



上海實業城市開發集團有限公司

SHANGHAI INDUSTRIAL URBAN DEVELOPMENT GROUP LIMITED

(Incorporated in Bermuda with limited liability)

Stock Code: 563

FORGE AHEAD

with

PRAGMATISM & FORTITUDE

Interim Report 2023



DISTINGUISHED RESIDENCES *of* EXQUISITE SPLENDOR

Shanghai Industrial Urban Development Group Limited (“SIUD”) currently has 28 real estate projects in 10 major cities in China, mainly located at Shanghai, Wuxi, Beijing, Shenyang, Tianjin, Xi’an, Chongqing, Wuhan, Yantai and Shenzhen. Most of the projects are mid- to high-end residential projects which are under construction at full steam, presenting the Group with approximately 3.58 million square meters saleable floor areas and building a marvelous foundation for our long term development.

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Huang Haiping (*Chairman*)
Mr. Tang Jun (*President*)
Mr. Lou Jun
Mr. Ye Weiqi

Independent Non-Executive Directors

Mr. Doo Wai-Hoi, William, *B.B.S., J.P.*
Dr. Fan Ren Da, Anthony
Mr. Li Ka Fai, David, *M.H.*
Mr. Qiao Zhigang

AUTHORIZED REPRESENTATIVES

Mr. Huang Haiping
Mr. Chan Kin Chu, Harry

BOARD COMMITTEES

Audit Committee

Mr. Li Ka Fai, David, *M.H. (Committee Chairman)*
Mr. Doo Wai-Hoi, William, *B.B.S., J.P.*
Dr. Fan Ren Da, Anthony

Remuneration Committee

Mr. Doo Wai-Hoi, William, *B.B.S., J.P. (Committee Chairman)*
Dr. Fan Ren Da, Anthony
Mr. Ye Weiqi

Nomination Committee

Mr. Huang Haiping (*Committee Chairman*)
Mr. Doo Wai-Hoi, William, *B.B.S., J.P.*
Dr. Fan Ren Da, Anthony

Investment Appraisal Committee

Dr. Fan Ren Da, Anthony (*Committee Chairman*)
Mr. Tang Jun
Mr. Qiao Zhigang

COMPANY SECRETARY

Mr. Chan Kin Chu, Harry

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Corporate Services (Bermuda) Limited
Clarendon House,
2 Church Street, Hamilton, HM11,
Bermuda.

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

REGISTERED OFFICE

Clarendon House,
2 Church Street,
Hamilton, HM11,
Bermuda.

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

11/F, Henley Building,
No. 5 Queen's Road Central, Hong Kong
Telephone: (852) 2544 8000
Facsimile: (852) 2544 8004

WEBSITE

<http://www.siud.com>

PRINCIPAL BANKERS

Agricultural Bank of China Limited
China Construction Bank Corporation
China Everbright Bank
Shanghai Pudong Development Bank Company Limited
Bank of China Limited

AUDITOR

Deloitte Touche Tohmatsu
Registered Public Interest Entity Auditors
35/F., One Pacific Place,
88 Queensway, Hong Kong.

LISTING INFORMATION

The Stock Exchange of Hong Kong Limited
Ordinary Shares
(Stock Code: 563)

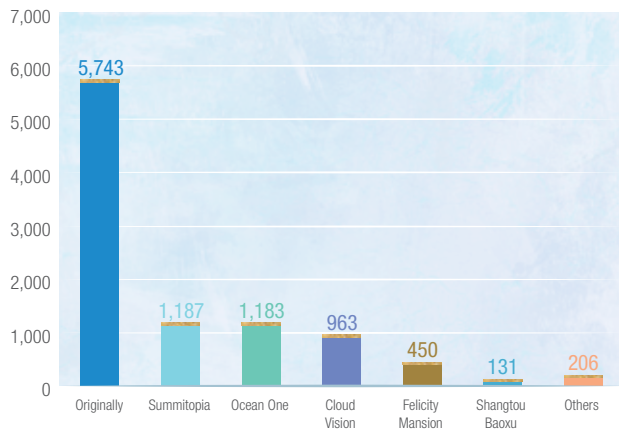
FINANCIAL HIGHLIGHTS

| | For the six months ended 30 June 2023 | For the six months ended 30 June 2022 |
|--|--|--|
| Financial Highlights (HK\$'000) | | |
| Revenue | 1,797,834 | 6,808,613 |
| (Loss)/profit attributable to equity owners of the Company | (302,936) | 126,448 |
| Financial Information per share (HK cent) | | |
| Earnings per share | | |
| — Basic | (6.32) | 2.63 |
| | As at 30 June 2023 | As at 31 December 2022 |
| Pre-sale proceeds received on sales of properties (HK\$'000) | 9,862,876 | 7,086,457 |
| Financial Ratios | | |
| Net debt to total equity (%) | 64.1% | 63.0% |
| Current ratio | 1.4 | 1.1 |

Note: Net debt = total borrowings (including bank borrowings, other borrowings and bonds) less cash and cash equivalents and pledged bank deposits.

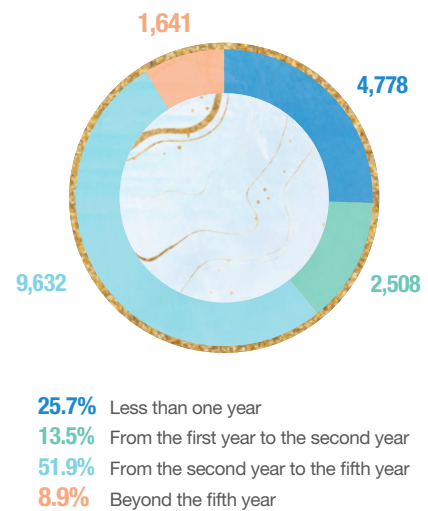
ANALYSIS ON PRE-SALE PROCEEDS RECEIVED ON SALES OF PROPERTIES

HK\$ million



DEBT MATURITY PROFILE

HK\$ million



CHAIRMAN'S STATEMENT

Looking back to the first half of 2023, the global economy was generally stuck in low gear in the face of complex and severe international geopolitical dynamics. Although China's economic recovery was still fraught with pressure, the national economy rebounded with the resumption of full normalcy in economy and society. China's economy demonstrated great resilience with 5.5% year-on-year growth in its gross domestic product (GDP) in the first half.

During the first half, China's property market experienced a significant growth in the first quarter amid the release of pent-up demand for homes. The short-lived market recovery, however, lost momentum in the second quarter. National property development and investment decreased 7.9% year-on-year in the first half of the year. On the policy front, the central government emphasised the importance of the real estate sector and the lenient policies towards the property market remained basically unchanged. Measures for "pillar stabilisation", "demand stimulation" and "risk prevention" were gradually implemented, and more than 300 optimisations were made to the property regulatory policies in over 100 provinces and municipalities (counties). In the second half of the year, more supportive policies are expected to be launched, while confidence towards the property market will need a further boost on the challenging road to recovery.

In face of the uncertainties, the Group rose to the challenges and strove ahead amidst adversities with perseverance. Our operations progressed steadily during the first half of 2023. High-quality flagship projects, including Shanghai Jade Villa and Beijing West Diaoyutai Emperor Seal, continued to contribute stable sales revenue and profits for the Group.

As for investment properties, the demand for rental housing remained robust in Mainland China during the first half of the year. With the full lifting of anti-pandemic measures in Mainland China, the Group's rental income has basically returned to the pre-pandemic levels. The Shanghai Utime Xinzhuang of the Group was successfully delivered in this period and is expected to contribute stable rental income for the Group.

Despite the impact of the macro environment and market challenges, SIUD stays true to our aspiration by bringing our skills to new heights and moving steadily forward. Through continuously solidifying the comprehensive strengths of our own brand, the Group gained respect and recognition from the industry at large. In March 2023, SIUD was recognised as one of the "2023 Top 100 China Real Estate Developers in terms of Comprehensive Strength", "2023 Top 50 China State-owned Real Estate Developers in terms of Comprehensive Strength" and "2023 Top 10 China Real Estate Developers in terms of Social Responsibility" in the "Assessment Results of Real Estate Developers for 2023" published jointly by the China Real Estate Association and Shanghai Yiju Real Estate Research Institute. In particular, Originally in Xi'an and Originally • 江月, both being SIUD's projects, received the awards of "2023 Urban Renewal Best Practice Projects" and "2023 Typical Projects of China Real Estate Developers", respectively. In May, the Group was named as one of the "2023 Top 50 Listed Real Estate Companies in terms of Comprehensive Strength" and "2023 Top Five Listed Real Estate Companies in terms of Risk Control".

For the second half of the year, the Political Bureau of the Central Committee of the Communist Party of China proposed in its meeting in July to optimise the real estate policies in a timely manner to better satisfy the rigid and upgrading housing demand of residents, and promote the stable and healthy development of the real estate market. The Report on the Work of the Government also reiterated the need of effectively preventing and solving the risks of high quality and leading property developers, strengthening the affordable housing system and supporting rigid and upgrading housing demand. Looking ahead to the next half year, we expect to see an enhancement of the real estate policies and further improvement in both supply- and demand-side policies. Prevention and mitigation of risks among property developers will likely remain to be the focus of policy optimisation, with room for improvement for the supportive funding measures. SIUD will assess the situation carefully and proactively adapt to changes by capturing the development opportunities presented by national policies, responding precisely to market demand and ensuring the on time development and launch of our projects. In the second half of the year, steady business development is expected as more projects are expected to be delivered. The Group will facilitate city-industry integration in a steady and orderly manner with an aim of achieving high quality development.

SIUD will uphold our position as a city-industry integrated developer in core cities by focusing in the metropolitan areas in Shanghai as well as other first- and second-tier core cities. We will stay abreast with the times and brave the wind and the billows to turn our dreams into reality, with a view to creating greater value and returns for the shareholders and customers. Finally, on behalf of the Board, I would like to express my sincere gratitude to all of our shareholders, customers and business partners for their unfading trust and support.

Huang Haiping

Chairman

29 August 2023

Note:

The gross domestic product and property data of China for the first half of 2023 is gathered from the information published by the National Bureau of Statistics on 17 July 2023.



MANAGEMENT DISCUSSION AND ANALYSIS

PROPERTY MARKET REVIEW

In the first half of 2023, the stable economic recovery of China faced pressure from subdued global growth and a complex and severe global scenario. For the real estate industry, the Chinese government emphasised the need of fully utilising the policy toolbox by adopting a “city-based policy” and implementing various measures for “pillar stabilisation”, “demand stimulation” and “risk prevention”. During the first quarter, the market became active thanks to the unleash of pent-up demand in the wake of pandemic and the effective advance policies. However, the rebound discontinued in the second quarter as the release of previously accumulated demand came to an end and homebuyer demand gradually weakened. According to the data from the National Bureau of Statistics, in the first half of the year, property development and investment decreased year-by-year by 7.9% while sales of commodity housing increased year-on-year by 1.1% in China. Among the sales of commodity housing, the sales of residential housing increased 3.7% year-on-year. As the central government reiterated the position of the real estate sector as a pillar of economy in the Strategic Plan for Expanding Domestic Demand (2022–2035), most cities have basically withdrawn their property control policies. In the next half year, we expect to see an enhancement of supportive policies and continuance of financial support measures for property developers. The market will become more and more resilient, thus stabilising market expectation.

BUSINESS REVIEW

Overview

In the first half of 2023, the Group adapted to the market environment by slowing down our pace of sales. By virtue of our excellent capability of getting things done and strong resilience, the Group overcame the uncertainties brought by the macro environment and market challenges, and strove ahead with perseverance by staying true to our original aspiration. The continuing strong sales of flagship projects, including Originally in Xi’an, Summitopia in Tianjin, and Ocean One and Cloud Vision in Shanghai, brought in stable revenue and profit for SIUD. During the period, the Group continued to develop our investment property business, further facilitate diversification and increase our high-quality land reserve at opportune times through the strategic plan of focusing in Shanghai while expanding to first- and second-tier core cities. The Group aimed at satisfying the rigid housing demand of usual residents in different cities, while further consolidating our leadership in the property market in Shanghai.

Contract Sales

During the six months ended 30 June 2023, the contract sales from commodity housing and affordable housing of the Group increased 9.7% year-on-year to RMB5,009,840,000 (six months ended 30 June 2022: RMB4,568,240,000). Total contract sales in terms of G.F.A. were 169,000 sq.m., down 48.9% year-on-year, while the total average selling price rose 114.5% to approximately RMB29,600 per sq.m. This was mainly attributable to higher proportion of commodity housing sold during the period.

During the period, the contract sales of commodity housing increased by 200.7% year-on-year to RMB4,880,370,000 (six months ended 30 June 2022: RMB1,623,150,000). The contract sales in terms of G.F.A. were 157,000 sq.m., up 68.8% year-on-year. The average selling price of commodity housing rose to approximately RMB31,000 per sq.m. mainly due to the higher proportion of sales in first-tier cities. During the period, Originally in Xi’an, Summitopia in Tianjin, and Ocean One and Cloud Vision in Shanghai were the Group’s principal projects for sale, which accounted for approximately 24.4%, 21.3%, 20.4% and 14.9% respectively of the total contract sales of commodity housing during the period.

The contract sales of affordable housing decreased 95.6% year-on-year to RMB129,470,000, whereas the contract sales in terms of G.F.A. were 12,000 sq.m., mainly attributable to Shangtou Baoxu in Shanghai.

Property Development

During the six months ended 30 June 2023, the Group had 12 projects with a total G.F.A. of 2,630,000 sq.m. under construction, which primarily included Originally in Xi'an, TODTOWN and Ocean Times in Shanghai, and Summitopia in Tianjin. The floor space started of the Group was 350,000 sq.m., which mainly came from Ocean Times in Shanghai. The Group delivered a total G.F.A. of 20,000 sq.m., which mainly comprised Jade Villa in Shanghai, West Diaoyutai Emperor Seal in Beijing, Shanghai Jing City and Originally in Xi'an.

With the full relaxation of anti-epidemic measures and implementation of various supportive policies by the government during the year, the relevant market stabilisation measures also quickened. The Group succeeded in launching several residential projects for sale in a timely manner, leading to stable transaction volume and prices. Our projects, namely Originally in Xi'an, Summitopia in Tianjin, and Ocean One and Cloud Vision in Shanghai, were highly sought after by the market and posted good presales performance. In particular, Originally in Xi'an recorded remarkable sales and became the largest sales contributor for the Group.

Investment Properties

As at 30 June 2023, the Group had a number of completed commercial projects in seven major developed cities, including Shanghai, Beijing, Tianjin, Chongqing, Shenyang, Xi'an and Shenzhen. The investment projects held by the Group had a total G.F.A. of approximately 1,118,000 sq.m. During the period, the overall rental income of the Group increased 44.5% year-on-year to HK\$375,736,000 (first half of 2022: HK\$260,064,000), which was mainly attributable to rental income having recovered to pre-pandemic level as a result of the complete easing of pandemic control measures.

By upholding the policy of placing dual focus on leasing and sale, the Group achieved steady progress in the residential leasing operation. Our long-term rental apartment project, namely Utime Xinzhuang in Shanghai, has been completed during the period, and Cheng Kai Chuanxinqu in Shanghai, with a G.F.A. of 118,458 sq.m., will be completed in 2024. These projects will also contribute stable rental income for the Group in future.

LAND BANK

In the first half of 2023, the transaction scale of the land market recorded a year-on-year decrease in general. Most property developers remained prudent in land acquisition and the market sentiment was still lukewarm. The Group was cautiously open-minded on land acquisition and sought to identify land reserve in a timely manner once the land transactions revived while maintaining sufficient land bank for development. The Group persisted in the strategy of focusing on the metropolitan areas in Shanghai as well as other first- and second-tier core cities and kept an eye on opportunities of enriching our premium land bank.

As at 30 June 2023, the Group's land bank was developed into 28 property projects located in ten major cities in China, including Shanghai, Beijing, Tianjin, Xi'an, Chongqing, Wuxi, Shenyang, Yantai, Shenzhen and Wuhan, and comprised medium to high class residential and commercial properties, most of which were completed or still under development. The Group has a land bank with a future saleable planned G.F.A. of approximately 3,584,000 sq.m. to support its development for the next three to five years.

FINANCIAL REVIEW

Revenue

During the six months ended 30 June 2023, the Group's revenue decreased by 73.6% year-on-year to HK\$1,797,834,000 (six months ended 30 June 2022: HK\$6,808,613,000), chiefly due to fewer properties completed and delivered to customers during the period. During the period, property sales remained as the Group's main source of revenue and amounted to HK\$1,271,776,000 (six months ended 30 June 2022: HK\$6,464,820,000), accounting for 70.7% (six months ended 30 June 2022: 95.0%) of the Group's total revenue. The revenue contribution from Jade Villa in Shanghai, West Diaoyutai Emperor Seal in Beijing, Shanghai Jing City and Originally in Xi'an accounted for 66.2%, 20.4%, 4.3% and 3.0% of property sales, respectively.

Revenue from leasing, property management and hotel operations continued to provide stable revenue sources for the Group, contributing HK\$375,736,000, HK\$4,034,000 and HK\$146,288,000 (six months ended 30 June 2022: HK\$260,064,000, HK\$446,000 and HK\$83,283,000) respectively and accounting for 20.9%, 0.2% and 8.2% (six months ended 30 June 2022: 3.8%, 0.0% and 1.2%) of the total revenue, respectively.

Gross Profit and Gross Profit Margin

For the six months ended 30 June 2023, the Group's gross profit amounted to HK\$772,063,000, representing a decrease of 36.3% as compared to that of the same period in 2022. The gross profit margin was 42.9%, up by 25.1 percentage points as compared to that of the same period in 2022. This was mainly attributable to the higher proportion and higher gross profit margin of commodity housing projects delivered during the period.

Investment Property Revaluation

For the six months ended 30 June 2023, the Group recorded a net loss on revaluation of investment properties of HK\$2,263,000, which was mainly attributable to the net impact of decrease in fair value of Laochengxiang in Tianjin and increase in fair value of Shanghai Mart in Shanghai.

Distribution and Selling Expenses

For the six months ended 30 June 2023, the Group's distribution and selling expenses decreased by 3.9% year-on-year to HK\$94,605,000 (six months ended 30 June 2022: HK\$98,433,000), which was mainly attributable to year-on-year decrease in properties delivered by the Group to customers during the period.

General and Administrative Expenses

For the six months ended 30 June 2023, the Group's general and administrative expenses increased by 22.6% year-on-year to HK\$215,984,000 (six months ended 30 June 2022: HK\$176,130,000). This was mainly attributable to operation returned to normal after COVID-19 restriction in 2023 as compared to that of the same period in 2022 and commencement of operation of newly completed projects.

Other Expenses, Gains and Losses, Net

For the six months ended 30 June 2023, the Group recorded a net loss of HK\$106,081,000 in other expenses, gains and losses (six months ended 30 June 2022: net loss of HK\$90,703,000) primarily due to foreign exchange losses on foreign currency denominated bank and other borrowings arising from the depreciation of RMB against HKD during the period.

Loss/Profit

During the six months ended 30 June 2023, the Group recorded a loss of HK\$323,180,000 (six months ended 30 June 2022: profit of HK\$80,904,000) mainly attributable to foreign exchange losses on foreign currency denominated bank and other borrowings arising from the depreciation of RMB against HKD during the period and fewer properties completed and delivered by the Group to customers during the period under the influence of normal construction life cycle for properties in real estate industry. During the first half of the year, loss attributable to owners of the Company amounted to approximately HK\$302,936,000 (six months ended 30 June 2022: profit attributable to owners of the Company HK\$126,448,000), and the basic losses per share amounted to 6.32 HK cents (six months ended 30 June 2022: basic earnings per share of 2.63 HK cents).

Liquidity and Capital Resources

The Group manages its capital to ensure that entities within the Group will be able to operate on a going concern while maximising the return to shareholders through optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debt, which includes bank and other borrowings, cash and cash equivalents, and equity attributable to owners of the Company (comprising issued share capital and reserves).

As at 30 June 2023, bank balances and cash of the Group were HK\$6,131,301,000 (31 December 2022: HK\$4,477,602,000). The net debt to total equity of the Group (net debt (total bank and other borrowings less bank balances and cash and restricted and pledged bank deposits) to total equity) was 64.1% as at the period end. The current ratio was 1.39 times.

As at 30 June 2023, the total borrowings of the Group including bank borrowings, other borrowings and advanced bonds amounted to HK\$18,558,907,000 (31 December 2022: HK\$17,658,754,000), which included the shareholders' borrowings of Shanghai Industrial Holdings Limited of HK\$2,083,000,000 (31 December 2022: HK\$2,083,000,000). The Group will continue to optimise HKD denominated borrowings based on our business needs.

The Group maintained sufficient cash balance during the period. The management believes that the Group's financial resources and future revenue will be sufficient to support the current working capital requirements and future expansion of the Group.

Foreign Exchange Risks

During the period, most of the Group's revenue and operating costs were denominated in Renminbi. Except for bank deposits and borrowings denominated in foreign currencies of certain companies under the Group, the Group's operating cash flow or liquidity is not directly subject to any other material exchange rate fluctuations. The Group did not enter into any foreign exchange hedging arrangements to control its exposure to exchange rate fluctuations as at 30 June 2023. However, the Group will adopt necessary measures whenever appropriate to minimise the impact arising from exchange rate fluctuations.

HUMAN RESOURCES AND REMUNERATION POLICIES

As at 30 June 2023, the Group employed 766 employees (including Hong Kong and PRC offices). The remuneration policies for the employees of the Group are determined according to the performance, qualification, experience and competence of the employees. The emoluments of the directors of the Company (the “**Directors**”) are determined by the remuneration committee of the Company, having regard to the operating results of the Group, individual performance and comparable market statistics. Staff benefits include discretionary bonus payments which are linked to the profitability of the Group and individual performances and contributions to the Mandatory Provident Fund Schemes.

The Group had adopted a share option scheme as an incentive to the Directors and eligible employees. The share option scheme of the Group was expired on 21 May 2023 and the Company had not granted any share options under the share option scheme since its adoption date up to 30 June 2023. During the six months ended 30 June 2023, the Group provided training programs relating to work to employees. Activities aiming at building up team spirit were regularly organized for employees, so as to enhance the human capital of the Group and the sense of belonging of the staff.

OUTLOOK

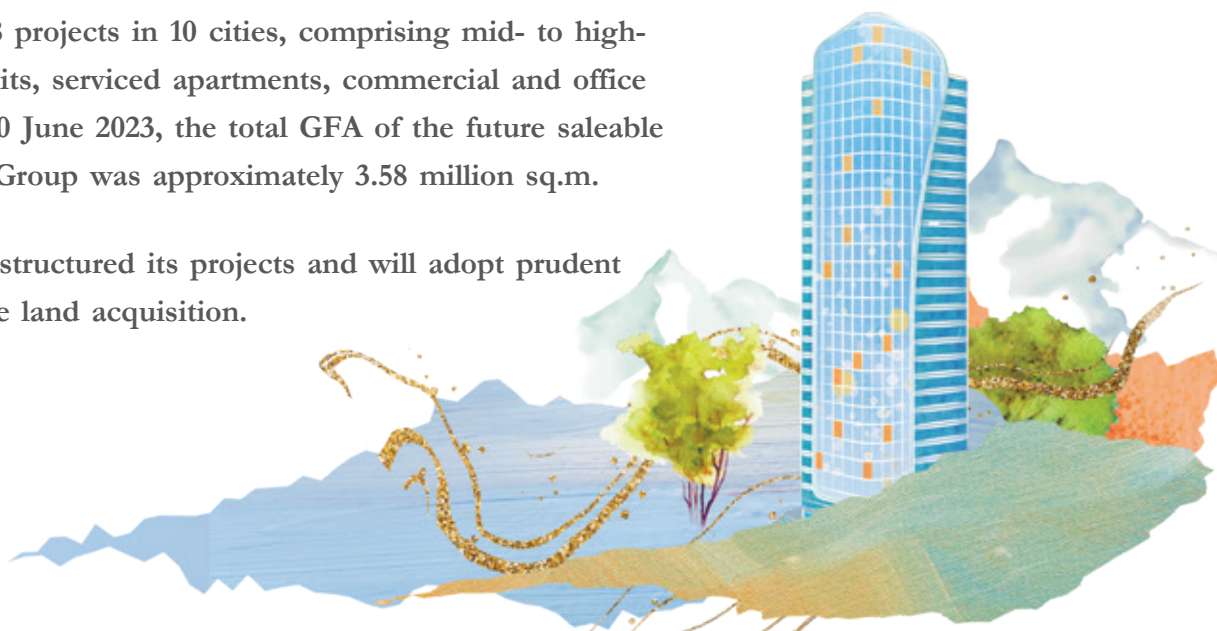
Although the recovery of the property market failed to continue in the first half of 2023 influenced by factors including the global economy, the gradual relaxation of anti-pandemic policies and property control measures by the central government will help China’s property market pick up in the second half. Therefore, the Group remains cautiously optimistic about the property market and is confident that China’s property market will progressively proceed along the path of stable development. At the macro-policy level, members at the meeting of the Political Bureau of the Communist Party of China expressed their determination to facilitate the steady and healthy development of the property market by supporting local governments in improving their respective property policies based on real situations, supporting rigid and upgrading housing demand, and pressing ahead with the establishment of a new development model for the real estate industry. We believe that the property easing policies will be strengthened in the second half of the year in order to achieve the goal of “guaranteeing project delivery, livelihood and stability”. This, together with further improvement of the financial environment, will support the property market to take on a path of recovery.

Looking ahead to the second half, the Group will adopt different approaches of housing delivery to enhance the volume of project delivery in the second half. Apart from ensuring the smooth operation of the new development model for project delivery, the Group will also pursue for business innovation by leveraging on its strength as a state-owned company brand and aim for healthy and stable development by supporting local governments in refining the property policies. The Group will continue to increase its premium land bank in a steadily progressive manner and prudently explore various investment projects with a focus on Shanghai while expanding to the Yangtze River Delta and other first- and second-tier cities. The Group will place much emphasis on opening up our scope and opportunities for development so as to create high premium value returns for the shareholders.

DETAILS OF PROPERTIES

The Group has 28 projects in 10 cities, comprising mid- to high-end residential units, serviced apartments, commercial and office buildings. As at 30 June 2023, the total GFA of the future saleable land bank of the Group was approximately 3.58 million sq.m.

The Group has restructured its projects and will adopt prudent strategies in future land acquisition.



As at 30 June 2023

| Project | City | Site area (sq.m.) | Planned G.F.A. (sq.m.) | Saleable G.F.A. (sq.m.) | 1H2023 pre-sold G.F.A. (sq.m.) | Accumulated G.F.A. sold (sq.m.) | Future saleable G.F.A. (sq.m.) | Saleable G.F.A. under construction (sq.m.) | Saleable G.F.A. for future development (sq.m.) | Expected Completion Date | Ownership (%) |
|--|-----------|-------------------|------------------------|-------------------------|--------------------------------|---------------------------------|--------------------------------|--|--|-------------------------------------|---------------|
| Urban Cradle | Shanghai | 943,000 | 1,226,298 | 909,054 | 4,968 | 816,517 | 92,537 | – | – | Completed | 53.1% |
| Shanghai Youth City | Shanghai | 57,944 | 212,130 | 166,261 | – | 139,840 | 26,421 | – | – | Completed | 100.0% |
| Shanghai Jing City | Shanghai | 301,908 | 772,885 | 609,488 | 609 | 600,490 | 8,998 | – | – | Completed | 59.0% |
| TODTOWN | Shanghai | 117,825 | 605,000 | 385,300 | – | 77,673 | 307,627 | 220,991 | 107,904 | Complete by phase from 2020 to 2024 | 20.7% |
| Contemporary Art Villa • Jade Villa | Shanghai | 116,308 | 80,777 | 80,777 | – | 80,448 | 329 | – | – | Completed | 100.0% |
| Contemporary Splendour Villa • Courtyard Villa | Shanghai | 120,512 | 191,636 | 68,404 | 281 | 67,286 | 1,118 | – | – | Completed | 100.0% |
| Shangtou Xinhong • Uplaza Xinhonghui | Shanghai | 89,432 | 289,271 | 227,218 | – | 150,294 | 76,924 | 76,924 | – | Complete by phase from 2021 to 2023 | 90.0% |
| Shangtou Baoxu | Shanghai | 118,880 | 306,167 | 234,653 | 11,546 | 227,906 | 6,747 | – | – | Completed | 71.3% |
| Chenghang Project • Uplaza Meilong Lane | Shanghai | 20,572 | 60,195 | 60,195 | 3,390 | 7,331 | 52,864 | – | – | Completed | 80.0% |
| Jinxiang Project • Utime XuHui | Shanghai | 17,161 | 44,927 | 44,927 | – | – | 44,927 | – | – | Completed | 59.0% |
| Shenzhicheng Project • Utime Xinzhuang | Shanghai | 47,435 | 125,879 | 125,879 | – | – | 125,879 | – | – | Completed | 29.5% |
| Chenglong Project • Cheng Kai Chuanxinqu | Shanghai | 47,383 | 118,458 | 118,458 | – | – | 118,458 | 118,458 | – | Complete in 2024 | 59.0% |
| Guilin Road Aerospace Project | Shanghai | 91,160 | 590,165 | 590,165 | – | – | 590,165 | 590,165 | – | Complete by phase from 2025 to 2026 | 21.2% |
| Qingpu Project • Cloud Vision | Shanghai | 30,052 | 65,085 | 41,938 | 16,363 | 26,756 | 15,182 | 41,938 | – | Complete in 2023 | 59.0% |
| Ocean One | Shanghai | 41,961 | 156,533 | 97,422 | 32,071 | 52,202 | 45,220 | 97,422 | – | Complete in 2024 | 47.2% |
| Ocean Times | Shanghai | 119,545 | 439,971 | 251,786 | – | – | 251,786 | 101,156 | 150,630 | Complete by phase from 2025 to 2026 | 80.0% |
| Youngman Point | Beijing | 112,700 | 348,664 | 295,114 | – | 258,814 | 36,300 | – | – | Completed | 100.0% |
| West Diaoyutai • Emperor Seal | Beijing | 42,541 | 250,930 | 228,070 | 1,324 | 220,503 | 7,567 | – | – | Completed | 97.5% |
| Laochengxiang | Tianjin | 244,252 | 752,883 | 613,357 | – | 582,737 | 30,620 | – | – | Completed | 100.0% |
| Summitopia | Tianjin | 42,146 | 122,200 | 122,200 | 28,456 | 35,445 | 86,755 | 122,200 | – | Complete in 2024 | 100.0% |
| Urban Development Int'l Center | Wuxi | 24,041 | 193,368 | 144,581 | – | 41,900 | 102,681 | – | – | Completed | 59.0% |
| Originally | Xi'an | 2,101,967 | 3,899,867 | 3,202,324 | 40,506 | 2,739,737 | 462,587 | 289,706 | 236,268 | Complete by phase from 2008 to 2025 | 100.0% |
| Qiyuan | Xi'an | 51,208 | 102,418 | 102,418 | – | 188 | 102,230 | 102,418 | – | Complete by phase from 2024 to 2025 | 100.0% |
| Shenyang U Center | Shenyang | 22,651 | 228,768 | 175,377 | – | 71,660 | 103,717 | – | – | Completed | 100.0% |
| Top City | Chongqing | 120,014 | 786,233 | 729,785 | – | 376,424 | 353,361 | – | – | Completed | 100.0% |
| China Phoenix Tower | Shenzhen | 11,038 | 106,190 | 79,391 | – | 78,343 | 1,048 | – | – | Completed | 91.0% |
| Felicity Mansion | Yantai | 77,681 | 159,100 | 154,300 | 27,245 | 39,926 | 114,374 | 154,300 | – | Complete by phase from 2022 to 2024 | 100.0% |
| Xiang Kai Chang Long | Wuhan | 257,600 | 452,000 | 437,053 | 8,081 | 18,999 | 418,054 | 130,581 | 306,472 | Complete by phase from 2024 to 2027 | 28.9% |
| Total | | 5,388,917 | 12,687,998 | 10,295,895 | 174,840 | 6,711,419 | 3,584,476 | 2,046,259 | 801,274 | | |

MAJOR INVESTMENT PROPERTIES

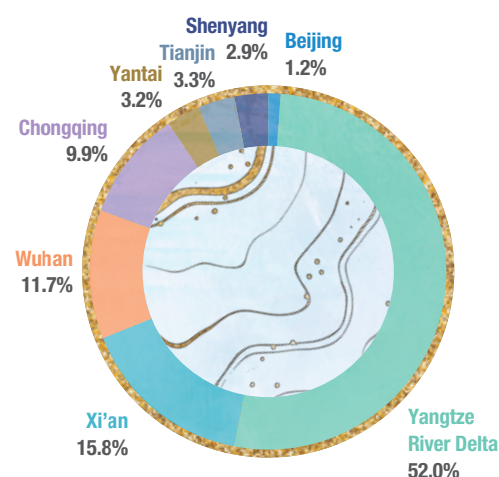
| Project | City | Property Category | Lease Term | Planned G.F.A. (sq.m.) |
|--|-------------------|--|-------------------|------------------------|
| Shanghai Youth City | Shanghai | Commercial ⁵ | Medium-term lease | 16,349 ¹ |
| Block A of Urban Cradle | Shanghai | Commercial ⁵ , office | Medium-term lease | 57,286 ¹ |
| ShanghaiMart ² | Shanghai | Exhibition hall, stores and mart, office and parking lot | Medium-term lease | 284,651 |
| Urban Development Int'l Tower ³ | Shanghai | Office | Medium-term lease | 45,239 |
| YOYO Tower ⁴ | Shanghai | Commercial ⁵ | Medium-term lease | 13,839 |
| Jinxiang Project • Utime XuHui | Shanghai | Commercial, affordable rental residential housing | Medium-term lease | 44,927 ¹ |
| Utime Xinzhuang | Shanghai | Commercial, affordable rental residential housing | Medium-term lease | 125,879 ¹ |
| Top City | Chongqing | Commercial ⁵ , office, parking lot | Medium-term lease | 317,405 ¹ |
| China Phoenix Tower | Shenzhen | Office | Medium-term lease | 1,048 ¹ |
| Youngman Point | Beijing | Commercial ⁵ | Medium-term lease | 19,768 ¹ |
| Originally | Xi'an | Commercial ⁵ | Medium-term lease | 31,319 ¹ |
| Shenyang U Center | Shenyang | Commercial ⁵ , office | Medium-term lease | 93,059 ¹ |
| Others | Shanghai, Tianjin | Commercial ⁵ , office and parking lot | Medium-term lease | 67,133 |
| Total | | | | 1,117,902 |

Notes:

1. Included in page 12 of this interim report
2. Address: Yan'an West Road No. 2299 of Changning District, Shanghai
3. Address: Hongqiao Road No. 355 of Xuhui District, Shanghai
4. Address: Tianyaoqiao Road No. 123 of Xuhui District, Shanghai
5. Mainly includes shopping malls

BREAKDOWN OF G.F.A. FOR FUTURE SALE

As at 30 June 2023



INTRODUCTION OF KEY PROJECTS IN CHINA



SHANGHAI URBAN CRADLE

Address:
588 Gulong Road,
Minhang District, Shanghai

Category:
Residence/Commerce

Feature:

The project is located in Gumei, Minhang District, Shanghai, west of Lianhua Road, east of Hechuan Road, north of Gudai Road and south of Pingnan Road, less than 700 m from the middle ring line. The area is a major focal point for large scale residential development in the “10th Five-Year Plan” of Shanghai. The project spans a total site area of about 943,000 sq.m. with a total G.F.A of about 1.3 million sq.m., including about 770,000 sq.m. of residences, nearly 400,000 sq.m. of underground space and more than 100,000 sq.m. for accommodating amenities for the estimated over 20,000 residents. Urban Cradle is an all-engulfing showcase of architectural forms and brilliant products including international-grade apartments, standalone villas, garden houses, deluxe mansions, modern commercial premises and green landscapes, bringing comfortable and stylish living together with commerce, entertainment, culture, education, and business and leisure pursuits.





Artist Impression



SHANGHAI TODTOWN

Address:

Xinzhuang Town,
Minhang District, Shanghai

Category:

Residence/Commerce/Hotel/
Office/Apartment office

Feature:

Located at the southern and northern squares of the Xinzhuang Station, the secondary city center of Shanghai, with Guangtong Road on its north, West Meilong Road on its east and Xinzhu Road and Dushi Road on its south, TODTOWN will be served by an overpass bridge conveniently linking Shuiqing Road at the northern square and Dushi Road at the southern square.

As one of the most advanced TOD (Transit-Oriented Development) projects in Shanghai, TODTOWN covers a total site area of approximately 118,000 sq.m. with a total G.F.A. of 605,000 sq.m., of which 100,000 sq.m. is transport-related. Upon completion, TODTOWN will be connected to Metro Line Nos. 1 and 5, Shanghai-Hangzhou High-Speed Railway and numerous public bus routes, as well as the station to be established for the Jinshan sub-line. Different modes of transport operated by different departments, such as metro lines, public buses and commuter rail services, will be blended into the project to achieve seamless and convenient transition. TODTOWN will be a “city in the sky” encompassing residential, commercial and leisure functions. As a complex equipped with comprehensive systems and facilities, TODTOWN will offer 50,000 sq.m. of offices, 140,000 sq.m. of shopping mall, 20,000 sq.m. of hotel, 90,000 sq.m. of residential units, 85,000 sq.m. of serviced apartments and 20,000 sq.m. of ancillary public facilities.



Artist Impression



SHANGHAI CONTEMPORARY ART VILLA • JADE VILLA

Address:

Minhang District,
Shanghai

Category:

Residence

Feature:

Contemporary Art Villa • Jade Villa is situated in Minhang District in the southwest of Shanghai. The project is adjacent to the Outer Ring Line in the east and adjoins the ground satellite communication station of Shanghai in the west. It extends to Gudai Road in the north and connects Zhandou River in the south. The traffic is convenient as the straight-line distance from the entrance to the community to Hongxin Road Station of Metro Line No. 12 in the east is about 390 m. It is opposite to Minhang Sports Park on the other side of Gudai Road in the north and Li'an Park with excellent ecological environment on the opposite bank of Zhandou River in the south. The project covers a total site area of approximately 11.63 hectares and the land's plot ratio is 0.5. The planned aboveground total G.F.A. is approximately 58,100 sq.m., including planned residential floor area of approximately 48,700 sq.m. and planned public supporting building of approximately 9,300 sq.m. The planned residences of the project are villas.



Artist Impression



SHANGHAI CONTEMPORARY SPLENDOUR VILLA • COURTYARD VILLA

Address:

Minhang District,
Shanghai

Category:

Residence

Feature:

Contemporary Splendour Villa • Courtyard Villa is situated in Zhuanqiao Town, Minhang District, Shanghai, with Shanghai-Jinshan Expressway (S4) in the east and Dushi Road in the west. It connects the branch of Wujing-Minhang Railway in the south and adjoins Denghui Road in the north. The project enjoys good traffic conditions and cultural environment as the straight-line distance is approximately 1.1 km from the west side of the project to Jianchuan Road Station of rail transit line #5 and approximately 1.8 km from the east side of the project to rail transit line #15 (under construction) with Shanghai Jiao Tong University and Minhang Campus of East China Normal University on the south. The project covers a site area of 12.05 hectares and the land's plot ratio is 0.6. It is planned to be a low-density residential community with the building height of not more than 10 m. The aboveground total G.F.A. of the project is approximately 72,300 sq.m., and the plot's ratio of green space is more than 35% and the ratio of concentrated green space is above 15%. The project is planned to be built into premium low-density villas.



SHANGHAI SHANGHAIMART

Address:

2299 Yan'an West Road,
Shanghai

Category:

Exhibition/
Commerce/Office

Feature:

Located in the emerging Shanghai Hongqiao Economic and Technological Development Zone, ShanghaiMart is uniquely positioned with Gubei Road and Hongqiao Road on its west, Yan'an Road on its south as well as the Hongqiao consulate area on its north. Situated next to the Inner Ring Line and the exit of an elevated road, ShanghaiMart is only a 10-minute drive to the "Hongqiao Comprehensive Transportation Hub", which is a convenient transport network assembling numerous transportation routes, including inter-city high speed railway, maglev trains, metro lines, airport and city buses.



With a total G.F.A. of 285,000 sq.m., ShanghaiMart comprises three main buildings: the Mart, Expo and Tower. As a super trading market integrating exhibition, trading, office and information functions, ShanghaiMart offers excellent world-class facilities and services to domestic and international merchants and professional buyers.



Artist Impression



SHANGHAI SHANGHAI JING CITY (INCLUDING “晶秀坊”)

Address:

Lane 136,
Xiujing Road, Shanghai

Category:

Residence/Commerce

Feature:

Situated in Meilong Town, Minhang District, the Shanghai Jing City project is an affordable housing project approved by Shanghai Bureau of Housing Security and Housing Administration and was listed as a large scale indemnificatory housing project on the list of major construction projects of Shanghai in 2009, occupying a total site area of about 302,000 sq.m. and a total G.F.A. of 773,000 sq.m. The project is mainly composed of four parts: public rental housing, economically affordable housing, resettlement housing for demolition and relocation purposes as well as ancillary operational housing. In particular, “晶秀坊” was incorporated into the eighth batch of economically affordable housing by the municipal government in 2020. “晶秀坊” has a site area of approximately 15,000 sq.m. and a total G.F.A. of 54,000 sq.m..

Shanghai Jing City will be equipped with two kindergartens, one primary school and one junior secondary school, fully covering the nine-year compulsory education of a child. The project will be supported by three commercial facilities, a community affairs center, a medical center, a sports center and a public transport hub, which can completely satisfy the basic living, cultural and entertainment needs of the local residents.



Artist Impression



SHANGHAI CHENGHANG PROJECT • UPLAZA MEILONG LANE

Address:

Hongmei South Road
(near Mei South Road),
Minhang District, Shanghai

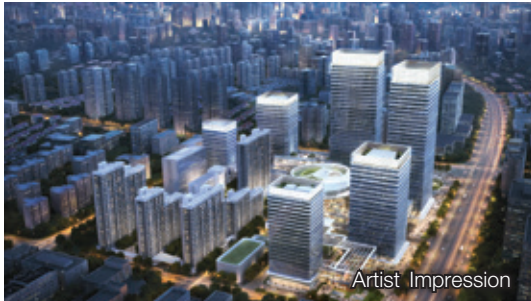
Category:

Commerce/Office

Feature:

Situated west to Hongmei South Road, north to the planned Mei South Road, east to the boundary of the planned site and south to the boundary of the planned site, the project encompasses office and commercial functions with a site area of approximately 20,000 sq.m. and a total G.F.A. of approximately 60,000 sq.m. Occupying the heart of Meilong Town, Minhang District, which is the redevelopment area in Meilong Town, the project will play a forward-looking, leading and representative role with certain potentials in the region.

The project is a commercial and office complex composed of six buildings and connecting corridors. In the future, the commercial portion will be built into a social experience space under the theme of “sporty, healthy and delicate lifestyle”. Made up of standalone buildings with high privacy as well as highly integrative standard offices, the office portion will be linked organically to the commercial portion by making use of an uneven design and connecting corridors. The project is targeted to mid to high end enterprises and will form a unique commercial and office area in the region.



SHANGHAI GUILIN ROAD AEROSPACE PROJECT

Address:
402 Guilin Road,
Xuhui District, Shanghai

Category:
Scientific research
and design/
Residential leasing

Feature:

The project is located in the Caohejing New Technology Development Zone with Guilin Road in the east, Cangwu Road in the west, Yishan Road in the south and Qinjiang Road in the north. It is connected to Metro Line Nos. 9 and 15 in close proximity to the inner and central rings and Humin Elevated Road, making it a significant industrial project in Shanghai as well as Xuhui District. Covering a total site area of approximately 91,000 sq.m. with a total G.F.A of approximately 600,000 sq.m. and an aboveground capacity building area of approximately 350,000 sq.m., the project will involve scientific research and design, auxiliary facilities as well as residential leasing. With an open-ended general layout, premium buildings, high-quality lifestyle and scientific research facilities, the future aerospace science and technology city project will help empower the city and enhance regional value.



SHANGHAI SHANGTOU XINHONG • UPLAZA XINHONGHUI

Address:
Lane 255, Hualai Road,
Minhang District, Shanghai

Category:
Residence/Commerce

Feature:

Shangtou Xinhong project covers a site area of approximately 205 hectares (including roads, river channels and green areas) with Shanghai-Hangzhou Railway to the east, Songze Elevated Road to the south, Xiaolai Port to the west and the border of Hongxing Village to the north.

There are totally two developable land plots in the project site, which are planned to be used for residential clusters (Category III) and commercial services, respectively.

The land plot for residential clusters has a site area of approximately 69,000 sq.m. It is a planned residential site to be used for the construction of resettlement housing for demolition and relocation purposes. With a land plot ratio of 2.15, it is expected to provide a capacity building area of approximately 149,000 sq.m.

The land plot for commercial services has a site area of approximately 19,000 sq.m. It is planned for commercial service purpose. With a land plot ratio of 2.5, it is expected to provide a capacity building area of approximately 49,000 sq.m. Different types of buildings will be constructed on the land plot in the future, including a brand hotel, standalone commercial villas and self-owned commercial buildings.



Artist Impression



SHANGHAI QINGPU PROJECT • CLOUD VISION

Address:

Lot no. 21-08 located in the north of Huateng Road, Huaxin Town, Qingpu District, Shanghai

Category:

Residence

Feature:

The project is situated in Huaxin Town, Qingpu District, Shanghai between the outer ring and suburban ring. The land plot is located west of Dahong Bridge, about 10 km to the Hongqiao Central Business District and 5 km to the tentative station of the west extension section of Metro Line No. 13, with Xinyi South Road to its east, Huateng Road to its south, Xinfeng North Road to its west and a land parcel under planning to its north.

The project covers a total site area of 30,051.5 sq.m. This low-density high-quality pure residential project in Huaxin Town, Qingpu District will comprise totally 11 buildings, including three 7-storey buildings and eight 8-storey buildings, offering about 463 apartments in total. The project adopts an expansive curvilinear layout instead of a typical barrack-style layout to provide uninterrupted magnificent views and multi-level enjoyment. Coupled with rarely seen extra wide spacing between buildings, the project is set to become a green ecological community. This project will be one of the most potential projects surrounding Dahong Bridge in future.



Artist Impression



SHANGHAI OCEAN ONE

Address:

Lot no. A03-02 located in Unit PDCI-0103, Lingang New Area, the Shanghai Free Trade Zone

Category:

Residence

Feature:

Located at the 105 Financial Hub in Lingang Modern Service Open Area, Pudong New District, Shanghai, the project is mainly skirted by the international community, technological innovation community, family community and technological innovation community from south to north. The land lot is located in the international community with a land parcel under planning to its east, Anmao Road to its south, greenbelt to its west and Luoshenhua Road to its north.

The project covers a total site area of approximately 42,000 sq.m. with a plot ratio of 2.5 and a height limit of 50 m. The total floor area for the calculation of plot ratio is 104,900 sq.m. Embracing the design concept of Lingang New Area, the project aims at building a high-quality community ideal for living and working in order to facilitate the development of Lingang and satisfy future urban planning needs. The project is planned to comprise an affordable housing building, 14 commodity housing buildings, a high-rise building with 13 to 16 storeys and a building for community ancillary facilities, providing approximately 1,009 apartments (inclusive of affordable housing). The varying construction layout of the project is both flexible and innovative. The project will adopt a classical architectural style characterised by the features of a high-quality community.



Artist Impression



SHANGHAI OCEAN TIMES

Address:

The cluster project on lot nos. J10-02, J09-01, J10-01, J11-01, J12-01, J13-01 located in Unit PDCI-0401, Lingang New Area, the Shanghai Free Trade Zone

Category:

Residence/Commerce

Feature:

Located at the 103 International Innovation and Collaboration Zone in Lingang Modern Service Open Area, Pudong New District, Shanghai, the project is positioned as a cradle of globally leading science. Situated in a community of top-notch scientists, 上實聽海 is an international hub for world-class technological institutions and outstanding talents, with Nangang Avenue to its east, Haiyang 7th Road to its south, Haiji Road to its west and Meirenjiao Road to its north.

Covering a total site area of approximately 120,000 sq.m. with a total G.F.A. of about 438,500 sq.m. and a total residential area of about 265,300 sq.m., the project is bounded by an ecological park, the Chifenggang Wetland Center, in the east and the sea in the south. We aim at creating an energetic and superb ecological landscape and open area by adopting a classical architectural style to highlight the features of a premium coastal city. The city's skyline will be blended delicately with the sea arc to form a beautiful urban elevation with a focus on the harmonious unity of the architecture, urban space and natural environment. On lot no. 10 under phase I of the project, we plan to build a small high-rise affordable housing building with 9 storeys, five high-rise commodity housing buildings with 16 to 18 storeys as well as commercial ancillary facilities for internal use on a parcel of land.



YANTAI FELICITY MANSION

Address:

Southwest to the intersection of Fuyuan Road and Xingfu 12 Village East Street, Zhifu District, Yantai

Category:

Residence/Commerce

Feature:

Located east to Zhujij West Road, north to Fuyuan South Road, south to Fuyuan Road and west to Guihua Road, the project encompasses residential and commercial functions and certain ancillary public service facilities with a site area of approximately 7.77 hectares and a total G.F.A. of approximately 220,000 sq.m. The project is situated in the core area of Xingfu New Town in close proximity to the central business district of the town, with the shoreline just 1.5 km away in the north. According to the general plan of the new town, the project will be surrounded with abundant commercial, educational, medical, transport and scenic resources in the future. Enjoying a significant second-mover advantage, the project has immense growth potential.

Positioned as a residential product targeted at upgraders, the project mainly offers three- to four- room apartments with attractive decoration. The project plans to provide steward property services, nature-themed scenery and smart community management to create a high-quality living environment integrated with dignity, ecology and technology.



WUHAN XIANG KAI CHANG LONG

Address:

Intersection of Chaibo Avenue and Jintai Road, Heart of Yangluo, Wuhan

Category:

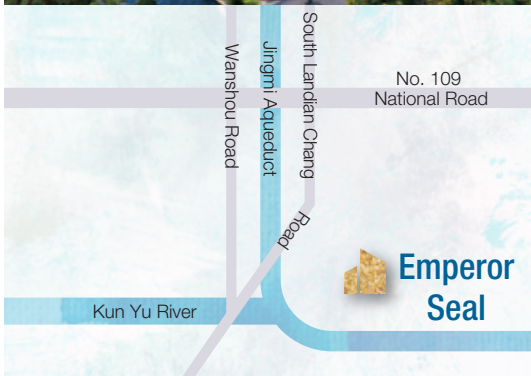
Residence/Commerce

Feature:

The project site is situated in the core area of the Heart of Yangluo in the Yangtze River New Area. The project will be surrounded by abundant ancillary facilities, such as commerce, education, landscape, transportation and medical care, in the future, which will empower it with significant advantages and immense potential for development.

Equipped with both residential and commercial functions, the project site is located south to Chaibo Avenue (facing the commercial zone of the Wanda Cultural Tourism City), east to Jintai Road (facing a school site), north to a public primary school site and west to Jinglu Road, with a total planned G.F.A. of approximately 450,000 sq.m..

Posed as a high-end residential product, the project aims to provide a high-end, high-quality liveable environment for the residents by virtue of its proximity to a prestigious school, forward-looking product planning and an extra high efficiency ratio.



BEIJING WEST DIAOYUTAI • EMPEROR SEAL

Address:

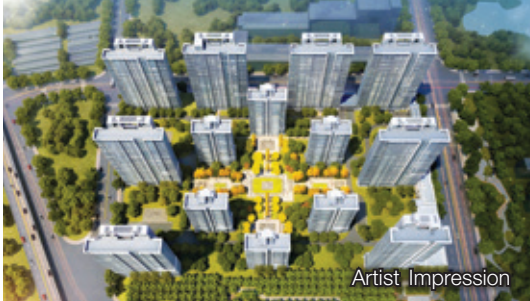
No. 1 and No. 2 Section, West Diaoyutai Village, Haidian District, Beijing

Category:

Residence

Feature:

Located in the west third ring, on the east and north side of Kunyu River and west to the 137-hectare Yuyuantan Park, the project enjoys a 67-hectare expanse of magnificent aquatic scenes, the largest in Beijing where water is a scarce resource, giving it uniqueness and a touch of supremacy. The project has deluxe apartments with river views as its core products aiming to appeal to the affluent on the high-end. The project has three phases. Phases I and II have been completed and sold out, while phase III has almost been sold out.



TIANJIN SUMMITOPIA

Address:

Southeast to the intersection of the planned Jinsuo South Road and Shaoshan Road, Hedong District, Tianjin

Category:

Residence/Commerce

Feature:

Located west to Hongxing Road, north to Chenglin Road, east to Xinkuo Road and south to Weiguo Road, the project has a site area of approximately 42,000 sq.m. and a total G.F.A. of approximately 175,000 sq.m. (including green areas). The project encompasses residential and commercial functions and certain ancillary public service facilities. The residential function occupies a site area of approximately 116,000 sq.m. at a plot ratio of ≤ 2.9 , while the commercial function occupies a site area of approximately 2,500 sq.m.

As a highly customised aesthetic community dedicated in regional, product and lifestyle revival, the project will offer superb and innovative residential products. Featuring a hotel-style lobby, a multi-functional mocha living room, nature-themed landscape and intelligent community management, the project aims to create a premium liveable environment by combining ecology with technology. Poised to be a real regionally leading project, it will be a key driver for the growth of Hedong District, Tianjin.



SHENYANG SHENYANG U CENTER

Address:

South Taiyuan Street, Heping District, Shenyang

Category:

Commerce/Office/
Serviced Apartment

Feature:

The project is located in the most prosperous business district downtown Shenyang — Taiyuan Street, with Zhonghua Road to its north, Minzhu Road to its south, South Taiyuan Street to its west and South Tianjin Street to its east. The region has a profound history and an extensive commercial network covering Northeast Asia. Covering a total G.F.A. of 230,000 sq.m., the U Center comprises high-end offices, SOHO, boutique apartments and open commercial blocks with an integration of cultural and creative industries, food and beverage, leisure, entertainment, offices and luxurious apartments, making it an icon of the city.



Artist Impression



WUXI

URBAN DEVELOPMENT INTERNATIONAL CENTER

Address:

Intersection of Yinxu Road and Taihu Avenue, Binhu District, Wuxi, Jiangsu

Category:

Commerce/Hotel/ Office/ Serviced Apartment

Feature:

The project is an icon at the heart of the Liyuan Economic Development Zone, the new axis of Wuxi. It is only 5 km from the center of the city with Lihu Lake Scenic Spot, Lihu Central Park and Bogong Island in its vicinity to enjoy. The area is well developed, equipped with all essential facilities and convenient transportation choices. The integrated complex comprises an international five-star hotel, serviced apartments, a 5A-grade office building and a commercial center.



Artist Impression



XI'AN

ORIGINALLY

Address:

East to Chan River, Chanba Avenue, Chanba Ecotope, Xi'an

Category:

Residence/ Commerce/Hotel

Feature:

In the heart of Xi'an Chanba Ecotope, the project lies where the Chan River and Ba River meet. The project with more than 2 million sq.m. in terms of site area is the largest eco-district in northwest China. The area has been well planned and is developing rapidly, enjoying convenient access to road networks and public transports including Metro Line No. 3 which will soon commence operation.

It is the home of the Euro-Asia Economic Forum as well as the Guanyuntan national wetland park and was where the 2011 International Horticultural Exposition took place, asserting its significance in the development of Xi'an. The project has 12 land parcels in the plan to cater to diverse functions and related necessary facilities completed or soon to be completed to meet community business requirements and educational, medical and shopping needs.



Artist Impression



XI'AN QIYUAN

Address:

Intersection of Qiyuan 1st Road and Shangchun North Road, Xi'an (west of Chanba Tenth School)

Category:

Residence

Feature:

Located at the intersection of Qiyuan 1st Road and Shangchun North Road, the project occupies the core area of the [three-axis, three-belt] development plan of Xi'an. The project enjoys the triple benefits brought by Chanba Ecotope, the International Trade & Logistics Park and the economic development and political affairs area. Situated only 800 m to Ba River, the project is embraced in a green and natural environment while being served by comprehensive international ancillary facilities, making it a low-density high-end residential project around Weiyang Lake.

The project covers a total site area of approximately 76.8 hectares, providing a G.F.A. of about 140,000 sq.m. The project is planned to comprise 15 residential buildings (eight high-rise apartments and seven low-rise apartments), offering 594 apartments in total. With a greening ratio of 35% and a plot ratio of 2.0, the project is available in various layouts and sizes, i.e. 143 sq.m. for small high-rise apartments and 190 sq.m. (flats), 300 sq.m. (top duplex apartments) and 190 sq.m. (bottom duplex apartments) for low-rise apartments. The project is built with metal aluminum plates and masonry paint, with low-emissivity glasses used in the exterior façade of the buildings to create a fashionable and lightly luxurious feeling. Coupled with supreme ecological resources, this project is destined to provide you with a comfortable and pleasant lifestyle.

OTHER INFORMATION

INTERIM DIVIDEND

The board of Directors (the “**Board**”) does not recommend the payment of any interim dividend for the six months ended 30 June 2023 (for the six months ended 30 June 2022: Nil).

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES

Repurchase of Shares

On 16 December 2022, 20 December 2022, 21 December 2022 and 22 December 2022, the Company repurchased a total of 1,000,000 ordinary shares of the Company of HK\$0.04 each on the Stock Exchange at an aggregate consideration paid (excluding transaction costs) of HK\$595,000.

During the six months ended 30 June 2023, the Company repurchased a total of 1,194,000 ordinary shares of the Company of HK\$0.04 each on the Stock Exchange at an aggregate consideration paid (excluding transaction costs) of HK\$726,960.

Details of the repurchase of such ordinary shares were as follows:

| Date of repurchase | Number of ordinary shares | Price per ordinary share | | Aggregate consideration paid (excluding transaction costs) HK\$ |
|--------------------|---------------------------|--------------------------|----------------|--|
| | | Highest HK\$ | Lowest HK\$ | |
| 16 December 2022 | 200,000 | 0.58 | 0.58 | 116,000 |
| 20 December 2022 | 300,000 | 0.60 | 0.59 | 178,000 |
| 21 December 2022 | 300,000 | 0.61 | 0.61 | 183,000 |
| 22 December 2022 | 200,000 | 0.59 | 0.59 | 118,000 |
| 05 January 2023 | 150,000 | 0.62 | 0.62 | 93,000 |
| 11 January 2023 | 900,000 | 0.61 | 0.61 | 549,000 |
| 12 January 2023 | 144,000 | 0.59 | 0.59 | 84,960 |
| Total | 2,194,000 | | | 1,321,960 |

The ordinary shares repurchased on 16 December 2022, 20 December 2022, 21 December 2022, 22 December 2022, 05 January 2023, 11 January 2023 and 12 January 2023 were cancelled on 27 February 2023. The issued share capital of the Company was accordingly reduced by the par value of the repurchased ordinary shares so cancelled. The above repurchase was effected by the Directors pursuant to the repurchase mandate granted at the annual general meeting of the Company held on 23 May 2022.

Save as disclosed above, there was no purchase, sale or redemption by the Company, or any of its subsidiaries, of any listed securities of the Company during the six months ended 30 June 2023.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company’s Bye-laws, or the laws of Bermuda, which would oblige the Company to offer new shares on a pro-rata basis to the existing shareholders of the Company (the “**Shareholders**”).

CORPORATE GOVERNANCE

During the six months ended 30 June 2023, the Company has complied with the code provisions as set out in the Corporate Governance Code (the “**Code**”) contained in Appendix 14 to the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted its own code of conduct regarding dealings in the securities of the Company by the Directors and the relevant employees (who are likely to be in possession of inside information relating to the Company or its securities) (the “**Guidelines for Securities Transactions by Relevant Employees**”) on terms no less exacting than the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules. All Directors have confirmed, following specific enquiry by the Company, that they have complied with the required standards as set out in the Model Code and its code of conduct regarding directors’ securities transactions throughout the six months ended 30 June 2023.

In addition, no incident of non-compliance of the Guidelines for Securities Transactions by Relevant Employees by the relevant employees of the Group was noted by the Company throughout the six months ended 30 June 2023.

LOAN AGREEMENT WITH SPECIFIC PERFORMANCE COVENANT ON THE CONTROLLING SHAREHOLDER

As disclosed in the Company’s announcement dated 19 September 2022, the Company as borrower entered into a facility letter (the “**Facility Letter**”) with a bank as lender for a revolving term loan facility of up to HKD400,000,000 with the maturity date being the date falling 12 months from the acceptance date of the Facility Letter (the “**RTL Facility**”). The Facility Letter contains an undertaking by the Company that so long as the RTL Facility or any sum thereunder remains outstanding, Shanghai Industrial Holdings Limited (“**SIHL**”), a controlling and substantial shareholder of the Company and the shares of which are listed on the main board of The Stock Exchange of Hong Kong Limited (stock code: 363) and Shanghai Industrial Investment (Holdings) Company Limited (“**SIIC**”), being a controlling shareholder of SIHL, shall collectively directly or indirectly own not less than 51% of the total issued share capital of the Company and maintain management control of the Company (the “**Shareholding and Management Covenant**”). A breach of the Shareholding and Management Covenant will constitute an event of default under the Facility Letter.

As disclosed in the Company’s announcement dated 6 December 2022, the Company (as the borrower) entered into a loan agreement (the “**Loan Agreement**”) with a bank (as the lender) for a term loan facility in the amount of RMB2,400,000,000 for a term of thirty-six months (the “**Facility**”) for the purpose of re-financing the term loan facility granted by a bank (as referred to in the announcement of the Company dated 17 June 2020). The Loan Agreement provides that during the subsistence of the Facility SIIC, being a controlling shareholder of the Company and SIHL (a controlling and substantial shareholder of the Company), shall directly or indirectly maintain no less than 51% of the total issued share capital of the Company and maintain actual control and management of the Company (the “**Requisite Covenant**”). A breach of the Requisite Covenant will constitute a default under the Loan Agreement.

Reference is made to the announcements of the Company dated 4 November 2020 and 25 November 2021 with regard to a facility letter (the “**Facility Letter**”) entered between the Company and a bank for a revolving loan facility of up to HKD500,000,000 granted by a bank (the “**RL Facility**”). As disclosed in the Company’s announcement dated 9 December 2022, the Company (as the borrower) entered into a supplemental facility letter (the “**Supplemental Facility Letter**”) with the lender under the RL Facility to revise certain terms and conditions of the Facility Letter. Pursuant to the Supplemental Facility Letter, the maturity date of the RL Facility is extended to 31 October 2023. The RL Facility contains a Shareholding and Management Covenant under which the Company shall ensure that so long as the RL Facility or any sum thereunder is outstanding, SIHL, a controlling and substantial shareholder of the Company, and/or SIIC, a controlling shareholder of SIHL, shall collectively directly or indirectly own not less than 51% of the total issued share capital of the Company and maintain management control of the Company. A breach of the Shareholding and Management Covenant will constitute a default under the Facility Letter.

As at 30 June 2023, SIHL and SIIC are beneficially interested in approximately 44.06% and 70.21%, respectively, of the total issued share capital of the Company. Other than as disclosed above, there are no other events which are required to be disclosed by the Company under Rule 13.18 of the Listing Rules.

AUDIT COMMITTEE AND REVIEW OF INTERIM RESULTS

The audit committee of the Company (the “**Audit Committee**”) currently consists of three independent non-executive Directors, namely Mr. Li Ka Fai, David, *M.H.* (Committee Chairman), Mr. Doo Wai-Hoi, William, *B.B.S., J.P.* and Dr. Fan Ren Da, Anthony. The Audit Committee is primarily responsible for reviewing the accounting principles and practices adopted by the Group; reviewing the financial reporting process, risk management and internal controls system of the Group; and reviewing the independence and objectivity of the external auditor, the scope of audit services and related audit fees payable to the external auditor. The Audit Committee has reviewed the unaudited interim financial statements of the Group for the six months ended 30 June 2023 and discussed with the management and the auditor of the Company on the accounting principles and practices adopted by the Group, risk management and internal controls matter, final results and financial statements and the terms of reference for the Audit Committee.

The Group’s external auditor, Messrs. Deloitte Touche Tohmatsu, has reviewed the Company’s unaudited condensed consolidated financial statements for the six months ended 30 June 2023 in accordance with the Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants.

DIRECTORS’ AND CHIEF EXECUTIVES’ INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 June 2023, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the “**SFO**”)) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) and required to be entered in the register required to be kept by the Company pursuant to Section 352 of the SFO or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange, were as follows:

(1) Long positions in the shares and underlying shares of the Company

| Name of Directors | Capacity | Number of issued ordinary shares held | Number of underlying shares subject to options granted ¹ | Approximate % of the issued share capital of the Company |
|-------------------|------------------|---------------------------------------|---|--|
| Tang Jun | Beneficial owner | 178,000 | — | 0.00% |

Note:

- These interests represent the interests in the underlying shares of the Company in respect of share options granted by the Company to these Directors as beneficial owners.

(2) Long positions in the shares and underlying shares of the associated corporations of the Company

SIHL

| Name of Directors | Capacity | Number of issued ordinary shares held | Number of underlying shares subject to options granted ¹ | Approximate % of the issued share capital of the Company |
|-------------------|------------------|---------------------------------------|---|--|
| Tang Jun | Beneficial owner | 65,000 | — | 0.00% |

Note:

- These interests represent the interests in the underlying shares of SIHL in respect of the share options (which are unlisted and physically settled equity derivatives) granted by SIHL under its share option scheme.

Save as disclosed herein, as at 30 June 2023, none of the Directors or chief executives of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or pursuant to the Model Code.

SHARE OPTION SCHEME

Pursuant to ordinary resolutions passed by the Shareholders at its special general meeting held on 12 December 2002, the Company adopted a share option scheme (the “**Share Option Scheme**”).

All the share options granted in September 2010 under the Share Option Scheme were lapsed on 24 September 2020 and no share options remained outstanding under the Share Option Scheme. The Share Option Scheme expired on 11 December 2012.

Pursuant to ordinary resolutions passed by the Shareholders at its general meeting and the approval granted by the Listing Committee of the Stock Exchange on 21 May 2013 (the “**Adoption Date**”), the Company adopted a new share option scheme (the “**New Share Option Scheme**”).

Reference was made to the circular of the Company dated 16 April 2013 in relation to the adoption of the New Share Option Scheme (the “**Circular**”). Unless the context requires otherwise, terms defined in the Circular shall have the same meanings when used in this interim report. As disclosed in the Circular, the New Share Option Scheme will be valid for ten years since the Adoption Date. The purpose of the New Share Option Scheme is to enable the Company to grant options to the eligible participants, as incentives and/or rewards for their contributions to the Group.

The eligible participants include the following classes of participants:

- (a) any employee (whether full time or part time, including any executive Director and non-executive director but excluding any independent non-executive director and (if applicable) any supervisors) of any member of the Group or any invested entity;
- (b) any independent non-executive directors and (if applicable) any supervisors of any member of the Group or any invested entity;
- (c) any supplier of goods or services to any member of the Group or any invested entity;
- (d) any customer of any member of the Group or any invested entity;
- (e) any person or entity that provides research, development or other support (technical or otherwise) to any member of the Group or any invested entity;
- (f) any shareholder of any member of the Group or any invested entity or any holder of any securities issued by any member of the Group or any invested entity;
- (g) any adviser or consultant (professional or otherwise) to any area of business or business development of any member of the Group or any invested entity; and
- (h) any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement to the development and growth of the Group.

For the purposes of the New Share Option Scheme, an offer may be made to any company wholly-owned by one or more eligible participants.

The Board considers that the New Share Option Scheme will provide the eligible participants with the opportunity to acquire shares of the Company and to encourage the eligible participants to work towards enhancing the value of the Company and for the benefit of the Company and its shareholders as a whole. The provisions of the New Share Option Scheme comply with the requirements of Chapter 17 of the Listing Rules. Further details of the New Share Option Scheme can be found in the Circular.

The Company had not granted any share options under the New Share Option Scheme since the Adoption Date up to 30 June 2023. The New Share Option Scheme expired on 21 May 2023.

Save as disclosed herein, the Company had not granted any share options to any persons as required to be disclosed under Rule 17.07 of the Listing Rules during the six months ended 30 June 2023.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN THE SHARES AND UNDERLYING SHARES

As at 30 June 2023, substantial shareholders and other persons (other than the Directors and chief executives of the Company) who had interests or short positions in the shares and underlying shares of the Company which were notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO and entered in the register required to be kept by the Company pursuant to Section 336 of the SFO, or otherwise notified to the Company were as follows:

Ordinary shares of HK\$0.04 each of the Company

| Name of substantial shareholders | Capacity | Number of shares of the Company held | Approximate % of the issued share capital of the Company |
|----------------------------------|--------------------------------|--------------------------------------|--|
| SIHL | Held by controlled corporation | 2,111,229,080(L) ^{1,2,3} | 44.06% |
| SIIC | Held by controlled corporation | 3,364,049,977(L) ^{1,2,3,4} | 70.21% |

Notes:

- L denotes long positions.
- These include 2,061,229,080 shares of the Company held by S.I. Smart Charmer Limited and 50,000,000 shares of the Company that are deemed to be held by Novel Good Limited under the pledge described in note 3 below. As S.I. Smart Charmer Limited and Novel Good Limited are both wholly-owned subsidiaries of SIHL, which is in turn controlled by SIIC, SIHL and SIIC are deemed or taken to be interested in the interests in the shares of the Company held by S.I. Smart Charmer Limited and Novel Good Limited.
- These interests include 50,000,000 shares of the Company (short positions) held by Invest Gain Limited (a company beneficially and wholly owned by Mr. Li Song Xiao who ceased to be a substantial shareholder of the Company during the year ended 31 December 2011) which was pledged to Novel Good Limited. Therefore, SIHL and SIIC are deemed or taken to be interested in these 50,000,000 shares of the Company.
- SIIC, through Shanghai Investment Holdings Limited (a subsidiary of SIIC) held approximately 55.13% of the shares of SIHL. Therefore, SIIC is deemed or taken to be interested in the 2,111,229,080 shares of the Company held by SHIL for the purpose of the SFO. On the other hand, SIIC is also deemed or taken to be interested in the 1,252,820,897 shares of the Company held by its subsidiaries, namely SIIC Trading Company Limited, Shanghai Industrial Financial Holdings (Hong Kong) Company Limited, SIIC CM Development Limited, SIIC Capital (B.V.I.) Limited and Shanghai Investment Holdings Limited.

Save as disclosed herein, as at 30 June 2023, the Company had not been notified by any persons (other than the Directors and chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

APPRECIATION

I would like to express my sincere gratitude to the Board, our management and all our staff for their dedicated efforts as well as to our customers, suppliers, business partners and shareholders for their continued enthusiastic support to our Group.

By order of the Board of
Shanghai Industrial Urban Development Group Limited
Huang Haiping
Chairman

Hong Kong, 29 August 2023

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Deloitte.

德勤

**TO THE BOARD OF DIRECTORS OF
SHANGHAI INDUSTRIAL URBAN DEVELOPMENT GROUP LIMITED**
上海實業城市開發集團有限公司
(incorporated in Bermuda with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated financial statements of Shanghai Industrial Urban Development Group Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 33 to 59, which comprise the condensed consolidated statement of financial position as of 30 June 2023 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

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

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

29 August 2023

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2023

| | NOTES | Six months ended 30 June | |
|--|-------|---------------------------------|---------------------------------|
| | | 2023 HK\$'000 (unaudited) | 2022 HK\$'000 (unaudited) |
| Revenue | | | |
| Goods and services | 3 | 1,422,098 | 6,548,549 |
| Leases | | 375,736 | 260,064 |
| Total revenue | | 1,797,834 | 6,808,613 |
| Cost of sales | | (1,025,771) | (5,596,970) |
| Gross profit | | 772,063 | 1,211,643 |
| Other income | | 87,018 | 73,215 |
| Other expenses, gains and losses, net | | (106,081) | (90,703) |
| Fair value (loss) gain on investment properties, net | | (2,263) | 1,208 |
| Distribution and selling expenses | | (94,605) | (98,433) |
| General and administrative expenses | | (215,984) | (176,130) |
| Finance costs | 5 | (363,847) | (330,192) |
| Share of results of associates | | (3,201) | (118,041) |
| Share of results of joint ventures | | (15,759) | (2,929) |
| Profit before tax | | 57,341 | 469,638 |
| Income tax | 6 | (380,521) | (388,734) |
| (Loss) profit for the period | 7 | (323,180) | 80,904 |
| Other comprehensive expense for the period | | | |
| <i>Items that will not be reclassified to profit or loss:</i> | | | |
| Exchange differences on translation from functional currency to presentation currency | | (878,007) | (1,158,576) |
| Fair value loss on equity instruments at fair value through other comprehensive income, net of tax | | (6,390) | (14,768) |
| <i>Item that may be reclassified subsequently to profit or loss:</i> | | | |
| Reclassification adjustment for realisation of revaluation reserve upon disposal of the related properties | | — | (22,176) |
| Other comprehensive expense for the period | | (884,397) | (1,195,520) |
| Total comprehensive expense for the period | | (1,207,577) | (1,114,616) |

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME

| | NOTE | Six months ended 30 June | |
|---|------|---------------------------------|---------------------------------|
| | | 2023 HK\$'000 (unaudited) | 2022 HK\$'000 (unaudited) |
| (Loss) profit for the period attributable to: | | | |
| Owners of the Company | | (302,936) | 126,448 |
| Non-controlling interests | | (20,244) | (45,544) |
| | | (323,180) | 80,904 |
| Total comprehensive expense for the period attributable to: | | | |
| Owners of the Company | | (943,168) | (700,440) |
| Non-controlling interests | | (264,409) | (414,176) |
| | | (1,207,577) | (1,114,616) |
| (Loss) earnings per share | 8 | | |
| Basic (HK cents) | | (6.32) | 2.63 |

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

| | NOTES | 30 June 2023 HK\$'000 (unaudited) | 31 December 2022 HK\$'000 (audited) |
|---|-------|--|--|
| Non-current assets | | | |
| Investment properties | 9 | 20,679,034 | 21,232,971 |
| Property, plant and equipment | | 2,087,623 | 2,136,577 |
| Right-of-use assets | | 440,719 | 473,729 |
| Goodwill | | 23,604 | 23,604 |
| Intangible assets | | 55,287 | 57,834 |
| Interests in associates | | 1,715,193 | 1,796,882 |
| Interests in joint ventures | | 2,535,909 | 2,668,967 |
| Amount due from a related company | 10 | 266,122 | 277,707 |
| Equity instruments at fair value through other comprehensive income | | 49,093 | 59,872 |
| Pledged bank deposits | | 14,446 | 33,074 |
| Deferred tax assets | | 106,143 | 86,047 |
| | | 27,973,173 | 28,847,264 |
| Current assets | | | |
| Inventories | | 1,391 | 1,803 |
| Properties under development for sale and properties held-for-sale | | 22,627,081 | 22,569,287 |
| Trade and other receivables | 11 | 1,175,530 | 1,185,644 |
| Amounts due from related companies | 10 | 1,507 | 2,492 |
| Prepaid income tax and land appreciation tax | | 529,070 | 333,234 |
| Financial assets at fair value through profit or loss | | 4,095 | 5,580 |
| Restricted and pledged bank deposits | | 25,673 | 23,881 |
| Bank balances and cash | | 6,131,301 | 4,477,602 |
| | | 30,495,648 | 28,599,523 |
| Current liabilities | | | |
| Trade and other payables | 12 | 5,784,517 | 6,779,706 |
| Amounts due to related companies | 10 | 77,781 | 766,146 |
| Pre-sale proceeds received on sales of properties | | 9,862,876 | 7,086,457 |
| Bank and other borrowings | 13 | 4,778,443 | 9,915,688 |
| Lease liabilities | | 31,716 | 48,721 |
| Income tax and land appreciation tax payables | | 1,315,281 | 1,377,284 |
| Dividend payable | | 22,260 | 20,670 |
| | | 21,872,874 | 25,994,672 |
| Net current assets | | 8,622,774 | 2,604,851 |
| Total assets less current liabilities | | 36,595,947 | 31,452,115 |

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | NOTES | 30 June 2023 HK\$'000 (unaudited) | 31 December 2022 HK\$'000 (audited) |
|---|-------|--|--|
| Non-current liabilities | | | |
| Amounts due to a related company | 10 | 706,668 | — |
| Deferred revenue | 12 | 36,866 | 38,879 |
| Bank and other borrowings | 13 | 13,780,464 | 7,743,066 |
| Lease liabilities | | 27,582 | 39,706 |
| Deferred tax liabilities | | 2,710,409 | 2,799,190 |
| | | 17,261,989 | 10,620,841 |
| | | 19,333,958 | 20,831,274 |
| Capital and reserves | | | |
| Share capital | 14 | 191,659 | 191,747 |
| Reserves | | 13,280,376 | 14,368,524 |
| Equity contributable to owners of the Company | | 13,472,035 | 14,560,271 |
| Non-controlling interests | | 5,861,923 | 6,271,003 |
| | | 19,333,958 | 20,831,274 |

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2023

| | Attributable to owners of the Company | | | | | | | | | | | Non-controlling interests | Total equity |
|--|---------------------------------------|---------------|---------------------|---------------------------|--------------------------------|---------------------------|---|---------------|------------------|------------------|------------|---------------------------|--------------|
| | Share capital | Share premium | Contributed surplus | Other revaluation reserve | Investment revaluation reserve | Statutory surplus reserve | Shareholder's contribution/merger reserve | Other reserve | Exchange reserve | Retained profits | Total | | |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| At 1 January 2023 (audited) | 191,747 | 8,903,528 | 49,070 | 5,849 | 4,792 | 1,194,268 | 2,159,430 | (130,714) | 502,093 | 1,680,208 | 14,560,271 | 6,271,003 | 20,831,274 |
| Loss for the period | – | – | – | – | – | – | – | – | – | (302,936) | (302,936) | (20,244) | (323,180) |
| Exchange differences on translation from functional currency to presentation currency | – | – | – | – | – | – | – | – | (636,462) | – | (636,462) | (241,545) | (878,007) |
| Fair value loss on equity instruments at fair value through other comprehensive income, net of tax | – | – | – | – | (3,770) | – | – | – | – | – | (3,770) | (2,620) | (6,390) |
| Total comprehensive expense for the period | – | – | – | – | (3,770) | – | – | – | (636,462) | (302,936) | (943,168) | (264,409) | (1,207,577) |
| Transfer upon liquidation of subsidiaries | – | – | – | – | – | (86,064) | – | – | 43,302 | 42,762 | – | – | – |
| Transfer to distributable reserve (note (vi)) | – | (600,000) | 600,000 | – | – | – | – | – | – | – | – | – | – |
| Dividends recognised as distributions (Note 19) | – | – | (143,744) | – | – | – | – | – | – | – | (143,744) | – | (143,744) |
| Dividends declared to non-controlling shareholders | – | – | – | – | – | – | – | – | – | – | – | (144,671) | (144,671) |
| Repurchase and cancellation of ordinary shares (Note 14) | (88) | (1,233) | – | – | – | – | – | – | – | – | (1,321) | – | (1,321) |
| Transaction costs attributable to repurchase and cancellation of ordinary shares (Note 14) | – | (3) | – | – | – | – | – | – | – | – | (3) | – | (3) |
| At 30 June 2023 (unaudited) | 191,659 | 8,302,292 | 505,326 | 5,849 | 1,022 | 1,108,204 | 2,159,430 | (130,714) | (91,067) | 1,420,034 | 13,472,035 | 5,961,923 | 19,333,958 |
| At 1 January 2022 (audited) | 192,253 | 8,909,949 | 265,355 | 33,508 | 16,694 | 1,203,534 | 2,159,430 | (77,883) | 1,218,158 | 1,292,888 | 15,213,886 | 7,497,536 | 22,711,422 |
| Profit (loss) for the period | – | – | – | – | – | – | – | – | – | 126,448 | 126,448 | (45,544) | 80,904 |
| Exchange differences on translation from functional currency to presentation currency | – | – | – | – | – | – | – | – | (795,999) | – | (795,999) | (362,577) | (1,158,576) |
| Fair value loss on equity instruments at fair value through other comprehensive income, net of tax | – | – | – | – | (8,713) | – | – | – | – | – | (8,713) | (6,055) | (14,768) |
| Reclassification adjustment for realisation of revaluation reserve upon disposal of the related properties | – | – | – | (22,176) | – | – | – | – | – | – | (22,176) | – | (22,176) |
| Total comprehensive (expense) income for the period | – | – | – | (22,176) | (8,713) | – | – | – | (795,999) | 126,448 | (700,440) | (414,176) | (1,114,616) |
| Capital injection from a non-controlling shareholder without change in shareholdings | – | – | – | – | – | – | – | – | – | – | – | 58,569 | 58,569 |
| Dividends recognised as distributions (Note 19) | – | – | (216,285) | – | – | – | – | – | – | – | (216,285) | – | (216,285) |
| At 30 June 2022 (unaudited) | 192,253 | 8,909,949 | 49,070 | 11,332 | 7,981 | 1,203,534 | 2,159,430 | (77,883) | 422,159 | 1,419,336 | 14,297,161 | 7,141,929 | 21,439,090 |

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Notes:

- (i) Contributed surplus, serving as a distributable reserve, represents an amount transferred from the share premium account which gives Shanghai Industrial Urban Development Group Limited (the "Company") a greater flexibility in its dividend policy and making distributions to the shareholders.
- (ii) Other revaluation reserve comprises the difference between the fair value, net of deferred tax, and the carrying amount of additional interest in associates being acquired and become subsidiaries of the Company. This reserve will be recognised in profit or loss upon the earlier of the disposal of the subsidiaries or the disposal by the subsidiaries of the assets to which it relates.
- (iii) Pursuant to the relevant laws in the People's Republic of China (the "PRC"), a subsidiary established in the PRC is required to transfer 10% of its profit after tax to the statutory surplus reserve. Contribution to the statutory surplus reserve is discretionary when the reserve balance reaches 50% of the registered capital of the subsidiary and can be used to make up for previous years' losses or, expand the existing operations or can be converted into additional capital of the subsidiary.
- (iv) Merger reserve comprises (1) the difference between the fair value of the consideration paid to the intermediate holding company of the Company, Shanghai Industrial Holdings Limited ("SIHL"), for the acquisition of subsidiaries controlled by SIHL (the "Acquiree") and the fair value of net assets of the Acquiree at the date of the Company and its subsidiaries (collectively referred to as the "Group") and the Acquiree became under common control in year 2011; and (2) the difference between the consideration paid to Shanghai Shangtou Assets Operation Company Limited 上海上投資產經營有限公司 ("Shangtou Assets"), to which Shanghai Industrial Investment (Holdings) Company Limited ("SIIC"), being the ultimate holding company of the Company, exercises the authority as a state-owned shareholder, for acquisition of Shanghai Shangtou Real Estate Investment Company Limited 上海市上投房地產投資有限公司 ("Shangtou Real Estate") and its subsidiaries (collectively referred to as "Shangtou Real Estate Group") (after carving out certain assets and liabilities upon completion of the acquisition) controlled by Shangtou Assets and the fair value of net assets of Shangtou Real Estate Group at the date of the Group and Shangtou Real Estate Group became under common control in year 2018.

Shareholder's contribution represents capital contribution from SIHL and State-owned Assets Supervision and Administration Commission of Shanghai Xuhui District ("Xuhui SASAC") in the PRC, being a non-controlling shareholder (based on their respective percentage of equity interest), to a subsidiary of the Company, Shanghai Urban Development (Holdings) Co., Ltd. ("SUD"), as paid-in capital in April 2011. Xuhui SASAC holds 41% interests in SUD.
- (v) Other reserve represents a premium contributed by the owners of the Company on acquiring additional interests in non-wholly owned subsidiaries of the Company. It comprises (1) the acquisition of the remaining 1.0% interest in 上海世界貿易商城有限公司 ("Shanghai World Trade") from a non-controlling shareholder subsequent to the acquisition of Continental Land Development Limited and its partially owned subsidiary, namely Shanghai World Trade, in the PRC; (2) the acquisition of the remaining 20% interest in 濟陽向明長益置業有限公司 from a non-controlling shareholder; and (3) the acquisition of the remaining 28.5% interest in 西安灃灞建設開發有限公司 from a non-controlling shareholder through acquisition of a company and its subsidiaries. These acquisitions, without changing the Group's control over these entities, were accounted for as equity transactions. The difference between the carrying amount by which the non-controlling interests are adjusted and the fair value of the consideration paid is recognised directly in equity as other reserve and attributable to owners of the Company.
- (vi) Pursuant to the special resolution passed on 22 May 2023, the Company transferred an amount of HK\$600,000,000 from the share premium account to the contributed surplus account which increased the distributable reserve of the Company for making distributions to its shareholders.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2023

| | Six months ended 30 June | |
|--|---------------------------------|---------------------------------|
| | 2023 HK\$'000 (unaudited) | 2022 HK\$'000 (unaudited) |
| OPERATING ACTIVITIES | | |
| Profit before tax | 57,341 | 469,638 |
| Adjustments for: | | |
| Finance costs | 363,847 | 330,192 |
| Fair value loss (gain) on investment properties, net | 2,263 | (1,208) |
| Share of results of associates and joint ventures | 18,960 | 120,970 |
| Other non-cash items | 164,972 | 142,795 |
| Operating cash flows before movements in working capital | 607,383 | 1,062,387 |
| (Increase) decrease in inventories, properties under development for sale and properties held-for-sale | (1,258,278) | 4,544,316 |
| Increase in trade and other receivables | (44,270) | (1,168,895) |
| Increase (decrease) in pre-sale proceeds received on sales of properties | 3,235,937 | (4,627,695) |
| Decrease in trade and other payables | (207,052) | (1,150,817) |
| Other working capital items | (1,701) | (930) |
| Cash generated from (used in) operations | 2,332,019 | (1,341,634) |
| Income tax paid | (604,888) | (1,988,559) |
| Net cash from (used in) operating activities | 1,727,131 | (3,330,193) |
| INVESTING ACTIVITIES | | |
| Proceeds from disposal of property, plant and equipment | 8,352 | 321 |
| Purchase of property, plant and equipment | (116,557) | (31,125) |
| Development costs paid for investment properties | (190,531) | (193,223) |
| Decrease in restricted and pledged bank deposits | 14,999 | 82,016 |
| Advances to related companies | — | (10,329) |
| Repayment from related companies | 942 | — |
| Advance to a joint venture | (717) | — |
| Interest received | 15,531 | 47,665 |
| Net cash used in investing activities | (267,981) | (104,675) |

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

| | Six months ended 30 June | |
|---|---------------------------------|-------------|
| | 2023 | 2022 |
| | HK\$'000 | HK\$'000 |
| | (unaudited) | (unaudited) |
| FINANCING ACTIVITIES | | |
| Dividends paid to non-controlling interests | (144,671) | (1,963,472) |
| Dividends paid | (142,154) | (204,285) |
| Proceeds from new bank and other borrowings | 4,210,359 | 4,504,385 |
| Repayments of bank and other borrowings | (2,548,115) | (3,239,491) |
| Transaction costs attributable to issue of domestic corporate bonds and medium term notes | (2,465) | (3,009) |
| Payments on repurchase and cancellation of ordinary shares | (1,321) | — |
| Transaction costs attributable to repurchase and cancellation of ordinary shares | (3) | — |
| Repayments of lease liabilities | (26,986) | (31,402) |
| Capital injection from a non-controlling shareholder without change in shareholdings | — | 58,569 |
| Advances from related companies | 56,075 | 101,066 |
| Repayments to related companies | — | (62,511) |
| Interest paid | (371,054) | (358,099) |
| Settlement of remaining consideration on acquisition of an additional interest in a non-wholly owned subsidiary through acquisition of a subsidiary | (576,337) | — |
| Net cash from (used in) financing activities | 453,328 | (1,198,249) |
| Net increase (decrease) in cash and cash equivalents | 1,912,478 | (4,633,117) |
| Cash and cash equivalents as at 1 January | 4,477,602 | 14,116,711 |
| Effect of foreign exchange rate changes | (258,779) | (675,909) |
| Cash and cash equivalents as at 30 June, represented by bank balances and cash | 6,131,301 | 8,807,685 |

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

1. BASIS OF PREPARATION

The 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 (“HKICPA”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for investment properties and certain financial instruments, which are measured at fair values.

Other than additional accounting policies resulting from application of amendments to Hong Kong Financial Reporting Standards (“HKFRSs”), the accounting policies and methods of computation used in the preparation of condensed consolidated financial statements for the six months ended 30 June 2023 are the same as those presented in the Group’s annual financial statements for the year ended 31 December 2022.

Application of amendments to HKFRSs

In the current interim period, the Group has applied the following new and amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 January 2023 for the preparation of the Group’s condensed consolidated financial statements:

| | |
|-----------------------|--|
| HKFRS 17 | Insurance Contracts |
| Amendments to HKAS 8 | Definition of Accounting Estimates |
| Amendments to HKAS 12 | Deferred Tax related to Assets and Liabilities arising from a Single Transaction |

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Application of amendments to HKFRSs (Continued)

2.1 *Impacts on application of Amendments to HKAS 8 “Definition of Accounting Estimates”*

The amendments define accounting estimates as “monetary amounts in financial statements that are subject to measurement uncertainty”. An accounting policy may require items in financial statements to be measured in a way that involves measurement uncertainty. In such a case, an entity develops an accounting estimate to achieve the objective set out by the accounting policy. The amendments to HKAS 8 clarify the distinction between changes in accounting estimates, and changes in accounting policies and the correction of errors.

The directors of the Company consider that the application of the new and amendments to HKFRSs in the current interim period has had no material impact on the Group’s financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

2.2 *Impacts on application of Amendments to HKAS 1 and HKFRS Practice Statement 2 “Disclosure of Accounting Policies”*

In addition, the Group will apply Amendments to HKAS 1 and HKFRS Practice Statement 2 “Disclosure of Accounting Policies” which are mandatorily effective for the Group’s annual period beginning on 1 January 2023 for the preparation of the Group’s consolidated financial statements for the year ending 31 December 2023.

HKAS 1 is amended to replace all instances of the term “significant accounting policies” with “material accounting policy information”. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 “Making Materiality Judgements” (the “Practice Statement”) is also amended to illustrate how an entity applies the “four-step materiality process” to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments in the current period had no material impact on the condensed consolidated financial statements but is expected to affect the disclosures of the Group’s accounting policies in the Group’s annual consolidated financial statements for the year ending 31 December 2023.

3. REVENUE FROM GOODS AND SERVICES

Disaggregation of revenue from contracts with customers

| | Six months ended 30 June | |
|-------------------------------|---------------------------------|---------------------------------|
| | 2023 HK\$'000 (unaudited) | 2022 HK\$'000 (unaudited) |
| Types of goods or services | | |
| Sales of properties | 1,271,776 | 6,464,820 |
| Hotel operations | 146,288 | 83,283 |
| Property management | 4,034 | 446 |
| Total | 1,422,098 | 6,548,549 |
| Timing of revenue recognition | | |
| A point in time | 1,271,776 | 6,464,820 |
| Over time | 150,322 | 83,729 |
| Total | 1,422,098 | 6,548,549 |

All the revenue of the Group generated from contracts with customers are originated in the PRC.

4. SEGMENT INFORMATION

Information reported to the directors of the Company, being the chief operating decision maker, for the purposes of resource allocation and performance assessment focuses on revenue analysis. No other discrete financial information is provided other than the Group's result and financial position as a whole. Accordingly, only entity-wide disclosures, major customers and geographic information are presented.

The Group's operations are located in the PRC. All revenue and non-current assets, except for certain property and equipment, of the Group are generated from and located in the PRC. No revenue from a single customer contributed 10% or more of the Group's revenue for the six months ended 30 June 2023 and 2022.

5. FINANCE COSTS

| | Six months ended 30 June | |
|---|---------------------------------|---------------------------------|
| | 2023 HK\$'000 (unaudited) | 2022 HK\$'000 (unaudited) |
| Interests on bank and other borrowings | 426,769 | 448,963 |
| Interests on lease liabilities | 2,482 | 3,580 |
| Total finance costs | 429,251 | 452,543 |
| Less: Amount capitalised into properties under development for sale | (65,404) | (122,351) |
| | 363,847 | 330,192 |

Borrowing costs capitalised during the current and prior interim periods arising on the general borrowing pool are calculated by applying an applicable capitalisation rate to the expenditure on qualifying assets.

6. INCOME TAX

| | Six months ended 30 June | |
|--|---------------------------------|---------------------------------|
| | 2023 HK\$'000 (unaudited) | 2022 HK\$'000 (unaudited) |
| Current tax: | | |
| PRC Enterprise Income Tax ("EIT") | 123,949 | 184,540 |
| PRC Land Appreciation Tax ("LAT") | 256,199 | 230,582 |
| PRC withholding tax on dividend income | 2,988 | — |
| | 383,136 | 415,122 |
| Deferred tax | (2,615) | (26,388) |
| Income tax for the period | 380,521 | 388,734 |

6. INCOME TAX (CONTINUED)

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.

Under the Provisional Regulations of LAT (《中華人民共和國土地增值稅暫行條例》) effective on 1 January 1994, and the Detailed Implementation Rules on the Provisional Regulations of the PRC on LAT (《中華人民共和國土地增值稅暫行條例實施細則》) effective from 27 January 1995, all income from the sale or transfer of state-owned land use rights, buildings and their attached facilities in the PRC is subject to LAT at progressive rates ranging from 30% to 60% of the appreciation value, being the proceeds of sales of properties less deductible expenditures including borrowing costs and property development expenditures in relation to the gains arising from sales of properties in the PRC effective from 1 January 2004, with an exemption provided for property sales of ordinary residential properties (普通標準住宅) if their appreciation values do not exceed 20% of the sum of the total deductible items.

No provision for Hong Kong Profits Tax has been made as the Group has no assessable profits arises in, nor is derived from, Hong Kong.

Pursuant to the rules and regulations of Bermuda and the British Virgin Islands (“BVI”), the Group is not subject to any income tax in Bermuda and the BVI in respect of the six months ended 30 June 2023 and 2022.

7. (LOSS) PROFIT FOR THE PERIOD

| | Six months ended 30 June | |
|--|---------------------------------|---------------------------------|
| | 2023 HK\$'000 (unaudited) | 2022 HK\$'000 (unaudited) |
| (Loss) profit for the period has been arrived at after charging (crediting) the following items: | | |
| Depreciation of property, plant and equipment | 69,764 | 78,349 |
| Depreciation of right-of-use assets | 13,181 | 10,339 |
| Interest income on bank deposits (included in other income) | (15,531) | (47,665) |
| Net foreign exchange loss (included in other expenses, gains and losses, net) | 85,424 | 96,649 |

8. (LOSS) EARNINGS PER SHARE

The calculation of the basic (loss) earnings per share attributable to the owners of the Company is based on the following data:

| | Six months ended 30 June | |
|---|---------------------------------|-------------|
| | 2023 | 2022 |
| | HK\$'000 | HK\$'000 |
| | (unaudited) | (unaudited) |
| (Loss) earnings: | | |
| (Loss) earnings for the purpose of calculating basic (loss) earnings per share | | |
| (Loss) profit for the period attributable to owners of the Company | (302,936) | 126,448 |
| | | |
| | Six months ended 30 June | |
| | 2023 | 2022 |
| | '000 | '000 |
| Number of shares: | | |
| Weighted average number of ordinary shares for the purpose of calculating basic (loss) earnings per share | 4,792,186 | 4,806,323 |

No diluted (loss) earnings per share for the six months ended 30 June 2023 and 2022 were presented as there were no potential ordinary shares in issue for both periods.

9. MOVEMENTS IN INVESTMENT PROPERTIES

The fair values of the Group's investment properties as at 30 June 2023 have been arrived at on the basis of a valuation carried out by Cushman & Wakefield Limited ("CWL"), an independent qualified professional valuer not connected to the Group. CWL has appropriate qualification and recent experience in the valuation of similar properties in the relevant locations. The address of CWL is 27th Floor, One Island East, Taikoo Place, 18 Westlands Road, Quarry Bay, Hong Kong. The Group's investment properties are valued individually on market value basis, which conforms to RICS Valuation – Global Standards 2022 published by the Royal Institution of Chartered Surveyors. The fair value is arrived at by reference to comparable sales transactions available in the relevant markets and, where appropriate, using investment approach which capitalises the net rental income derived from existing tenancies with due allowance for the reversionary potential of the properties. The resulting net decrease in fair values of the Group's investment properties of HK\$2,263,000 (six months ended 30 June 2022: net increase in fair values of HK\$1,208,000) is recognised directly in profit or loss for the six months ended 30 June 2023.

During the six months ended 30 June 2023, the Group has expenditures on certain investment properties under development of HK\$190,531,000 (six months ended 30 June 2022: HK\$193,223,000).

During the six months ended 30 June 2023, the management of the Group changed the intention from selling the commercial units of several residential property projects to lease them out for rentals. Accordingly, properties held-for-sale with carrying amount of HK\$211,911,000 (six months ended 30 June 2022: HK\$110,506,000) was transferred to investment properties upon inception of lease agreements with the tenants. In the opinion of the management of the Group, the fair value gain or loss in respect of these properties at the date of transfer was considered to be insignificant.

The Group did not dispose of any investment properties during the six months ended 30 June 2023 and 2022.

10. AMOUNTS DUE FROM (TO) RELATED COMPANIES

The Group has the following balances with related parties:

| | NOTES | 30 June 2023 HK\$'000 (unaudited) | 31 December 2022 HK\$'000 (audited) |
|---|-------|--|--|
| Amount due from a related company recognised in non-current assets: | | | |
| — A joint venture | (ii) | 266,122 | 277,707 |
| Amounts due from related companies recognised in current assets: | | | |
| — A joint venture | (ii) | 227 | 237 |
| — An entity controlled by Xuhui SASAC | (i) | 1,280 | 2,255 |
| | | 1,507 | 2,492 |
| Amounts due to related companies recognised in current liabilities: | | | |
| — Xuhui SASAC and entities controlled by Xuhui SASAC | (i) | 43,372 | 45,400 |
| — Non-controlling shareholders | (iii) | 4,025 | 687,529 |
| — SIHL | (iv) | 25,594 | 26,777 |
| — An associate | (v) | 4,790 | 6,440 |
| | | 77,781 | 766,146 |
| Amounts due to a related company recognised in non-current liabilities: | | | |
| — A non-controlling shareholder | (iii) | 706,668 | — |

10. AMOUNTS DUE FROM (TO) RELATED COMPANIES (CONTINUED)

Notes:

(i) The entire amounts due from (to) Xuhui SASAC and entities controlled by Xuhui SASAC are non-trade in nature, interest-free, unsecured and repayable on demand.

(ii) The entire amounts due from joint ventures are non-trade in nature and unsecured.

The amount due from a joint venture as at 30 June 2023 of RMB246,337,000 (equivalent to HK\$266,122,000) (31 December 2022: RMB245,743,000 (equivalent to HK\$277,707,000)) represents funds advanced by the Group at a guaranteed return of 8% per annum to a joint venture for its acquisition of parcels of land and subsequent construction in respect of a property development project in Wuhan in the PRC. In the opinion of the management of the Group, the amount will not be repaid in 12 months from the end of the reporting period.

The remaining balance is interest-free and repayable on demand.

(iii) The amounts due to non-controlling shareholders of the Group's subsidiaries are non-trade in nature and unsecured.

Included in the balances as at 30 June 2023 there are amounts of RMB323,889,000 (equivalent to HK\$349,848,000) and RMB330,344,000 (equivalent to HK\$356,820,000) which represent loans advanced from a non-controlling shareholder of a subsidiary of the Group at the fixed interest rates of 4.75% per annum and 7% per annum respectively. The first loan and the second loan will mature on 4 October 2024 and 15 June 2025 respectively. Such loans are obtained for the purpose of a property development project in Shanghai in the PRC.

The remaining balance is interest-free and repayable on demand.

(iv) The amounts are due to the Group's intermediate holding company (i.e. SIHL) and they are non-trade in nature, unsecured, interest-free and repayable on demand.

(v) The amounts are trade in nature, unsecured and interest-free. The Group is granted an average credit period of 30 days for the balances.

11. TRADE AND OTHER RECEIVABLES

| | 30 June 2023 HK\$'000 (unaudited) | 31 December 2022 HK\$'000 (audited) |
|--|--|--|
| Trade and other receivables | | |
| Trade receivables | | |
| — Contracts with customers | | |
| Sales of properties (note (i)) | 256,750 | 268,617 |
| Hotel operations and others | 6,008 | 14,262 |
| — Lease receivables | 26,845 | 12,036 |
| | 289,603 | 294,915 |
| Less: Loss allowance | (228) | (274) |
| | 289,375 | 294,641 |
| Other receivables (note (ii)) | 263,435 | 291,470 |
| Secured deposits held by Shanghai government department (note (iii)) | 241,109 | 214,779 |
| Receivable from a former subsidiary (note (iv)) | 131,123 | 137,184 |
| Advance payments to contractors | 24,355 | 14,780 |
| Prepaid other taxes (note (v)) | 200,428 | 220,635 |
| Deposits and prepayments | 25,705 | 12,155 |
| | 1,175,530 | 1,185,644 |

Notes:

- (i) The balance represents a trade receivable from Shanghai government department in respect of the sales of affordable housings and it will be settled once the project clearance process completes.
- (ii) Other receivables mainly comprise various warranty deposits placed with the relevant government bodies in respect of properties under development for sale, properties held-for-sale and properties being sold.
- (iii) The balance represents deposit paid to Shanghai government department in respect of two affordable housing projects in Shanghai in the PRC. The deposit was paid according to a pre-determined percentage on the pre-sale proceed received from the sales of affordable housings and it will be refunded to the Group once the properties delivery and projects clearance process complete.
- (iv) The balance represents an amount due from a former subsidiary of the Group, net of expected credit loss allowance, which may be settled upon completion of the liquidation process of a former subsidiary of the Group, namely 昆山城開錦亭置業有限公司 (“昆山錦亭”). Details of the liquidation of 昆山錦亭 are set out in Note 38 to the consolidated financial statements in the Group's annual report for the year ended 31 December 2022.
- (v) Prepaid other taxes comprise prepayments for urban real estate tax, city maintenance and construction tax, business tax and value-added tax.

11. TRADE AND OTHER RECEIVABLES (CONTINUED)

The Group allows an average credit period of 90 days to its corporate hotel customers and generally grants no credit period to property buyers and tenants unless it is specifically approved.

The following is an ageing analysis of the Group's trade receivables, net of loss allowance, presented based on the date of billing at the end of the reporting period:

| | 30 June 2023 HK\$'000 (unaudited) | 31 December 2022 HK\$'000 (audited) |
|--------------------|--|--|
| Within 90 days | 25,164 | 16,125 |
| Within 91–180 days | 424 | 273,393 |
| Over 180 days | 263,787 | 5,123 |
| | 289,375 | 294,641 |

12. TRADE AND OTHER PAYABLES AND DEFERRED REVENUE

| | 30 June 2023 HK\$'000 (unaudited) | 31 December 2022 HK\$'000 (audited) |
|--|--|--|
| Trade and other payables recognised as current liabilities | | |
| Trade payables | 891,795 | 1,810,201 |
| Accrued expenditure on properties under development for sale | 2,919,805 | 2,527,840 |
| Amounts due to former shareholders of the Company's former subsidiaries (note (i)) | 153,676 | 159,768 |
| Rental deposits and receipt in advance from tenants | 224,061 | 225,781 |
| Interest payable | 145,471 | 91,044 |
| Payables to the Shanghai government department (note (ii)) | 151,096 | 158,079 |
| Accrued charges and other payables | 386,452 | 364,982 |
| Consideration payables (note (v)) | — | 576,337 |
| Other taxes payables (note (iii)) | 912,161 | 865,674 |
| | 5,784,517 | 6,779,706 |
| Deferred revenue recognised as non-current liabilities | | |
| Deferred revenue (note (iv)) | 36,866 | 38,879 |

12. TRADE AND OTHER PAYABLES AND DEFERRED REVENUE (CONTINUED)

Notes:

- (i) The amounts are non-trade in nature, interest-free and repayable on demand.
- (ii) The amount represents the receipts of HK\$1,023,869,000 (31 December 2022: HK\$1,071,191,000) from the purchasers of affordable housings which were collected on behalf of Shanghai government department, net of receivable of HK\$872,773,000 (31 December 2022: HK\$913,112,000) from Shanghai government department for the construction and other related costs and the agreed profit margin of the affordable housings. The amount is repayable on demand. During the six months ended 30 June 2023 and 2022, there was no repayment to Shanghai government department.
- (iii) Other taxes payables comprise urban real estate tax payable, city maintenance, construction tax payable, business tax payable and value-added tax payable.
- (iv) The balance mainly represents the deferred portion of the government's subsidies in relation to the development of rental market for residential properties in the PRC.
- (v) As at 31 December 2022, the balance represented the outstanding consideration in respect of the acquisition of additional interest in a non-wholly owned subsidiary through acquisition of a subsidiary (the "Acquisition") and it was settled during the six months ended 30 June 2023. Details of the Acquisition and settlement of the consideration payables are set out in Note 53 to the consolidated financial statements of the Group's annual report for the year ended 31 December 2022.

The following is an ageing analysis of the Group's trade payables presented based on the invoice date at the end of the reporting period:

| | 30 June 2023 HK\$'000 (unaudited) | 31 December 2022 HK\$'000 (audited) |
|---------------------|--|--|
| Within 30 days | 71,791 | 1,291,833 |
| Within 31–180 days | 10,600 | 115,792 |
| Within 181–365 days | 461,729 | 74,626 |
| Over 365 days | 347,675 | 327,950 |
| | 891,795 | 1,810,201 |

13. BANK AND OTHER BORROWINGS

During the six months ended 30 June 2023, the Group obtained new bank and other borrowings of HK\$4,210,359,000 (six months ended 30 June 2022: HK\$4,504,385,000, of which HK\$450,000,000 is denominated in foreign currency of the related entity). As at 30 June 2023, the bank and other borrowings carry variable interest ranging from 2.90% to 4.75% (31 December 2022: 3.10% to 5.51%) per annum and are payable from three months to over five years (31 December 2022: three months to over five years). The borrowings are obtained for the purpose of property development projects and general working capitals of the Group.

During the six months ended 30 June 2023, the Group also repaid the bank and other borrowings of HK\$2,548,115,000 (six months ended 30 June 2022: HK\$3,239,491,000).

14. SHARE CAPITAL

| | Number of shares '000 | Share capital HK\$'000 |
|---|-----------------------------|------------------------------|
| Authorised: | | |
| At 1 January 2022, 31 December 2022, 1 January 2023 and 30 June 2023 — Ordinary shares of HK\$0.04 each | 10,000,000 | 400,000 |
| Issued and fully paid: | | |
| At 1 January 2022 | 4,806,323 | 192,253 |
| Shares repurchased and cancelled | (12,646) | (506) |
| At 31 December 2022 | 4,793,677 | 191,747 |
| Shares repurchased and cancelled | (2,194) | (88) |
| At 30 June 2023 | 4,791,483 | 191,659 |

During the six months ended 30 June 2023, the Company cancelled its own ordinary shares after repurchase through The Stock Exchange of Hong Kong Limited as follows:

| Date of repurchase | Number of ordinary shares of HK\$0.04 each '000 | Price per share | | Aggregate consideration paid (excluding transaction costs) HK\$'000 | Transaction costs HK\$'000 |
|--------------------|--|-----------------|----------------|---|----------------------------------|
| | | Highest HK\$ | Lowest HK\$ | | |
| 16 December 2022 | 200 | 0.58 | 0.58 | 116 | —* |
| 20 December 2022 | 300 | 0.6 | 0.59 | 178 | 1 |
| 21 December 2022 | 300 | 0.61 | 0.61 | 183 | 1 |
| 22 December 2022 | 200 | 0.59 | 0.59 | 118 | —* |
| 5 January 2023 | 150 | 0.62 | 0.62 | 93 | —* |
| 11 January 2023 | 900 | 0.61 | 0.61 | 549 | 1 |
| 12 January 2023 | 144 | 0.59 | 0.59 | 84 | —* |
| | 2,194 | | | 1,321 | 3 |

The above ordinary shares were cancelled on 27 February 2023.

* The amount is less than HK\$1,000.

14. SHARE CAPITAL (CONTINUED)

Save as disclosed above, none of the Company's subsidiaries purchased, sold or redeemed any of the Company's listed securities during the current interim period.

15. COMMITMENTS

| | 30 June 2023 HK\$'000 (unaudited) | 31 December 2022 HK\$'000 (audited) |
|--|--|--|
| Expenditure contracted for but not provided for in the condensed consolidated financial statements | | |
| – additions in properties under development for sale | 5,894,440 | 10,928,447 |
| – capital contribution into a joint venture | 44,507 | 47,281 |
| | 5,938,947 | 10,975,728 |

16. FINANCIAL GUARANTEE CONTRACTS AND CONTINGENT LIABILITIES**(a) Financial guarantee contracts**

| | 30 June 2023 HK\$'000 (unaudited) | 31 December 2022 HK\$'000 (audited) |
|---|--|--|
| Guarantees given to banks in respect of banking facilities utilised by: | | |
| – property buyers | 1,605,218 | 2,417,124 |
| – A joint venture | 112,470 | 124,590 |
| | 1,717,688 | 2,541,714 |

16. FINANCIAL GUARANTEE CONTRACTS AND CONTINGENT LIABILITIES (CONTINUED)

(a) Financial guarantee contracts (Continued)

Guarantees given to banks in respect of banking facilities utilised by property buyers

The Group entered into agreements with certain banks with respect to mortgage loans provided to buyers of the Group's property units and made deposits as security to and gave guarantees on mortgage loans provided to the buyers by these banks under the agreements. The management of the Group considers that the possibility of default of repayment of the mortgage loans by the relevant buyers is remote and, in case of default, the net realisable value of the related properties withheld by the Group can recover the repayment of the outstanding mortgage principals together with the accrued interests and penalties. Accordingly, no expected credit loss under HKFRS 9 "Financial Instruments" has been made in the condensed consolidated financial statements for these guarantees.

Guarantee given to a bank in respect of banking facilities utilised by a joint venture of the Group

The Group entered into an agreement with a bank to provide a corporate guarantee with respect to the bank borrowing granted to a joint venture of the Group. As at 30 June 2023, the maximum liability of the Group under such guarantee was RMB104,125,000 (equivalent to HK\$112,470,000) (31 December 2022: RMB110,250,000 (equivalent to HK\$124,590,000)) which represents the Group's portion of the outstanding amount of the above bank borrowing granted to the joint venture.

In the opinion of the management of the Group, the fair values of the aforementioned financial guarantee contracts of the Group are insignificant at initial recognition. At the end of the reporting period, the management of the Group has performed impairment assessment, and concluded that there has been no significant increase in credit risk since initial recognition of these financial contracts. Accordingly, the loss allowance for these contracts issued by the Group is measured at an amount equal to 12-months expected credit loss. No loss allowance was recognised in profit or loss during the six months ended 30 June 2023 (six months ended 30 June 2022: nil) as the amount of the loss allowance was not significant.

(b) Contingent liabilities

In the opinion of the management of the Group, there were no material contingent liabilities of the Group which required a separate disclosure in the condensed consolidated financial statements for both periods.

17. RELATED PARTY TRANSACTIONS

- (i) Save as disclosed elsewhere in the condensed consolidated financial statements, the Group had the following significant transactions with related parties during both periods:

| Related parties | Nature of transactions | Six months ended 30 June | |
|------------------------------------|---------------------------|---------------------------------|---------------------------------|
| | | 2023 HK\$'000 (unaudited) | 2022 HK\$'000 (unaudited) |
| Entities controlled by SIHL | Management fee | (7,021) | (1,876) |
| | Property charges | (396) | (1,434) |
| | Rental expenses | (1,176) | (1,187) |
| A joint venture | Management service income | — | 1,590 |
| Associates | Property agency fee | — | (907) |
| | Management fee | (179) | (433) |
| Entities controlled by Xuhui SASAC | Management service income | 2,135 | 8,342 |

(ii) Compensation of key management personnel

The remuneration of key management personnel of the Group, including amounts paid to the directors of the Company during the period, is as follows:

| | Six months ended 30 June | |
|------------------------------|---------------------------------|---------------------------------|
| | 2023 HK\$'000 (unaudited) | 2022 HK\$'000 (unaudited) |
| Short-term employee benefits | 2,174 | 3,033 |
| Post-employment benefits | — | 18 |
| | 2,174 | 3,051 |

The remuneration of key management personnel is determined by the remuneration committee having regard to the performance of individuals and market trends.

17. RELATED PARTY TRANSACTIONS (CONTINUED)

(iii) Government-related entities

The Group itself is part of a larger group of companies under SIIC Group (SIIC and its subsidiaries are collectively referred to as “SIIC Group”) which is controlled by the PRC government. The management of the Group considers that the Company is ultimately controlled by the PRC government and the Group operates in an economic environment currently predominated by entities controlled, jointly controlled or significantly influenced by the PRC government (“PRC Government Related Entities”). Apart from the transactions with the SIIC Group and Xuhui SASAC which have been disclosed above and in other notes to the condensed consolidated financial statements, the Group also conducts businesses with other PRC Government Related Entities in the ordinary course of business. The Group’s saving deposits, borrowings and other general banking facilities are placed or entered into with certain banks which are PRC Government Related Entities in its ordinary course of business. In view of the nature of those banking transactions, the management of the Group is of the opinion that separate disclosures would not be meaningful.

In addition, the Group has entered into various transactions, including sales, purchases and other operating expenses with other PRC Government Related Entities. In the opinion of the management of the Group, these transactions are considered as individually and collectively insignificant to the operation of the Group during the six months ended 30 June 2023 and 2022.

18. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

This note provides information about how the Group determines fair values of various financial assets.

Some of the Group’s financial instruments are measured at fair value for financial reporting purposes. In estimating the fair value, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages an independent qualified professional valuer to perform the valuation. The management of the Group works closely with the valuer to establish the appropriate valuation techniques and inputs to the model.

18. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (CONTINUED)**(i) Fair value of the Group's financial assets that are measured at fair value on a recurring basis**

The Group's financial assets at fair value through profit or loss ("FVTPL") and equity instruments at fair value through other comprehensive income ("FVTOCI") are measured at fair value at the end of the reporting period. The following table gives information about how the fair values of these financial assets are determined.

| Financial assets | Fair value as at | | Fair value hierarchy | Valuation techniques and key inputs | Significant unobservable inputs |
|------------------------------|--|--|----------------------|---|--|
| | 30 June 2023 (unaudited) | 31 December 2022 (audited) | | | |
| Financial assets at FVTPL | Listed equity securities in the PRC – HK\$4,095,000 | Listed equity securities in the PRC – HK\$5,580,000 | Level 1 | Quoted bid prices in an active market | N/A |
| Equity instruments at FVTOCI | Listed equity securities in the PRC – HK\$45,564,000 | Listed equity securities in the PRC – HK\$46,780,000 | Level 1 | Quoted bid prices in an active market | N/A |
| | Unlisted equity securities in the PRC – HK\$3,529,000 | Unlisted equity securities in the PRC – HK\$13,092,000 | Level 3 | Adjusted net asset value method under cost approach | Discount factor of 3% (31 December 2022: 6%) |

(ii) Reconciliation of Level 3 fair value measurement

| | Unlisted equity securities classified as equity instruments at FVTOCI HK\$'000 |
|---|---|
| At 1 January 2023 | 13,092 |
| Change in fair value recognised in other comprehensive income | (9,410) |
| Exchange realignment | (153) |
| At 30 June 2023 (unaudited) | 3,529 |

In the opinion of the management of the Group, there is no material change in fair value of unlisted equity instruments at FVTOCI during the six months ended 30 June 2023 and there is no material impact on the fair value of these instruments given 5% increase or decrease of the discount factor. Therefore, no sensitivity analysis for these Level 3 instruments are presented.

There were no transfer between instruments in Level 1, 2 and 3 during the six months ended 30 June 2023 and 2022.

18. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (CONTINUED)**(iii) Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis**

The fair value of other financial assets and financial liabilities is determined in accordance with generally accepted pricing models based on discounted cashflow analysis.

The management of the Group considers that the carrying amounts of other financial assets and financial liabilities carried at amortised cost approximate their respective fair values.

19. DIVIDENDS

Dividends recognised as distribution during the period:

| | Six months ended 30 June | |
|---|---------------------------------|-------------|
| | 2023 | 2022 |
| | HK\$'000 | HK\$'000 |
| | (unaudited) | (unaudited) |
| 2022 final dividend declared — HK2.1 cents (2022: HK2.1 cents for year 2021) | 100,621 | 100,933 |
| 2022 special dividend declared — HK0.9 cents (2022: HK2.4 cents for year 2021) | 43,123 | 115,352 |
| | 143,744 | 216,285 |

A final dividend and a special dividend of HK2.1 cents (2022: HK2.1 cents) per ordinary share and HK0.9 cent (2022: HK2.4 cents) per ordinary share respectively, in an aggregate amount of HK\$143,744,000 (six months ended 30 June 2022: HK\$216,285,000), were declared and an amount of HK\$142,154,000 was paid during the six months ended 30 June 2023 (six months ended 30 June 2022: HK\$204,285,000).

No 2023 interim dividends were proposed during the six months ended 30 June 2023, nor has any dividend been proposed since the end of the reporting period.