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
Related to development and sales of properties contracts		
Contract liabilities *(Note)*	**48,355,145**	85,834,358

Note: Contract liabilities have been disclosed with the value-added tax of approximately RMB3.1 billion deducted in 2024 (2023: approximately RMB5.5 billion).

Revenue from sales of properties totally approximately RMB34.0 billion was recognised in the current reporting year that was included in the contract liability balance at the beginning of the year. Management expects that the majority of the contract amounts allocated to unsatisfied performance obligations totally approximately RMB13.0 billion as of 31 December 2024 will be recognised as revenue from sales of properties during the next reporting year.

4 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
Trade receivables *(Note (a))*	**8,684,777**	8,273,284
Bidding deposits for land use rights *(Note (b))*	**3,720,756**	4,110,738
Prepayments for construction costs	**9,010,356**	9,078,401
Loan receivables *(Note (c))*	**361,767**	407,932
Prepaid tax and surcharges on pre-sale proceeds	**742,499**	861,282
Deposits paid	**8,284,367**	9,438,937
Receivables from disposals of equity interests	**222,808**	236,386
Payments on behalf of customers	**417,086**	382,546
Other receivables	**12,099,929**	9,401,615
	43,544,345	42,191,121
Provision for impairment	**(2,705,750)**	(1,898,286)
	40,838,595	40,292,835

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 year-ended dates is as follows:

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
Within 180 days	**5,834,694**	6,375,448
Over 180 days and within 365 days	**1,256,036**	1,372,444
Over 365 days	**1,594,047**	525,392
	8,684,777	8,273,284

As at 31 December 2024, receivables arising from sales of properties were approximately RMB3,663,029,000 (2023: RMB3,630,905,000).

(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 31 December 2024, loan receivables of RMB361,767,000 (31 December 2023: RMB407,932,000) 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 31 December 2024, the fair value of trade receivables, bidding deposits for land use rights, loan receivables and other receivables of the Group approximate their carrying amounts, as the impact of discounting is not significant.

5 TRADE AND OTHER PAYABLES

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
Trade payables *(Note (a))*	**33,928,563**	42,187,616
Other payables *(Note (b))*	**10,786,223**	12,724,643
Other taxes payable	**6,410,906**	7,606,676
Accrued expenses	**31,957,896**	24,288,989
	83,083,588	86,807,924

Notes:

(a) As at 31 December 2024, the aging analysis of the trade payables based on invoice date is as follows:

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
Within 90 days	**14,240,868**	39,706,984
Over 90 days and within 1 year	**17,652,608**	2,480,632
Over 1 year	**2,035,087**	–
	33,928,563	42,187,616

(b) Other payables comprise:

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
Deposits received from customers	**2,653,344**	3,060,912
Deposits from constructors	**860,000**	665,979
Rental deposits from tenants and hotel customers	**1,181,106**	1,066,990
Payables for equity interest	**991,860**	613,688
Fees collected from customers on behalf of government agencies	**318,979**	414,995
Amount due to liquidated subsidiaries or disposed subsidiaries	**3,798,845**	6,617,679
Others	**982,089**	284,400
	10,786,223	12,724,643

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

As at 31 December 2024, certain Debt Settlements (as defined below) remain pending completion as the Group is still in the process of satisfying the necessary conditions precedent. The Group's investment properties and inventories of properties associated with these Debt Settlements amounted to approximately RMB1.19 billion as at 31 December 2024. Save for the above, the remaining assets and associated liabilities were disposed of by the Group during the period.

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 project company, an indirectly non-wholly owned subsidiary of the Company, for a consideration of RMB2.8 million.

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

	At 31 December 2024
	RMB'000
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**
Assets of a disposal group classified as held for sale	**1,221,462**
Trade and other payables	**20,843**
Contract liabilities	**7,739**
Deferred income tax liabilities	**621**
Borrowings	**1,185,000**
Associated liabilities classified as held for sale	**1,214,203**

During the year ended 31 December 2023, the Group entered into equity transfer agreement and debt settlement agreements with independent third parties regarding the transfers of the equity interest in a subsidiary and the Group's assets.

On 28 September 2023, the Group entered into an equity transfer agreement with two independent third parties, pursuant to which the Group conditionally agreed to sell and the independent third parties conditionally agreed to purchase 51% equity interest in a project company, an indirectly non-wholly owned subsidiary of the Company, for a consideration of RMB3.91 billion.

On 30 October 2023, the Group entered into certain debt settlement agreements with its creditors, pursuant to which the parties mutually agreed that the Group agreed to transfer its inventories of properties for an aggregate consideration of approximately RMB1.59 billion by way of settling its borrowings of approximately RMB1.53 billion ("Debt Settlements"). The Debt Settlements are subject to conditions precedent and were yet to be completed as at 31 December 2023.

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 2023. The major classes of assets and liabilities of a disposal group classified as held for sale are as follows:

	At 31 December 2023 *RMB'000*
Property and equipment	124
Investment properties	438,000
Deferred income tax assets	12,522
Inventories	7,149,748
Trade and other receivables and prepayments	4,644,896
Cash and cash equivalents	57,014
Assets of a disposal group classified as held for sale	12,302,304
Trade and other payables	987,745
Contract liabilities	933,574
Income tax payable	668,770
Borrowings	4,382,715
Liabilities of a disposal group classified as held for sale	6,972,804

7 EXPENSES BY NATURE

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Cost of properties sold and others	**50,402,382**	45,817,606
Taxes and surcharges on sales of properties	**309,744**	627,474
Staff costs – including directors' emoluments	**4,361,650**	5,207,813
Advertising, promotion and commission costs	**623,889**	1,089,092
Direct expenses arising from hotel operation	**780,402**	846,740
Corporate and office expenses	**997,888**	985,145
Consulting fee	**234,243**	339,836
Depreciation and amortisation	**880,432**	914,442
Amortisation of right-of-use assets	**153,014**	179,471
Charitable donations	**5,135**	1,306
Penalties	**887,774**	877,409
Auditor's remuneration		
– Audit services	**8,000**	11,000
– Non-audit services	**–**	–
Provision for impairment losses on financial assets	**1,108,622**	2,031,610
Provision for impairment losses on properties under development and completed properties held for sale	**11,384,810**	2,966,024
Impairment losses on property and equipment	**8,170**	6,457
Impairment losses on intangible assets	**45,829**	121,316
Other expenses	**689,487**	963,609
	72,881,471	62,986,350

8 OTHER (LOSSES)/OTHER INCOME AND GAINS – NET

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Other income		
Government grants received	**46,499**	59,476
Other gains/(losses) – net		
Penalty income *(note a)*	**7,075**	28,451
Net losses on disposal of subsidiaries with loss of control	**(556,857)**	(715,509)
Net losses on liquidation of subsidiaries	**(430,818)**	(2,194,586)
Net losses on deregistration of a subsidiary	**(50,118)**	–
Net losses on deemed disposal of joint ventures and associated companies	**(813,853)**	(558,175)
Net gains on disposal of joint ventures	**–**	10,770
Net (losses)/gains on disposal of associate companies	**(64,824)**	6,380
Loss on settlement of indebtedness *(note b)*	**(9,653,825)**	–
Loss on restructuring of certain PRC on-shore debts	**(2,448,882)**	–
Loss on impairment of assets of a disposal group classified as held for sale	**(2,305)**	(966,229)
Losses on derivative financial instruments	**–**	(37,705)
Others	**359,088**	518,346
	(13,655,319)	(3,908,257)
	(13,608,820)	(3,848,781)

Notes:

(a) 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.

(b) Pursuant to a judgement letter dated 27 June 2024 received by the Group from the PRC court, the Group mandatorily transferred certain investment properties and inventories of properties to the creditor in order to settle a portion of the outstanding borrowings and accrued interests owed by the Group to the creditor. A resulting loss on the settlement of the aforesaid debts amounting to approximately RMB9,653,825,000 was recognised in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2024.

9 FINANCE COSTS – NET

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Finance income		
– interest income on short-term bank deposits	**(121,990)**	(284,155)
Interest on bank and other borrowings		
– wholly repayable within five years	**11,403,798**	13,577,028
– not wholly repayable within five years	**501,694**	593,466
Interest on senior notes		
– wholly repayable within five years	**2,283,409**	2,283,660
Interest charges paid/payable for lease liabilities		
– wholly repayable within five years	**4,198**	6,573
	14,193,099	16,460,727
Net foreign exchange loss	**2,219,171**	1,840,216
Less: interest and foreign exchange losses capitalized	**(4,214,943)**	(10,044,615)
Finance costs	**12,197,327**	8,256,328
Net finance costs	**12,075,337**	7,972,173

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

10 COMMITMENTS

Commitments for capital and property development expenditure

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
Contracted but not provided for		
– Property and equipment	**516,707**	517,780
– Land use rights (including those related to associated companies and joint ventures)	**5,897,469**	5,939,529
– Properties being developed by the Group for sale	**21,199,167**	24,465,634
	27,613,343	30,922,943

11 INCOME TAX EXPENSE

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Current income tax		
– PRC enterprise and withholding income tax	**748,224**	296,519
– PRC land appreciation tax	**990,190**	664,647
	1,738,414	961,166
Deferred income tax		
– PRC enterprise and withholding income tax	**(90,225)**	394,072
	1,648,189	1,355,238

(a) Hong Kong profits tax

No Hong Kong profits tax has been provided for as the Group has no assessable profit in Hong Kong for the year ended 31 December 2024 (2023: Nil).

(b) PRC enterprise income tax

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

(c) PRC land appreciation tax

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

(d) PRC withholding income tax

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

12 DIVIDENDS

The board of Directors does not recommend the payment of the final dividend for the year ended 31 December 2024 (2023: Nil).

13 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 year.

	Year ended 31 December	
	2024	2023
Loss attributable to the equity holders of the Company *(RMB'000)*	**(35,905,060)**	(21,030,181)
Weighted average number of ordinary shares *(thousands)*	**3,787,569**	3,787,589
Basic losses per share *(RMB)*	**(9.48)**	(5.55)

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares in issue for the potential dilutive effect caused by the shares granted under the Share Award Scheme assuming they were exercised. No diluted loss per share for the year ended 31 December 2024 and 2023 is presented as the effect caused by the shares granted under the Share Award Scheme is anti-dilutive.

14 EVENTS AFTER THE REPORTING PERIOD

(a) The Company and its advisors have been actively pushed ahead in the restructuring of the Group's offshore debt. The major progress of the Restructuring Scheme subsequent to the year ended 31 December 2024 were as follows:

(i) The extraordinary general meeting of the Company was held on 15 January 2025. All of the four proposed resolutions of possible transactions in connection with the Restructuring Scheme were duly approved and passed by the Company's shareholders by way of poll. Involving: (1) issue of mandatory convertible bonds; (2) issue of long-term notes to the controlling shareholder of the Company; (3) issue of mandatory convertible bonds to the controlling shareholder of the Company; and (4) increase in the Company's authorized share capital by creating an additional 20,000,000,000 shares.

(ii) The meeting of the Restructuring Scheme was held on 24 February 2025, and 98.75% of the presented and voted creditors under the Restructuring Scheme voted in favor of the scheme. The Restructuring Scheme was approved by the requisite majorities of the creditors under the Restructuring Scheme.

(iii) The petition seeking sanction of the Restructuring Scheme was heard on 13 March 2025 at the High Court of the Hong Kong Special Administrative Region (the "High Court") and by an order made by the High Court, the Restructuring Scheme has been sanctioned.

(b) A winding-up petition against the Company (the "Petition") dated 10 January 2025 was filed by a third-party company at the High Court in connection with a guarantee provided by the Company for a cross border loan. The High Court has ordered that the Petition against the Company be withdrawn by consent by 25 February 2025.

REVIEW OF RESULTS ANNOUNCEMENT BY INDEPENDENT AUDITOR

The figures in respect of the Group's results for the year ended 31 December 2024 as set out in this results announcement have been agreed by the Company's independent auditor, Zhonghui ANDA CPA Limited, to the amounts set out in the Group's consolidated financial statements. The work performed by Zhonghui ANDA CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently, no assurance has been expressed by Zhonghui ANDA CPA Limited on this results announcement.

EXTRACT OF INDEPENDENT AUDITOR'S REPORT

The below sections set out an extract of the independent auditor's report by Zhonghui ANDA CPA Limited, the external auditor of the Company, regarding the consolidated financial statements of the Group for the year ended 31 December 2024:

DISCLAIMER OF OPINION

We do not express an opinion on the consolidated financial statements of the Group. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements. In all other respects, in our opinion, the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Disclaimer of Opinion

Scope limitation relating to the assessment on the appropriateness of the going concern basis of preparing the Consolidated Financial Statements

We draw attention to note 2(a) to the consolidated financial statements, which mention that the Group incurred a loss attributable to equity holders of the Company of approximately RMB35.9 billion. As at 31 December 2024, the Group had borrowings in total of approximately RMB252.1 billion, out of which approximately RMB210.2 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 RMB15.8 billion. As at 31 December 2024, the Group had not repaid borrowings of RMB172.1 billion in aggregate according to their scheduled repayment dates. In addition, the Group was involved in various litigation and arbitration cases for various reasons, as disclosed in note 37(c) to the consolidated financial statements. 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.

The consolidated financial statements have been prepared on a going concern basis. The directors of the Company have been undertaking a number of plans and measures to mitigate the liquidity pressure and improve its financial position, details of which are set out in note 2(a) to the consolidated financial statements. The validity of the going concern assumption on which the consolidated financial statements have been prepared depends upon the successful implementation of these measures, which are subject to significant uncertainties, including (i) the success of extension or restructuring of the remaining defaulted debts with multiple lenders and creditors other than debts included in the Group's offshore indebtedness restructuring ("Remaining Debts Restructuring"); (ii) the success of obtaining sufficient funds through other alternative financing and borrowings; and (iii) the success of business strategy plan to accelerate the sales of its properties to ensure the sustainability of future business operations.

In respect of the Remaining Debts Restructuring and alternative financing plans, we were advised by management that these plans are at different stages and for the majority of which, no definite agreements have been reached between the Group and the relevant creditors. Accordingly, we were unable to obtain sufficient appropriate audit evidence that we considered necessary to evaluate the Group's ability to implement and complete the Remaining Debt Restructuring.

In respect of the business strategy plan, management was unable to provide us with sufficient information about the details of the plan, including the detailed timetable and actions to be implemented because of the unpredictable market changes. Accordingly, we were unable to obtain sufficient appropriate audit evidence that we considered necessary to evaluate the Group's ability to accelerate the sales of its properties as planned.

In view of the above scope limitation, there were no other alternative procedures that we could perform to satisfy ourselves that the Group would be able to implement its plans and measures, as a result, we were unable to obtain sufficient appropriate evidence we considered necessary to conclude whether the use of the going concern basis of accounting to prepare the consolidated financial statements is appropriate.

Should the Group fail to achieve the above-mentioned plans and measures, it might not be able to continue to operate as a going concern, and adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effect of these adjustments has not been reflected in the consolidated financial statements.

OTHER MATTERS

Had we not disclaimed our opinion regarding the matters described in the Basis for Disclaimer of Opinion section above, we would otherwise have qualified our opinion regarding the scope limitations on our audit relating to the matter detailed below.

Limitation of scope on the valuation of assets relating to a property project

As at 31 December 2023, the Group had a portfolio of investment properties and inventories with carrying amounts of approximately RMB13.4 billion and approximately RMB10.6 billion, respectively, relating to one of its major property projects in the PRC.

The fair values of the related investment properties are determined by adopting the valuation techniques with significant unobservable inputs, assumptions of market conditions and judgements. The Group engaged an independent qualified professional valuer to establish and determine the appropriate valuation techniques, resulting in a loss from changes in fair values of related investment properties amounting to approximately RMB1.1 billion for the year ended 31 December 2023. Whereas the net realisable values of the related inventories are determined by reference to the aforesaid valuation assessments, resulting in an impairment loss on the related inventories amounting to approximately RMB0.3 billion for the year ended 31 December 2023.

However, we have been unable to obtain sufficient appropriate audit evidence to justify the reasonableness and appropriateness of the significant unobservable inputs and assumptions used in the valuation assessment, which in turn, unable to satisfy ourselves as to whether the fair values of the investment properties and the net realisable values of the inventories as at 31 December 2023 of approximately RMB13.4 billion and approximately RMB10.6 billion, respectively, were free from material misstatements. We are also unable to obtain sufficient appropriate audit evidence to satisfy ourselves as to whether the loss from changes in fair values of investment properties amounting to approximately RMB1.1 billion for the year ended 31 December 2023, and the impairment loss on the related inventories amounting to approximately RMB0.3 billion for the year ended 31 December 2023, were free from material misstatement.

Pursuant to a judgement letter dated 27 June 2024 received by the Group from the PRC court, the Group mandatorily transferred the aforesaid investment properties and inventories of properties to the creditor in order to settle a portion of the outstanding borrowings and accrued interests owed by the Group to the creditor. A resulting loss on the settlement of the aforesaid debts amounting to approximately RMB9.7 billion was recognised in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2024.

We have been unable to obtain sufficient appropriate audit evidence to justify whether the whole or a part of the loss on the settlement of approximately RMB9.7 billion should be made in the current year or in the prior year.

Any adjustments to the figures as described above might have a consequential effect on the Group's financial performance and cash flows for the years ended 31 December 2024 and 2023 and the financial position of the Group as at 31 December 2023, and the related disclosures thereof in the consolidated financial statements.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Compliance with the Model Code set out in Appendix C3 to the Listing Rules

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix C3 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") as the code of conduct regarding securities transactions by the directors of the Company (the "Directors"). The Company has made specific enquiry of all Directors and all Directors confirmed that they had complied with the required standard set out in the Model Code throughout the year ended 31 December 2024.

Compliance with the Corporate Governance Code

The Company complied with the code provisions set out in the Corporate Governance Code (the "Code") contained in Appendix C1 to the Listing Rules throughout the year ended 31 December 2024, except for the following deviations:

Under code provision C.1.8, 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.

Following the appointment of Mr. Hui Sai Tan, Jason as the Chairman of the board of Directors (the "Board") on 1 September 2024, the roles of the Chairman and the President are served by Mr. Hui Sai Tan, Jason 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.

Purchase, Sale or Redemption of Listed Securities

During the year ended 31 December 2024:

1. Shanghai Shimao, a 66.18%-owned subsidiary of the Company, redeemed RMB3,408,600 of long-term bonds at a fixed interest rate of 4.15% on the Shanghai Stock Exchange ("SSE");

2. The Company increased its holdings of 102,378,663 shares of Shanghai Shimao on the SSE through its wholly-owned subsidiary, with an average share price of RMB1.07 per share; and

3. Shanghai Shimao repurchased 117,419,371 shares of Shanghai Shimao with its own funds on the SSE, with an average share price of RMB1.07 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 year ended 31 December 2024.

Final Dividend

The Board did not recommend the payment of any final dividend for the year ended 31 December 2024 (2023: Nil).

PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement is published on the website of the Stock Exchange (www.hkexnews.hk) as well as the website of the Company (www.shimaogroup.hk). The Company's 2024 annual report will be despatched to its shareholders along with the forthcoming annual general meeting (the "AGM") circular, the notice of AGM, the proxy form for use at the AGM and relevant documents and such documents will be published on the aforementioned websites in due course.

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

Hong Kong, 28 March 2025

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