



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

2020  
INTERIM REPORT



Strength *for* **GROWTH**  
Expertise *for* **INNOVATION**

# Perfection through SUPERIOR CRAFTSMANSHIP and REFINEMENT

Shanghai Industrial Urban Development Group Limited (“SIUD”) currently has 26 real estate projects in 11 major cities in China, mainly located at Shanghai, Kunshan, Wuxi, Beijing, Shenyang, Tianjin, Xi’an, Chongqing, Changsha, 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 3.71 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

Huang Haiping (*Chairman*)  
 Zhou Xiong (*Vice Chairman and President*)  
 Lou Jun  
 Ye Weiqi  
 Zhong Tao

### Independent Non-Executive Directors

Doo Wai-Hoi, William, *J.P.*  
 Fan Ren Da, Anthony  
 Li Ka Fai, David  
 Qiao Zhigang

## AUTHORIZED REPRESENTATIVES

Huang Haiping  
 Chan Kin Chu, Harry

## BOARD COMMITTEES

### Audit Committee

Li Ka Fai, David (*Committee Chairman*)  
 Doo Wai-Hoi, William, *J.P.*  
 Fan Ren Da, Anthony

### Remuneration Committee

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

### Nomination Committee

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

### Investment Appraisal Committee

Fan Ren Da, Anthony (*Committee Chairman*)  
 Zhou Xiong  
 Zhong Tao  
 Qiao Zhigang

## COMPANY SECRETARY

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  
 Level 54, Hopewell Centre,  
 183 Queen's Road East,  
 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

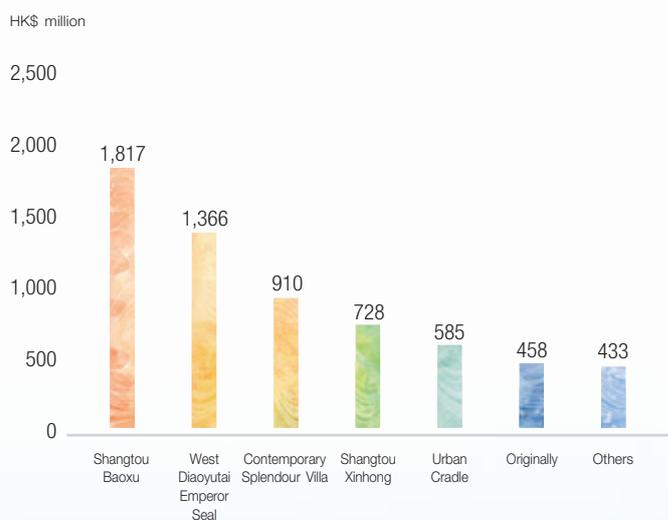
The Stock Exchange of Hong Kong Limited  
 Ordinary Shares  
 (Stock Code: 563)

## FINANCIAL HIGHLIGHTS

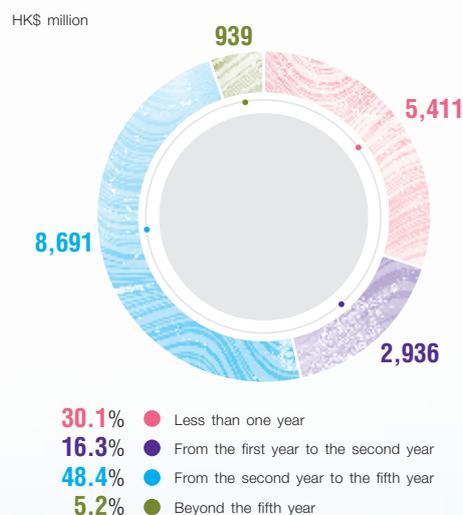
	<b>For the six months ended 30 June 2020</b>	For the six months ended 30 June 2019
Financial Highlights (HK\$'000)		
Revenue	<b>3,172,823</b>	4,603,326
Profit attributable to equity owners of the Company	<b>151,041</b>	310,678
Financial Information per share (HK cent)		
Earnings per share		
— Basic	<b>3.14</b>	6.46
— Diluted	<b>3.14</b>	6.46
	<b>As at 30 June 2020</b>	As at 31 December 2019
Pre-sale proceeds received on sales of properties (HK\$'000)	<b>6,297,051</b>	6,004,601
Financial Ratios		
Net debt to total equity (%)	<b>42.5%</b>	29.1%
Current ratio	<b>1.8</b>	1.9

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



## DEBT MATURITY PROFILE



## CHAIRMAN'S STATEMENT

During the first half of 2020, the global pandemic of the novel coronavirus ("COVID-19") brought widespread enormous economic losses with economic depression prevailing in a number of countries and regions, which also affected the economic growth of the PRC. The gross domestic product (GDP) of the PRC shrank 6.8% year-on-year. In response to the slowdown, the central government rolled out a series of policies to stimulate consumption and drive domestic demand. Such measures contributed to the robust economic recovery in the second quarter, which was out of market expectations. During the first half, the PRC's GDP dropped slightly by 1.6% year-on-year to RMB45.6614 trillion based on comparable prices. With the primary goal of consolidating industrial development, the central government continued to strengthen its control of the property sector by upholding the position that "houses are built to be inhabited, not for speculation" and following a "non-stimulating" principle with an aim of "stabilising land premium, property prices and market expectations". The government carried out the "One Policy for One City" and "City-based Policy" in order to maintain a sufficient and stable supply in tough economic conditions and implement a long-standing market mechanism. As for the regional market, first- and second-tier key cities rebound gradually with relatively steady housing prices, while third- and fourth-tier cities were under the pressure of mild adjustments. During the period under review, in face of the challenging environment, the Group posted an overall revenue of HK\$3.173 billion and contract sales of RMB3.706 billion. The Group realised after tax profit of HK\$355 million. The profit attributable to owners of the Company was HK\$151 million with a higher than industry-average gross profit margin of 45.1%, which demonstrated the higher profitability of the Group.

As a China-first operator in key urban areas with a sound foothold in Shanghai, SIUD developed its operations in core cities across the country and kept expanding its own operations with a focus on innovating and transforming urban lifestyle and facilitating comprehensive urban development. The Group continued to enhance city-industry integration by developing the residential leasing and commercial property operations with a view to quickening its steps in industrial upgrading and fully covering the demand for quality housing and commercial development of mainstream urban dwellers. In response to the pressure brought by the outbreak on the general market, the Group adopted a versatile approach in various cities, such as Shanghai, by providing "online property viewing" service as part of its online sales practices, which received favourable responses from the market. High-end flagship projects, including Contemporary Splendour Villa in Shanghai, West Diaoyutai in Beijing, Urban Cradle in Shanghai, Contemporary Art Villa in Shanghai and Originally in Xi'an, continued to contribute impressive contract sales for the Group.

During the epidemic peak, SIUD supported its tenants to overcome the hardship by taking the initiative to offer a rental waiver. Moreover, the Group also stepped up efforts to develop and upgrade the commercial projects in prime sites. In particular, the completion of certain office buildings under Binjiang U Center in Shanghai during the period has added approximately 26,000 sq.m. of commercial area to the investment property portfolio of SIUD and will drive the rental revenue of the Group in the future.

SIUD sought to refine its land bank through different channels, including participation in bidding, auction and listing-for-sale, acquisition, urban renewal and redevelopment, in order to identify quality land resources in Shanghai and other key cities. During the period, the Group successfully bid for the land plot (no. xh221-01) situated at Hong Mei Block, Xuhui District, Shanghai together with Shanghai Aerospace and Hongyi Group at a total price of RMB4,628,000,000. The land had a total site area of 91,100 sq.m. with 260,000 sq.m., 90,000 sq.m. and 60,000 sq.m. being planned to be developed for scientific research, residential leasing and below-ground commercial purposes, respectively. This initiative was consistent with the Group's development strategy of achieving progress steadily and actively exploring diversified operations.

In the first half of 2020, despite numerous hardships and challenges, the Group managed to outcompete its industry peers with its extensive development experience in the industry and sound development model. SIUD secured the 18th place in the Top 100 Commercial Property Developers in China for 2020, while its U Plaza project, U Time and Binjiang U Center in Shanghai received the awards of "Top 10 Outstanding Commercial Property Product Lines", "Top 10 Model Long-term Rental Apartments" and "Top 10 Popular New Commercial Landmarks", respectively. These awards proved that the remarkable performance of SIUD in building for the cities, servicing the clients and improving the living standard of residents had won the appreciation and recognition of the industry and clientele as a whole.

Looking ahead, as the epidemic curve is flattening in the PRC, SIUD will play an active role in driving sales and persist in the brand positioning of value creation so as to realise the mission of "people orientation, honesty and integrity, market inclusion, value creation, win-win cooperation and community contribution". SIUD will adopt a pragmatic yet aggressive approach in assessing the situations, exploring different development models and catering to customer needs, in the hope of becoming an outstanding national brand and a high-quality property operator and maximising the value and returns for its shareholders and clients.

Finally, for the progress and achievements gained by the Group over the years, we must thank all our shareholders, customers and business partners for their unfading support and all staff members for their contribution and dedication. On behalf of the Board, I would like to express my sincere gratitude to all of them. With concerted efforts, I am confident that we can rise to the challenges ahead and achieve steady progress in the future.

**Huang Haiping**

*Chairman*

27 August 2020

Note:

The gross domestic product and growth rate data of China for the first half of 2020 is gathered from the information published by the National Bureau of Statistics on 17 July 2020.



# MANAGEMENT DISCUSSION AND ANALYSIS

## PROPERTY MARKET REVIEW

Looking back to the first half of 2020, the aftershock of COVID-19 still lingered subsequent to the first quarter. Amidst the global economic slowdown, suppressed domestic property market and further polarised regional development, the growth trend slightly slackened on the whole. On the policy side, the central government persisted in the guiding principle that “houses are built to be inhabited, not for speculation” while repeatedly reiterating the idea of “not resorting to real estates as a short-term economic stimulus measure”. Local authorities implemented city-based policies tailored to specific circumstances by relaxing certain policies on an appropriate scale to stabilise the property market and proposing favourable measures, including allowing developers to postpone the delivery of properties and land premium payment and to launch the pre-sale process in advance, as well as granting tax and fee remission. The government spared no effort in conducting the supply-side reform while strengthening its support to the market in view of the COVID-19 situation. On the supply side, the restrictions on purchase, loans and sale were relaxed on an appropriate scale. On the demand side, the supporting measures included adjusting and increasing the withdrawal amount of housing provident fund and lowering the threshold for home purchases. With the joint efforts of the central and local governments in stabilising the economy, the property market in first- and second-tier cities picked up quickly in the second quarter, demonstrating its strong resilience.

## BUSINESS REVIEW

### Overview

In the first half of 2020, in face of the outbreak of COVID-19, SIUD adopted a versatile approach by providing online property viewing and online sale services, etc. The outstanding sales performance of flagship projects, including Contemporary Splendour Villa in Shanghai, West Diaoyutai in Beijing and Urban Cradle in Shanghai, continued to bring in loads of stable revenue for the Group. During the period, as an operator in key urban areas, the Group remained focused on the metropolitan areas in Shanghai as well as other core first- and second-tier cities and kept capitalizing on its core development projects and strategic advantages in first- and second-tier cities. It also facilitated the co-development of a diversified business portfolio by focusing on four core business segments, namely, “residential property development + investment property development services + capital cooperation between industry and finance”. During the period, SIUD paid continuous effort to refine the investment and operation of commercial assets in core urban areas and adhered to the policy of dual focus on leasing and sale in order to see stable increase in the rental income from its residential leasing operation. SIUD played an active role in facilitating the transformation and industrial upgrading of the Group and strove to diversify its operations in a sound manner with a view to fully covering the demand for quality housing of mainstream urban dwellers.

### Contract Sales

During the six months ended 30 June 2020, benefited from the strong sales performance of Contemporary Splendour Villa, a newly launched high-end project in Shanghai, the contract sales from commodity housing of the Group increased 8.5% year-on-year to RMB3,706,390,000 (six months ended 30 June 2019: RMB3,414,670,000).

Total contract sales in terms of G.F.A. were 64,000 sq.m. during the period, down 35.4% year-on-year. The average selling price rose 67.8% to approximately RMB57,900 per sq.m. The Group took advantage of the market window to develop its WeChat mini programme, “U LIFE”, as its online property sale office and quickened its pace in sales launches. Key projects such as Contemporary Splendour Villa in Shanghai, West Diaoyutai in Beijing, Urban Cradle and Contemporary Art Villa in Shanghai and Originally in Xi’an performed well in sales and became impressive principal sources of revenue of the Group, which delivered sales of RMB1,501,640,000, RMB1,024,060,000, RMB471,580,000, RMB316,280,000 and RMB303,100,000 respectively, accounting for approximately 40.5%, 27.6%, 12.7%, 8.5% and 8.2% of the total contract sales respectively.

### Property Development

During the six months ended 30 June 2020, the Group had 11 projects with a total G.F.A. of 2,767,000 sq.m. under construction, which primarily included TODTOWN, Binjiang U Center in Shanghai, Originally in Xi'an and Shangtou Baoxu in Shanghai. During the period, the Group delivered a total G.F.A of approximately 110,300 sq.m., which mainly came from Urban Cradle in Shanghai, Originally in Xi'an and Contemporary Art Villa in Shanghai.

Many of the Group's residential projects rolled out new housing units for sale, and the transaction volume and prices both went up. Not only did Contemporary Splendour Villa, a high-end low-density villa project located in Minhang District, Shanghai, serve as an important driver for the development of SIUD in Shanghai, it also represented another milestone of SIUD's dual-focus strategy of developing residential as well as commercial properties. During the period, by virtue of its high reputation for quality, Contemporary Splendour Villa was well received by the market and sold out soon after being launched in January. Besides, Courtyard Villa, a classic project under this project, also ranked first in terms of total transaction volume among all the villa projects in Shanghai from January to May 2020. During the pre-sale of Emperor Seal (phase 3 of the West Diaoyutai project in Beijing) in the first half of 2020, its pre-sale price reached record high among all pre-sale properties in Beijing since 2016. This project brought steady sales and cashflows for the Group.

### Investment Properties

As at 30 June 2020, the Group had several completed commercial projects in seven major developed cities, including Shanghai, Beijing, Tianjin, Chongqing, Shenyang, Kunshan and Shenzhen. The investment projects held by the Group had a total G.F.A. of approximately 816,000 sq.m. During the period, the overall rental income of the Group decreased 22.9% year-on-year to HK\$290,288,000 (as at 30 June 2019: HK\$376,670,000), which was mainly attributable to the drop in rental income during the period due to the rent remission policy adopted by local governments to remit rent of tenants for two to four months in response to the impact of COVID-19 during the first quarter. The completion of one of the land parcels under Binjiang U Center in Shanghai during the period brought approximately 26,000 sq.m. to the investment property portfolio of SIUD and the business solicitation and operation of its commercial and office areas progressed robustly. The project will drive the rental income of the Group in the future. The commercial asset efficiency of the Group went up steadily. More than one million sq.m. of commercial areas are expected to be completed in the next three to five years.

Besides, under the policy of dual focus on leasing and sale, the Group continued to enhance its residential leasing operation. The Group currently has three residential leasing projects on hand, namely Shanghai Shenzhicheng, Jinxiang and Chenglong, representing a total area of approximately 295,000 sq.m.. In the future, the Group will further develop more diversified strategic cooperation initiatives and expand its commercial property portfolio.

## MANAGEMENT DISCUSSION AND ANALYSIS

**FINANCIAL REVIEW****Revenue**

During the six months ended 30 June 2020, the Group's revenue decreased by 31.1% year-on-year to HK\$3,172,823,000 (six months ended 30 June 2019: HK\$4,603,326,000), primarily due to the inability of the Group in settling the sales of certain properties during the period because of the impact of the outbreak of COVID-19 pandemic as implementation of quarantine and social distancing measures in the mainland China resulted in limitation on contract sales and delay in property delivery, coupled with a decrease in revenue from leasing. During the period, property sales remained as the Group's main source of revenue and amounted to HK\$2,829,760,000 (six months ended 30 June 2019: HK\$4,085,037,000), accounting for 89.2% (six months ended 30 June 2019: 88.7%) of the Group's total revenue. The revenue contribution from Urban Cradle in Shanghai, Originally in Xi'an and Contemporary Art Villa in Shanghai accounted for 47.9%, 33.3% and 16.1% of property sales, respectively.

Due to the impact of the COVID-19 outbreak, the Group's revenue from leasing, property management and services, and hotel operations recorded a decline. These three operations contributed a revenue of HK\$290,288,000, HK\$2,515,000 and HK\$50,260,000 (six months ended 30 June 2019: HK\$376,670,000, HK\$3,377,000 and HK\$138,242,000) respectively and accounted for 9.1%, 0.1% and 1.6% (six months ended 30 June 2019: 8.2%, 0.1% and 3.0%) of the total revenue, respectively.

**Gross Profit and Gross Profit Margin**

For the six months ended 30 June 2020, the Group's gross profit amounted to HK\$1,432,178,000, down by 27.0% as compared to that of the same period in 2019. The gross profit margin rose 2.5 percentage points from 42.6% for the same period last year to 45.1%. The decrease in gross profit was mainly due to the decline in sales revenue under the impact of COVID-19 during the period. But since the sales came from high-margin projects in Shanghai, such as Urban Cradle and Contemporary Art Villa, the gross profit margin went up slightly.

**Investment Property Revaluation**

For the six months ended 30 June 2020, the Group recorded a net gain on revaluation of investment properties of approximately HK\$173,682,000, which was mainly attributable to the revaluation gains arising from the transfer of certain properties held-for-sale under Binjiang U Center to investment properties.

**Distribution and Selling Expenses**

For the six months ended 30 June 2020, the Group's distribution and selling expenses decreased by 28.4% year-on-year to HK\$99,200,000 (six months ended 30 June 2019: HK\$138,506,000), which was mainly attributable to the drop in property sales and decrease in marketing expenses caused by the development of online property sales during the period.

### General and Administrative Expenses

For the six months ended 30 June 2020, the Group's general and administrative expenses increased by 12.5% year-on-year to HK\$187,727,000 (six months ended 30 June 2019: HK\$166,938,000), which was mainly attributable to the increase in expenses related to the increase in new investment property projects during the period.

### Other Expenses, Gains and Losses, Net

For the six months ended 30 June 2020, the Group recorded a net loss of approximately HK\$10,937,000 in other expenses, gains and losses (six months ended 30 June 2019: net gain of HK\$2,218,000), which was mainly due to the change in exchange rates of Renminbi during the period.

### Profit

During the six months ended 30 June 2020, the Group's profit decreased year-on-year by 53.6% to HK\$355,072,000 (six months ended 30 June 2019: HK\$765,162,000). During the first half of the year, profit attributable to owners of the Company was approximately HK\$151,041,000 (six months ended 30 June 2019: HK\$310,678,000), and the basic and diluted earnings per share amounted to 3.14 HK cents (six months ended 30 June 2019: basic and diluted earnings per share of 6.46 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).

In mid-June 2020, a non-wholly owned subsidiary of SIUD, Shanghai Urban Development (Holdings) Co., Ltd., was permitted by the China Securities Regulatory Commission to issue corporate bonds amounting to not more than RMB1.7 billion. In June 2020, Shanghai Urban Development (Holdings) Co., Ltd. completed the public issuance of the corporate bonds (phase 1) with a term of three years at a coupon rate of 3.49%. The issuance successfully raised RMB550 million, which was intended to be used for the repayment of corporate bonds.

As at 30 June 2020, bank balances and cash of the Group were HK\$7,740,449,000 (31 December 2019: HK\$9,111,782,000). 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) increased from 29.1% as at the end of last year to 42.5% as at the period end. Current ratio dropped slightly to 1.8 times (31 December 2019: 1.9 times).

As at 30 June 2020, the total borrowings of the Group including bank borrowings, other borrowings and advanced bonds amounted to approximately HK\$17,977,324,000 (31 December 2019: HK\$16,712,302,000).

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.

## MANAGEMENT DISCUSSION AND ANALYSIS

**Foreign Exchange Risks**

During the period, most of the Group's revenue and operating costs were denominated in Renminbi. Except for certain bank deposits and other borrowings denominated in foreign currencies, 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 2020. 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 2020, the Group employed 785 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. During the six months ended 30 June 2020, 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.

**LAND BANK**

In the first half of 2020, SIUD continued with the expansion of its premium land bank. On 2 January 2020, SIUD successfully bid for the land plot (no. xh221-01) situated at Hong Mei Block, Xuhui District, Shanghai together with Shanghai Aerospace and Hongyi Group at a total price of RMB4,628,000,000. The land had a total site area of 91,100 sq.m. with 260,000 sq.m., 90,000 sq.m. and 60,000 sq.m. being planned to be developed for scientific research, residential leasing and below-ground commercial purposes, respectively. This move showed SIUD's persistence in the strategic development direction of joining forces to concentrate in the core areas in Shanghai and to prosper together with the city.

During the six months ended 30 June 2020, the Group's land bank was developed into 26 highly competitive property projects with great development potential located in 11 major cities in China, including Shanghai, Beijing, Tianjin, Xi'an, Chongqing, Kunshan, Wuxi, Shenyang, Yantai, Changsha and Shenzhen, and comprised medium to high class residential and commercial properties, most of which were under construction and development. The Group has a land bank with a future saleable planned G.F.A. of approximately 3,710,000 sq.m. to support its development plan for the next three to five years.

## OUTLOOK

Looking ahead to the second half of 2020, the national economy is expected to further turn around as the situation of the pandemic in the PRC improves. Guided by the “six stabilities and six guarantees” promulgated by the National Committee of the Chinese People’s Political Consultative Conference and National People’s Congress, the property market will stay on the track of stable and orderly development. The financial environment for the property market will remain relatively relaxing, which will be beneficial to the investment and financing of property developers. The policy effort will remain unchanged and the central and local governments will stay focused on the regulation of the property financing sector and supply-side adjustments. As the polarisation of urban and regional developments intensifies, the investment focus will be moved further to the core areas in popular cities and the housing improvement demand is expected to be released at a quicker pace. Against this background, the Group will take advantage of the sales window period to actively promote sales and enhance turnover strategy in the second half, in a bid to fulfil its annual performance target.

Looking forward, the Group will maintain its steadily progressing development strategy and its competitive strengths in developing high-quality medium to high end residence while actively exploring different types of operations and innovating its development path. During the challenging market window period, the Group will gear itself up and gain insights into market trends with an aim of expanding into the investment and operation of property financing and commercial asset sectors, which will provide an impetus for the sustainable high quality growth of the Group in the future. By taking advantage of its years of development experience and its diversified product strategy adopted in recent years, SIUD will continue to create greater value and returns for the shareholders.

## DETAILS OF PROPERTIES

The Group has 26 projects in 11 cities, comprising mid- to high-end residential units, serviced apartments, commercial and office buildings. As at 30 June 2020, the total GFA of the future saleable land bank of the Group was approximately 3.71 million sq.m.

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

As at 30 June 2020

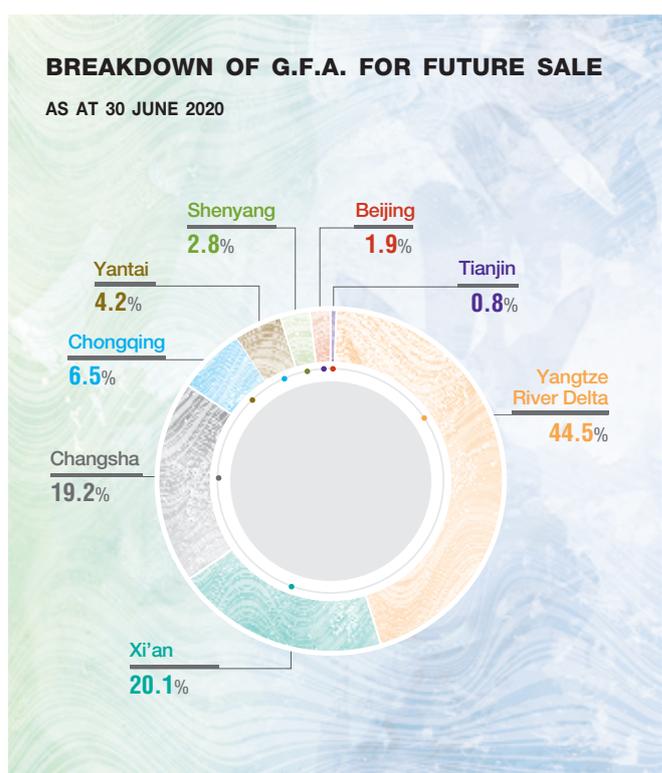
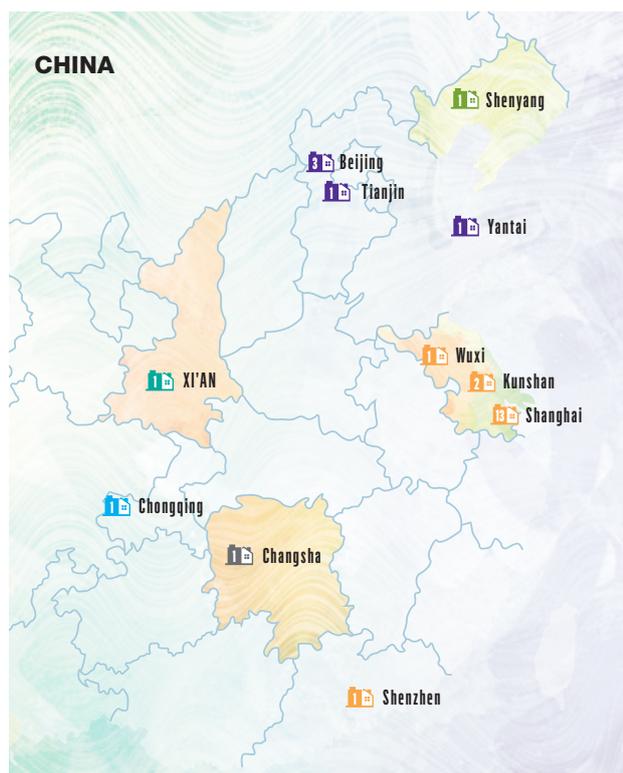
Project	City	Site area (sq.m.)	Planned G.F.A. (sq.m.)	Saleable G.F.A. (sq.m.)	1H2020 pre-sold G.F.A. (sq.m.)	Accumulated G.F.A. sold (sq.m.)	Future saleable G.F.A. (sq.m.)	Saleable G.F.A. under construction (sq.m.)	Saleable G.F.A. for future development (sq.m.)	Expected Completion Date	Ownership (%)
Urban Cradle	Shanghai	943,000	1,226,298	909,054	6,256	818,727	90,327	86,330	—	Complete by phase from 2007 to 2022	53.1%
Binjiang U Center	Shanghai	77,371	525,888	324,600	—	—	324,600	290,830	—	Complete by phase from 2020 to 2022	35.4%
Shanghai Youth City	Shanghai	57,944	212,130	164,688	—	139,840	24,848	—	—	Completed	100.0%
Shanghai Jing City	Shanghai	301,908	772,885	609,488	—	560,409	49,079	—	—	Completed	59.0%
TODTOWN	Shanghai	117,825	605,000	385,300	—	56,205	329,095	277,396	107,904	Complete by phase from 2020 to 2022	20.7%
Contemporary Art Villa (Jade Villa)	Shanghai	116,308	83,622	83,622	6,120	67,803	15,819	—	6,060	Complete by phase from 2018 to 2022	100.0%
Contemporary Splendour Villa (Courtyard Villa)	Shanghai	120,512	191,636	68,404	23,148	26,288	42,116	68,404	—	Complete by phase from 2020 to 2022	100.0%
Shangtou Xinhong	Shanghai	69,495	212,347	145,719	—	—	145,719	145,719	—	Complete by 2021	90.0%
Shangtou Baoxu	Shanghai	118,880	306,167	230,142	5,860	104,109	126,033	222,501	7,641	Complete by phase from 2020 to 2021	100.0%
Chenghang Project	Shanghai	20,572	60,195	60,195	—	—	60,195	60,195	—	Complete by 2021	80.0%
Jinxiang Project	Shanghai	17,161	48,050	48,050	—	—	48,050	48,050	—	Complete by 2022	59.0%
Shenzhicheng Project	Shanghai	47,435	128,075	128,075	—	—	128,075	128,075	—	Complete by 2022	29.5%
Chenglong Project	Shanghai	47,383	118,458	118,458	—	—	118,458	—	118,458	Complete by 2023	59.0%
American Rock	Beijing	121,499	523,833	454,610	—	454,610	—	—	—	Completed	100.0%
Youngman Point	Beijing	112,700	348,664	295,114	—	258,814	36,300	—	—	Complete by phase from 2007 to 2021	100.0%
West Diaoyutai • Emperor Seal	Beijing	42,541	250,930	230,801	8,726	196,753	34,048	50,445	—	Complete by phase from 2007 to 2021	90.0%
Laochengxiang	Tianjin	244,252	752,883	613,357	—	582,478	30,879	—	—	Completed	100.0%
Yooou.net	Kunshan	34,223	129,498	112,812	—	63,021	49,791	—	—	Completed	30.7%
Royal Villa	Kunshan	205,017	267,701	222,666	—	222,666	—	—	—	Completed	53.1%
Urban Development Int'l Center	Wuxi	24,041	193,368	143,862	—	41,900	101,962	—	—	Completed	59.0%
Originally	Xi'an	2,101,967	3,899,867	3,202,324	13,639	2,456,442	745,882	232,420	381,520	Complete by phase from 2008 to 2022	71.5%
Shenyang U Center	Shenyang	22,651	228,768	176,315	—	71,660	104,655	—	—	Completed	80.0%
Top City	Chongqing	120,014	786,233	616,122	—	376,095	240,027	—	—	Completed	100.0%
Forest Sea	Changsha	679,620	1,032,534	1,016,765	119	305,008	711,757	—	704,553	Complete by phase from 2007 to 2025	67.0%
China Phoenix Tower	Shenzhen	11,038	106,190	79,391	—	78,343	1,048	—	—	Completed	91.0%
Yantai Project	Yantai	77,681	159,100	154,300	—	—	154,300	—	154,300	Complete between 2022 and 2023	100.0%
<b>Total</b>		<b>5,853,038</b>	<b>13,170,320</b>	<b>10,594,234</b>	<b>63,868</b>	<b>6,881,171</b>	<b>3,713,063</b>	<b>1,610,365</b>	<b>1,480,436</b>		

## MAJOR INVESTMENT PROPERTIES

Project	City	Property Category	Lease Term	Planned G.F.A. (sq.m.)
Shanghai Youth City	Shanghai	Commercial	Medium-term lease	16,349 <sup>1</sup>
ShanghaiMart <sup>2</sup>	Shanghai	Exhibition, transaction market, office building and parking lot	Medium-term lease	284,651
Urban Development Int'l Tower <sup>3</sup>	Shanghai	Office building	Medium-term lease	45,239
YOYO Tower <sup>4</sup>	Shanghai	Commercial	Medium-term lease	13,839
Plot No. 1 of Binjiang U Center	Shanghai	Office building	Medium-term lease	25,845 <sup>1</sup>
Top City	Chongqing	Commercial, office building and parking lot	Medium-term lease	285,264 <sup>1</sup>
China Phoenix Tower	Shenzhen	Office building	Medium-term lease	1,048 <sup>1</sup>
Youngman Point	Beijing	Commercial	Medium-term lease	19,768 <sup>1</sup>
Shenyang U Center	Shenyang	Commercial and office building	Medium-term lease	30,332 <sup>1</sup>
Others	Shanghai, Tianjin and Kunshan	Commercial, office building and parking lot	Medium-term lease	93,196
<b>Total</b>				<b>815,531</b>

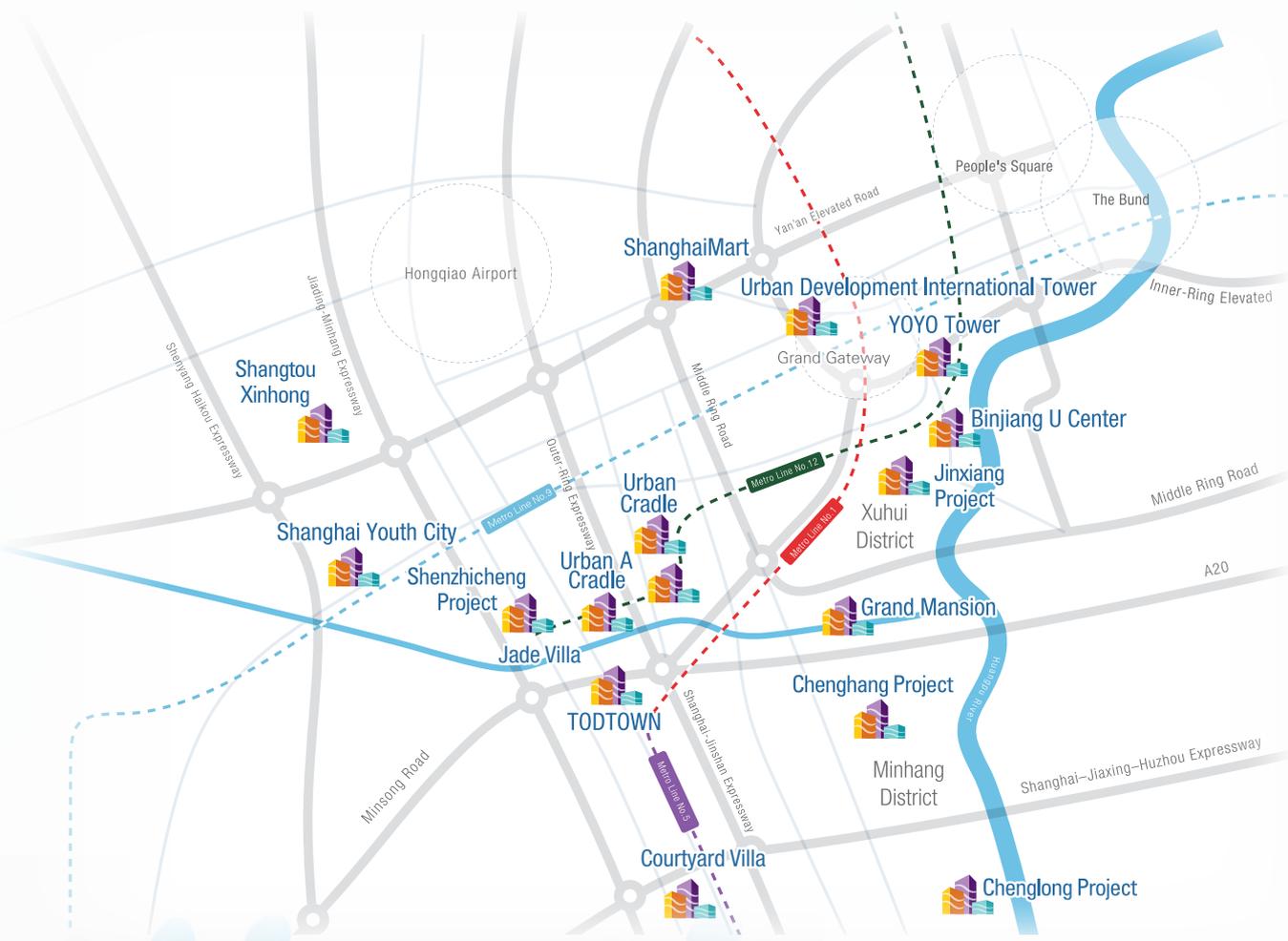
## Notes:

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



# KEY PROJECTS INTRODUCTION

## SIUD SHANGHAI PROJECTS



### 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 meters 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 construction area of about 1.3 million sq.m., including about 770,000 sq.m. of residences, close to 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.



Location map of Urban Cradle project showing its proximity to major roads (Hechuan Road, Lianhua Road, Pingnan Road, Gudai Road, Gulong Road) and Metro Line No. 12 (Gudai Road Station).

## BINJIANG U CENTER

**Address:**  
Xuhui Binjiang,  
Shanghai

**Category:**  
Office/  
Commerce

### Feature:

Facing Huangpu River in Shanghai, Binjiang U Center is situated at the business hub of Binjiang, Xuhui District and is planned for composite commercial usage, which will be built as property partly for sales and held for rental respectively. The surrounding view of the project is glorious. Also, the transportation network is well established as the project is adjacent to Longyao Road Tunnel that leads to Pudong, coupled with the Yunjin Road Station of Metro Line No. 11 is now in use.



Artist Impression



## 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 No. 1 and 5, Shanghai-Hangzhou Highspeed 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



KEY PROJECTS INTRODUCTION

### 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 road 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 Hongshen Road Station of Metro Line No. 12 in the east is about 390m. 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 an area of approximately 11.63 hectares and the land's plot ratio is 0.5. The planned aboveground 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.



### 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), and, to the south of the project, there are Shanghai Jiaotong University and Minhang Campus of East China Normal University. The project covers an 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 10m. The aboveground 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.



## SHANGHAIMART

**Address:**

2299 West  
Yan'an 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 Road and the exit of an elevated expressway, 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 the exhibition, trades, office and information functions, ShanghaiMart offers excellent world-class facilities and services to domestic and international merchants and professional buyers.

## SHANGHAI JING CITY (Including "Grand Mansion")

**Address:**

Lane 266,  
Zhumei Road, Shanghai

**Category:**

Residence/Commerce

**Feature:**

The project is an affordable housing project approved by Shanghai Bureau of Housing Security and Housing Administration. It is a large scale indemnificatory housing project on the list of major construction projects of Shanghai in 2009. In Meilong Town, Minhang District, the project is on an about 302,000 sq.m. site with a planned G.F.A. totaling about 611,000 sq.m. It will consist of high-rise buildings of 18 to 33 floors and become a major all-encompassing affordable housing community with educational, medical and health care and other community service facilities. Grand Mansion is located at Section 5 of Shanghai Jing City and is a commodity housing project.



KEY PROJECTS INTRODUCTION

## CHENGHANG PROJECT

**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.



Artist Impression



## YANTAI

### YANTAI PROJECT

**Address:**

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

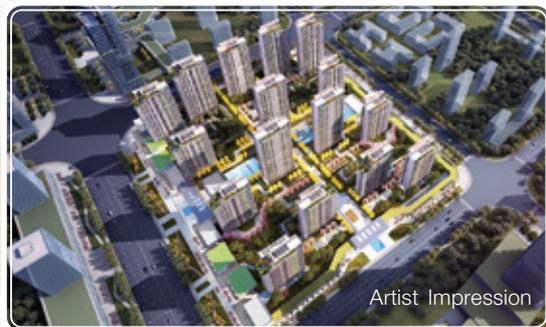
**Category:**

Residence/  
Commerce

**Feature:**

Located east to Zhuji 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.



Artist Impression



## BEIJING

### YOUNGMAN POINT

**Address:**

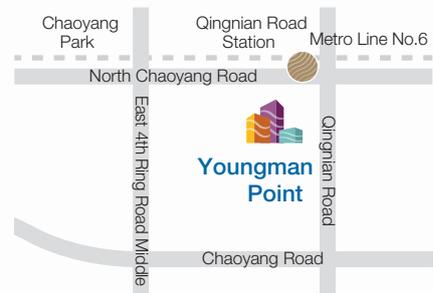
No. 2, Middle Lane Ganluyuan,  
Qingnian Road,  
Chaoyang District, Beijing

**Category:**

Residence/  
Commerce

**Feature:**

At the intersection of Qingnian Road and North Chaoyang Road in Chaoyang District, the project stands opposite Chaoyang Joy City — a major commercial complex in Chaoyang, and is only 3.8 km away from the CBD. With green belts on the north and a stretch of quiet water on the south, the project presents unique scenic pleasures to its inhabitants. The project has three phases. Phases I and II have been completed and sold out and phase III has begun development.



### 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 the demolition work of phase III has been finished more than a half.



KEY PROJECTS INTRODUCTION

## TIANJIN

### LAOCHENGXIANG

**Address:**

Laochengxiang,  
Nankai District,  
Tianjin

**Category:**

Residence/  
Commerce/  
Office

**Feature:**

Laochengxiang is located in the traditional city center of Tianjin with profound history. It is the cradle of culture and economy for Tianjin and also the only zenithal region in Tianjin. As the development of downtown Tianjin has accelerated in recent years, Laochengxiang has become a favorite destination for investors and property buyers in Tianjin.

The general planning of the district is divided into three parts, namely the core, inner ring and outer ring, with Gulou Commercial and Cultural Street as the center. The project is a large-scale integrated community well served by auxiliary facilities, such as education and medical services, and comprises residences, commercial premises, offices and luxurious villas.



## 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, north of Zhonghua Road, south of Minzhu Road, west of South Taiyuan Street and east of South Tianjin Street, with 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 pleasure, entertainment, offices and luxurious apartments, making it an icon of the city.



KEY PROJECTS INTRODUCTION

## KUNSHAN

### YO000U.NET

**Address:**  
No. 258, Lvdi Avenue,  
Huaqiao Town,  
Kunshan

**Category:**  
Commerce/  
Office

**Feature:**

Located in the centre of Huaqiao International Commercial City and adjoining the west gate of Shanghai, the project is less than 25 km from downtown Shanghai and can be reached directly riding the Shanghai – Nanjing high-speed railway and Shanghai Metro Line No. 11. With four youthful components – commerce, SOHO studio, entrepreneur incubator and office, it stands out as a community where young and intellectual industries such as computer games, entertainment and e-commerce can thrive.



## ROYAL VILLA

**Address:**  
No. 859,  
East Yingbin Road,  
Kunshan (near Changjiang Road)

**Category:**  
Residence

**Feature:**

The project is located in Zhoushi Town of Kunshan City, Jiangsu, the core of the administration center in northern Kunshan. Neighboring the Kunshan Ecological and Sports Park, it comprises 18 high-rise apartment buildings and 92 standalone villas.



## KEY PROJECTS INTRODUCTION

## WUXI

## URBAN DEVELOPMENT INTERNATIONAL CENTER

**Address:**

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

**Category:**

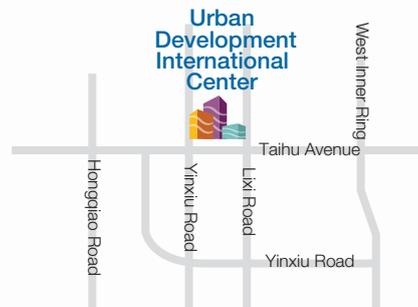
Commerce/Hotel/Office/Service Apartment

**Feature:**

The project is an icon at the heart of the Liyuan Economic Development Zone, the new axis of Wuxi. It is only 5 kilometers 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 Chanhe 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 2,000,000 square meters 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 Guangyuntan 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.

To demonstrate the premium geographical location of the project, a new brand called "Originally" has been introduced into the project for sale as a new property project starting from the second half of 2014.



Artist Impression



## 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 2020 (for the six months ended 30 June 2019: Nil).

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities during the six months ended 30 June 2020.

### 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 2020, 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 2020.

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 2020.

### LOAN AGREEMENT WITH SPECIFIC PERFORMANCE COVENANT ON THE CONTROLLING SHAREHOLDER

As disclosed in the Company’s announcement dated 31 January 2019, the Company (as the borrower) entered into a facility letter (the “**Facility Letter**”) with a bank (as the lender) for a revolving loan facility of up to HKD500,000,000 with maturity date being the date falling one year from the acceptance date of the Facility Letter (the “**RL Facility**”). The Facility Letter contains an undertaking by the Company that so long as the RL Facility or any sum thereunder are outstanding, Shanghai Industrial Holdings Limited (“**SIHL**”) and/or Shanghai Industrial Investment (Holdings) Company Limited (“**SIIC**”) (both being controlling shareholders of the Company) shall collectively directly or indirectly own not less than 51% of the total 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 a default under the Facility Letter.



## OTHER INFORMATION

As disclosed in the Company's announcement dated 22 November 2019, the Company (as the borrower) entered into a loan agreement with a bank (as a lender) for a term loan facility in the amount of RMB1,690,000,000 for a term of eighteen months (the **"Term Loan Facility"**). The loan agreement provides that SIIC, being a controlling shareholder of the Company and SIHL, shall directly or indirectly own not less than 51% of the total share capital of the Company and maintain management control of the Company (the **"Requisite Covenant"**). A breach of the Requisite Covenant will constitute a default under the loan agreement.

As disclosed in the Company's announcement dated 17 June 2020, for the purpose of re-financing the Term Loan Facility, the Company (as the borrower) entered into a loan agreement with a bank as a lender (as a lender) for a term loan facility in the amount of RMB2,400,000,000 for a term of thirty-six months. The loan agreement provides for the Requisite Covenant and a breach of the Requisite Covenant will constitute a default under the loan agreement.

As at 30 June 2020, SIHL and SIIC are beneficially interested in approximately 48.45% and 64.63%, 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 (Committee Chairman), Mr. Doo Wai-Hoi, William, *J.P.* and Mr. 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. During the six months ended 30 June 2020, the Audit Committee has reviewed the independence and objectivity of the external auditor, the scope of audit services and related audit fees payable to the external auditor for the Board's approval. The Audit Committee has also reviewed the unaudited interim financial statements of the Group for the six months ended 30 June 2020 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 2020 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 2020, 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 <sup>1</sup>	Approximate % of the issued share capital of the Company
Ye Weiqi	Beneficial owner	—	6,000,000	0.12%
Zhong Tao	Beneficial owner	—	6,000,000	0.12%
Doo Wai-Hoi, William, J.P.	Beneficial owner	—	1,000,000	0.02%
Fan Ren Da, Anthony	Beneficial owner	—	1,000,000	0.02%
Li Ka Fai, David	Beneficial owner	—	1,000,000	0.02%

Notes:

- 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, details of which are set out in the section headed "SHARE OPTION SCHEME" of this interim report.

Save as disclosed herein, as at 30 June 2020, 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").

As at 30 June 2020, the Company granted 21,750,000 shares options to subscribe for up to a total of 21,750,000 ordinary shares of nominal value of HK\$0.04 each in the capital of the Company under the Share Option Scheme, representing approximately 0.45% of the issued share capital of the Company as at 30 June 2020. The Share Option Scheme expired on 11 December 2012.



## OTHER INFORMATION

The particulars and movements of the share options to subscribe for the Company's shares under the Share Option Scheme during the six months ended 30 June 2020 (the "Period") were as follows:

Name of categories	Date of grant	Exercise price per share HK\$	Exercise period <sup>1</sup>	Outstanding as at 1.1.2020	Granted during the Period	Exercised during the Period	Cancelled/ Lapsed during the Period	Outstanding as at 30.6.2020
<b>Directors</b>								
Ye Weiqi	24 September 2010	2.98	24 September 2010 to 23 September 2020	6,000,000	—	—	—	6,000,000
Zhong Tao	24 September 2010	2.98	24 September 2010 to 23 September 2020	6,000,000	—	—	—	6,000,000
Doo Wai-Hoi, William, J.P.	24 September 2010	2.98	24 September 2010 to 23 September 2020	1,000,000	—	—	—	1,000,000
Fan Ren Da, Anthony	24 September 2010	2.98	24 September 2010 to 23 September 2020	1,000,000	—	—	—	1,000,000
Li Ka Fai, David	24 September 2010	2.98	24 September 2010 to 23 September 2020	1,000,000	—	—	—	1,000,000
<b>Senior management and employees</b>	24 September 2010	2.98	24 September 2010 to 23 September 2020	6,750,000	—	—	—	6,750,000
<b>Total</b>				<b>21,750,000</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>21,750,000</b>

## Notes:

- Share options granted in September 2010 under the Share Option Scheme are exercisable during the period from 24 September 2010 to 23 September 2020 in three batches, being:
  - 24 September 2010 to 23 September 2011 (up to 40% of the share options granted are exercisable)
  - 24 September 2011 to 23 September 2012 (up to 70% of the share options granted are exercisable)
  - 24 September 2012 to 23 September 2020 (all share options granted are exercisable)

Pursuant to ordinary resolutions passed by the Shareholders at its annual general meeting held on 16 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 2020.

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 2020.

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

As at 30 June 2020, 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	2,328,671,400(L) <sup>1,2,3</sup>	48.45%
SIIC	Held by controlled corporation	3,106,296,148(L) <sup>1,2,3,4</sup>	64.63%



## OTHER INFORMATION

## Notes:

1. L denotes long positions.
2. These include 2,278,671,400 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.
3. 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.
4. 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 2,328,671,400 shares of the Company held by SIHL for the purpose of the SFO. On the other hand, SIIC is also deemed or taken to be interested in the 779,024,748 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 2020, 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.

## CHANGES IN INFORMATION OF DIRECTORS

Pursuant to Rule 13.51B(1) of the Listing Rules, changes in information of directors of the Company are set out as follows:

Mr. Zeng Ming resigned as the chairman of the Board, an executive director and the chairman of the nomination committee of the Company with effect from 18 May 2020.

Mr. Fei Zuoxiang resigned as an executive director of the Company with effect from 18 May 2020.

Mr. Huang Haiping was appointed as the chairman of the Board, an executive director and the chairman of the nomination committee of the Company with effect from 18 May 2020.

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

## 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, 27 August 2020

# 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 30 to 56, which comprise the condensed consolidated statement of financial position as of 30 June 2020 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

27 August 2020

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

For the six months ended 30 June 2020

	NOTES	Six months ended 30 June	
		2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Revenue			
Goods and services	3A	2,882,535	4,226,656
Leases		290,288	376,670
Total revenue		3,172,823	4,603,326
Cost of sales		(1,740,645)	(2,641,563)
Gross profit		1,432,178	1,961,763
Other income		64,749	78,891
Other expenses, gains and losses, net		(10,937)	2,218
Fair value gain on investment properties, net		173,682	201,921
Distribution and selling expenses		(99,200)	(138,506)
General and administrative expenses		(187,727)	(166,938)
Finance costs	4	(323,259)	(314,501)
Share of results of associates		889	1,813
Profit before tax		1,050,375	1,626,661
Income tax	5	(695,303)	(861,499)
Profit for the period	6	355,072	765,162
<b>Other comprehensive income (expense) for the period</b>			
<i>Items that will not be reclassified to profit or loss:</i>			
Exchange differences arising on translation from functional currency to presentation currency		(453,884)	(5,359)
Fair value gain on equity instruments at fair value through other comprehensive income, net of tax		17,587	15,693
Total comprehensive (expense) income for the period		(81,225)	775,496

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

	NOTE	Six months ended 30 June	
		2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Profit for the period attributable to:			
– Owners of the Company		151,041	310,678
– Non-controlling interests		204,031	454,484
		<b>355,072</b>	765,162
Total comprehensive (expense) income attributable to:			
– Owners of the Company		(87,246)	314,564
– Non-controlling interests		6,021	460,932
		<b>(81,225)</b>	775,496
Earnings per share	7		
– Basic (HK cents)		3.14	6.46
– Diluted (HK cents)		3.14	6.46

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2020

	NOTES	30 June 2020 HK\$'000 (unaudited)	31 December 2019 HK\$'000 (audited)
<b>Non-current assets</b>			
Investment properties	8	16,102,337	14,803,258
Property, plant and equipment		2,231,765	2,105,869
Right-of-use assets		227,930	246,768
Intangible assets		55,939	57,047
Interests in associates		1,218,218	1,241,434
Interests in joint ventures		2,278,710	615,213
Equity instruments at fair value through other comprehensive income		178,588	160,208
Pledged bank deposits		241,860	176,749
Other receivables and prepayment	10	721,027	735,302
Deferred tax assets		302,948	394,706
		<b>23,559,322</b>	20,536,554
<b>Current assets</b>			
Inventories		2,066	2,497
Properties under development for sale and properties held-for-sale		27,490,440	28,952,836
Trade and other receivables	10	750,300	674,933
Amounts due from related companies	9	1,547	336,499
Prepaid income tax and land appreciation tax		337,825	320,841
Financial assets at fair value through profit or loss		3,118	3,342
Restricted and pledged bank deposits		111,461	504,740
Bank balances and cash		7,740,449	9,111,782
		<b>36,437,206</b>	39,907,470
<b>Current liabilities</b>			
Trade and other payables	11	5,598,827	5,900,740
Amounts due to related companies	9	657,168	689,723
Pre-sale proceeds received on sales of properties		6,297,051	6,004,601
Bank and other borrowings	12	5,411,120	5,426,344
Lease liabilities		58,813	67,385
Income tax and land appreciation tax payables		2,413,173	2,840,367
Dividend payable		23,450	14,169
Dividend payable to non-controlling shareholders		—	284,081
		<b>20,459,602</b>	21,227,410
<b>Net current assets</b>		<b>15,977,604</b>	18,680,060
<b>Total assets less current liabilities</b>		<b>39,536,926</b>	39,216,614

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	NOTES	30 June 2020 HK\$'000 (unaudited)	31 December 2019 HK\$'000 (audited)
<b>Non-current liabilities</b>			
Deferred revenue	11	4,423	4,853
Amounts due to related companies	9	61,305	285,508
Bank and other borrowings	12	12,566,204	11,285,958
Lease liabilities		134,402	161,201
Deferred tax liabilities		3,532,081	3,697,468
		<b>16,298,415</b>	15,434,988
		<b>23,238,511</b>	23,781,626
<b>Capital and reserves</b>			
Share capital	13	192,253	192,253
Reserves		12,771,883	13,057,300
		<b>12,964,136</b>	13,249,553
Equity contributable to owners of the Company		<b>10,274,375</b>	10,532,073
		<b>23,238,511</b>	23,781,626

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2020

	Attributable to owners of the Company													Non-controlling interests	Total equity	
	Share capital	Share premium	Contributed surplus	Share-based payments reserve	Other revaluation reserve	Property revaluation reserve	Investment revaluation reserve	Statutory 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	HK\$'000	HK\$'000	HK\$'000
At 1 January 2020 (audited)	192,253	9,509,949	69,086	31,892	52,526	(13,813)	39,401	655,290	2,159,430	(47,317)	(98,347)	699,203	13,249,553	10,532,073	23,781,626	
Profit for the period	–	–	–	–	–	–	–	–	–	–	–	151,041	151,041	204,031	355,072	
Exchange differences arising on translation from functional currency to presentation currency	–	–	–	–	–	–	–	–	–	–	(248,663)	–	(248,663)	(205,221)	(453,884)	
Fair value gain on equity instruments at fair value through other comprehensive income, net of tax	–	–	–	–	–	–	10,376	–	–	–	–	–	10,376	7,211	17,587	
Total comprehensive expense for the period	–	–	–	–	–	–	10,376	–	–	–	(248,663)	151,041	(87,246)	6,021	(81,225)	
Transfer to distributable reserve (note (v))	–	(600,000)	600,000	–	–	–	–	–	–	–	–	–	–	–	–	
Release upon liquidation of a subsidiary	–	–	–	–	–	–	–	(2,714)	–	–	–	1,601	(1,113)	1,113	–	
Dividends recognised as distributions (Note 18)	–	–	(197,058)	–	–	–	–	–	–	–	–	–	(197,058)	–	(197,058)	
Dividends declared to non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	–	–	(264,832)	(264,832)	
At 30 June 2020 (unaudited)	192,253	8,909,949	472,028	31,892	52,526	(13,813)	49,777	652,576	2,159,430	(47,317)	(347,010)	851,845	12,964,136	10,274,375	23,238,511	
At 1 January 2019 (audited)	192,439	9,514,684	266,336	31,892	52,526	–	36,045	543,398	2,159,430	(47,317)	108,443	202,816	13,060,692	10,315,114	23,375,806	
Profit for the period	–	–	–	–	–	–	–	–	–	–	–	310,678	310,678	454,484	765,162	
Exchange differences arising on translation from functional currency to presentation currency	–	–	–	–	–	–	–	–	–	–	(5,373)	–	(5,373)	14	(5,359)	
Fair value gain on equity instruments at fair value through other comprehensive income, net of tax	–	–	–	–	–	–	9,259	–	–	–	–	–	9,259	6,434	15,693	
Total comprehensive income for the period	–	–	–	–	–	–	9,259	–	–	–	(5,373)	310,678	314,564	460,932	775,496	
Reduction of share capital of a subsidiary	–	–	–	–	–	–	–	–	–	–	–	–	–	(18,911)	(18,911)	
Dividends recognised as distributions (Note 18)	–	–	(197,250)	–	–	–	–	–	–	–	–	–	(197,250)	–	(197,250)	
Dividends declared to non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	–	–	(237,003)	(237,003)	
At 30 June 2019 (unaudited)	192,439	9,514,684	69,086	31,892	52,526	–	45,304	543,398	2,159,430	(47,317)	103,070	513,494	13,178,006	10,520,132	23,698,138	

## 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 to contributed surplus account which gives 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 Shanghai Industrial Urban Development Group Limited (the "Company"). This reserve will be recognised in the 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) Merger reserve comprises of (i) the difference in 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 (ii) 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 acquisition) controlled by Shangtou Assets and 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.

Shareholder's contribution represents capital contribution from SIHL and State-owned Assets Supervision and Administration Commission of Shanghai Xuhui District ("Xuhui SASAC"), being non-controlling interest (based on their respective percentage of equity interest), to a subsidiary of the Group, Shanghai Urban Development (Holdings) Co., Ltd. ("SUD"), as paid-in capital in April 2011. Xuhui SASAC holds 41% interests in SUD.
- (iv) Other reserve represents a premium contributed by the owners of the Company on acquiring the remaining 1.0% interests of 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 People's Republic of China (the "PRC"). This acquisition, without changing the Group's control over Shanghai World Trade, was accounted for as an equity transaction. The difference between the cash consideration of approximately HK\$92,274,000 and share of 1% fair value of net assets held by the non-controlling shareholder of approximately HK\$44,957,000 amounting to approximately HK\$47,317,000 was recognised directly in equity as other reserve and attributable to owners of the Company.
- (v) Pursuant to the special resolution passed on 18 May 2020, 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 shareholders.

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2020

	Six months ended 30 June	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
<b>OPERATING ACTIVITIES</b>		
Profit before tax	1,050,375	1,626,661
Adjustments for:		
Finance costs	323,259	314,501
Fair value gain on investment properties, net	(173,682)	(201,921)
Other non-cash items	77,765	36,510
Operating cash flows before movements in working capital	1,277,717	1,775,751
(Increase) decrease in inventories, properties under development for sale and properties held-for-sale	(452,923)	539,835
Increase in trade and other receivables	(89,008)	(38,327)
Increase (decrease) in pre-sale proceeds received on sales of properties	411,507	(588,864)
Decrease in trade and other payables	(252,178)	(85,034)
Other working capital items	(1,545)	(10,609)
Cash from operations	893,570	1,592,752
Income tax paid	(1,112,437)	(1,626,852)
Net cash used in operating activities	(218,867)	(34,100)
<b>INVESTING ACTIVITIES</b>		
Proceeds from disposal of property, plant and equipment	401	12,838
Purchase of property, plant and equipment	(34,946)	(31,312)
Development costs paid for investment properties	(85,673)	(20,566)
Investments in joint ventures	(1,680,104)	—
Prepayment for acquisition of a parcel of land	—	(600,254)
Decrease (increase) in restricted and pledged bank deposits	316,850	(673,224)
Advances to related companies	(11)	(1,235)
Repayment from related companies	338,541	310,087
Dividends received from equity instruments at fair value through other comprehensive income	—	30,859
Dividend received from an associate	—	4,248
Interest received	46,492	40,575
Net cash used in investing activities	(1,098,450)	(927,984)

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	<b>Six months ended 30 June</b>	
	<b>2020</b>	2019
	<b>HK\$'000</b>	HK\$'000
	<b>(unaudited)</b>	(unaudited)
<b>FINANCING ACTIVITIES</b>		
Dividends paid to non-controlling interests	<b>(545,088)</b>	(116,822)
Dividends paid	<b>(187,777)</b>	(195,173)
Distribution to a non-controlling shareholder after reduction of share capital of a subsidiary	<b>—</b>	(18,911)
Proceeds from new bank and other borrowings	<b>6,617,943</b>	3,366,855
Repayments of bank and other borrowings	<b>(5,044,313)</b>	(773,113)
Transaction costs attributable to the issue of medium term corporate bonds	<b>(2,276)</b>	—
Repayments of lease liabilities	<b>(34,106)</b>	(36,625)
Advances from related companies	<b>56,595</b>	8,878
Repayments to related companies	<b>(297,709)</b>	(3,816)
Interest paid	<b>(467,971)</b>	(419,326)
Net cash from financing activities	<b>95,298</b>	1,811,947
Net (decrease) increase in cash and cash equivalents	<b>(1,222,019)</b>	849,863
Cash and cash equivalents as at 1 January	<b>9,111,782</b>	9,127,828
Effect of foreign exchange rate changes	<b>(149,314)</b>	(26,963)
Cash and cash equivalents as at 30 June, represented by bank balances and cash	<b>7,740,449</b>	9,950,728

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 (“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 (the “Listing Rules”).

### 1A. SIGNIFICANT EVENTS AND TRANSACTIONS IN THE CURRENT INTERIM PERIOD

The outbreak of Covid-19 and the subsequent quarantine measures as well as the travel restrictions imposed by many countries have had negative impacts to the global economy, business environment and directly and indirectly affect the operations of the Group. The Group stopped its on-site pre-sale activities of the properties, limited its hotel operations and slowed down the delivery of completed properties from January 2020 to March 2020 due to the mandatory government quarantine measures imposed by the PRC government in an effort to constrain the spread of the pandemic. On the other hand, the PRC government has announced some financial measures and supports for corporates to overcome the negative impact arising from the pandemic to the Group and it has also requested lessors to reduce or waive the rentals to tenants for the purpose of relieving their financial pressure. Since the second quarter of 2020, the operations of the Group have been resumed gradually due to the continuous improvement of the pandemic in the PRC. As such, the financial position and performance of the Group were affected to certain extent in different aspects, including decrease in revenue from sales of properties, hotel operations and leases.

During the six months ended 30 June 2020, the Group injected capitals with an aggregate amount of RMB1,527,500,000 (equivalent to approximately HK\$1,680,104,000) into joint ventures, namely 上海諾卓企業管理有限公司 (“Shanghai Nuozhuo”) and 上海天宇實宏企業發展有限公司 (“Shanghai Tianyu”). The Group holds 5% equity interest in Shanghai Tianyu directly and 27.5% equity interest in Shanghai Tianyu indirectly through Shanghai Nuozhuo. Shanghai Tianyu is the project company for the acquisition of a parcel of land situated at Xuhui District in Shanghai of the PRC at a consideration of RMB4,628,000,000 during the period.

## 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 2020 are the same as those applied in the preparation of the Group’s annual financial statements for the year ended 31 December 2019.

### Application of amendments to HKFRSs

In the current interim period, the Group has applied the Amendments to References to the Conceptual Framework in HKFRS Standards and the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2020 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

## 2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

### Application of amendments to HKFRSs (continued)

Except as described below, the application of the Amendments to References to the Conceptual Framework in HKFRS Standards and the amendments to HKFRSs in the current 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.

#### 2.1 Impacts of application on Amendments to HKAS 1 and HKAS 8 "Definition of Material"

The amendments provide a new definition of material that states "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity". The amendments also clarify that materiality depends on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements taken as a whole.

The application of the amendments in the current period had no impact on the condensed consolidated financial statements. Changes in presentation and disclosures on the application of the amendments, if any, will be reflected on the consolidated financial statements for the year ending 31 December 2020.

## 3A. REVENUE FROM GOODS AND SERVICES

### Disaggregation of revenue from contracts with customers

	Six months ended 30 June	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Types of goods or services		
Sales of properties	2,829,760	4,085,037
Hotel operations	50,260	138,242
Property management	2,515	3,377
Total	2,882,535	4,226,656
Timing of revenue recognition		
A point in time	2,829,760	4,085,037
Over time	52,775	141,619
Total	2,882,535	4,226,656

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

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

**3B. 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 2020 and 2019.

**4. FINANCE COSTS**

	<b>Six months ended 30 June</b>	
	<b>2020</b>	2019
	<b>HK\$'000</b>	HK\$'000
	<b>(unaudited)</b>	(unaudited)
Interests on bank and other borrowings	<b>529,215</b>	541,632
Interests on lease liabilities	<b>2,103</b>	2,518
<b>Total finance costs</b>	<b>531,318</b>	544,150
Less: Amount capitalised in properties under development for sale	<b>(208,059)</b>	(229,649)
	<b>323,259</b>	314,501

During the six months ended 30 June 2020, borrowing costs arising from the general borrowing pool are capitalised to the expenditure on qualifying assets by applying a capitalisation rate of 3.33% (six months ended 30 June 2019: 5.18%) per annum.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 5. INCOME TAX

	<b>Six months ended 30 June</b>	
	<b>2020</b>	2019
	<b>HK\$'000</b>	HK\$'000
	<b>(unaudited)</b>	(unaudited)
Current tax:		
PRC Enterprise Income Tax ("EIT")	<b>318,653</b>	499,848
PRC Land Appreciation Tax ("LAT")	<b>393,717</b>	668,705
PRC withholding tax on dividend income	<b>8,775</b>	—
	<b>721,145</b>	1,168,553
Deferred tax	<b>(25,842)</b>	(307,054)
Income tax for the period	<b>695,303</b>	861,499

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's income neither 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 2020 and 2019.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

**6. PROFIT FOR THE PERIOD**

	<b>Six months ended 30 June</b>	
	<b>2020</b>	2019
	<b>HK\$'000</b>	HK\$'000
	<b>(unaudited)</b>	(unaudited)
Profit for the period has been arrived at after charging (crediting) the following items:		
Depreciation of property, plant and equipment	<b>98,123</b>	62,054
Depreciation of right-of-use assets	<b>19,591</b>	18,018
Interest income on bank deposits (included in other income)	<b>(46,492)</b>	(40,575)
Net foreign exchange loss (gain) (included in other expenses, gains and losses, net)	<b>10,952</b>	(3,221)

**7. EARNINGS PER SHARE**

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

	<b>Six months ended 30 June</b>	
	<b>2020</b>	2019
	<b>HK\$'000</b>	HK\$'000
	<b>(unaudited)</b>	(unaudited)
<b>Earnings:</b>		
Earnings for the purposes of calculating basic and diluted earnings per share		
Profit for the period attributable to owners of the Company	<b>151,041</b>	310,678

	<b>Six months ended 30 June</b>	
	<b>2020</b>	2019
	<b>'000</b>	'000
<b>Number of shares:</b>		
Weighted average number of ordinary shares for the purposes of calculating basic and diluted earnings per share	<b>4,806,323</b>	4,810,973

The calculation of diluted earnings per share in current interim period and comparative prior interim period does not assume the exercise of the Company's share options because the exercise price of the share options was higher than the average market price for both interim periods.

## 8. MOVEMENTS IN INVESTMENT PROPERTIES

The fair values of the Group's investment properties as at 30 June 2020 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 16/F, 1063 Kings Road, Quarry Bay, Hong Kong. The Group's investment properties are valued individually on market value basis, which conforms to HKIS Valuation Standards 2017 Edition published by Hong Kong Institute of 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 increase in fair values of the Group's investment properties of approximately HK\$173,682,000 (six months ended 30 June 2019: HK\$201,921,000) is recognised directly in profit or loss for the six months ended 30 June 2020.

During the six months ended 30 June 2020, the Group has subsequent expenditures on certain investment properties of approximately HK\$85,673,000 (six months ended 30 June 2019: HK\$20,566,000).

During the six months ended 30 June 2020, the management of the Group changed the intention from selling the apartments and commercial units of several residential property projects to lease them out for rentals. Accordingly, properties held-for-sale with carrying amount of approximately HK\$1,336,003,000 was transferred to investment properties upon inception of lease agreements with the tenants during the period. A fair value gain of approximately HK\$253,146,000 in respect of these properties is recognised in the profit or loss during the period.

The Group did not dispose of any investment properties during the six months ended 30 June 2020.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

**9. AMOUNTS DUE FROM (TO) RELATED COMPANIES**

The Group has the following balances with related parties:

	NOTES	30 June 2020 HK\$'000 (unaudited)	31 December 2019 HK\$'000 (audited)
Amounts due from related companies recognised in current assets:			
— Joint ventures	(ii)(a)	11	336,499
— Entities controlled by Xuhui SASAC	(i)(a)	1,536	—
		<b>1,547</b>	336,499
Amounts due to related companies recognised in current liabilities:			
— Xuhui SASAC and entities controlled by Xuhui SASAC	(i)(b)	436,963	220,605
— A non-controlling shareholder	(i)(c)	—	41,539
— Non-controlling shareholders	(ii)(b)	188,617	386,224
— SIHL	(iii)	25,990	26,505
— Associates	(iv)	5,598	14,850
		<b>657,168</b>	689,723
Amounts due to related companies recognised in non-current liabilities:			
— Entities controlled by Xuhui SASAC	(i)(a)	—	223,714
— A non-controlling shareholder	(i)(c)	61,305	61,794
		<b>61,305</b>	285,508

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

**9. AMOUNTS DUE FROM (TO) RELATED COMPANIES (CONTINUED)**

Notes:

(i)(a) The entire amounts due from entities controlled by Xuhui SASAC are trade in nature, unsecured, interest-free and repayable within one year.

(i)(b) The entire amounts due to Xuhui SASAC and entities controlled by Xuhui SASAC are non-trade in nature and unsecured.

Included in the amounts due to Xuhui SASAC and entities controlled by Xuhui SASAC as at 30 June 2020, there is an aggregated amount of RMB200,000,000 (equivalent to approximately HK\$219,370,000) (31 December 2019: RMB200,000,000 (equivalent to approximately HK\$223,714,000)), which represents loans advanced from entities controlled by Xuhui SASAC through entrusted loan agreements administrated by banks, carrying fixed interest ranging 7.5% per annum to 9.0% per annum and are repayable in June 2021.

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

(i)(c) The entire amount due to a non-controlling shareholder is non-trade in nature and unsecured.

Included in the amount due to a non-controlling shareholder as at 30 June 2020, there is an amount of RMB55,892,000 (equivalent to approximately HK\$61,305,000) (31 December 2019: RMB55,243,000 (equivalent to approximately HK\$61,794,000)), which represents a loan advanced from a non-controlling shareholder. This loan carries a fixed interest at 108% of three year's People's Bank of China Benchmark Lending Rate per annum at the date of borrowing and it is repayable on 12 July 2021.

As at 31 December 2019, the remaining balance was interest-free and repayable within one year.

(ii)(a) The amounts are due from joint ventures and they are non-trade in nature, interest free and unsecured.

During the year ended 31 December 2019, the Group established joint ventures, namely Shanghai Nuozhuo and Shanghai Tianyu, with other investors for the purpose of bidding a parcel of land situated at Xuhui District in Shanghai of the PRC. Shanghai Tianyu is the project company for the bidding. The Group holds 5% equity interest in Shanghai Tianyu directly and 27.5% equity interest in Shanghai Tianyu indirectly through Shanghai Nuozhuo. A refundable guarantee deposit of RMB925,600,000 was required to secure for the bidding and it was contributed by the shareholders of Shanghai Tianyu according to their respective shareholdings. Accordingly, the Group advanced RMB46,280,000 (equivalent to approximately HK\$51,767,000) and RMB254,540,000 (equivalent to approximately HK\$284,732,000) to Shanghai Tianyu and Shanghai Nuozhuo respectively. Shanghai Tianyu successfully bid the land and the amounts were repaid to the Group during the six months ended 30 June 2020.

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

Included in the amounts due to non-controlling shareholders as at 30 June 2020, there is an amount of RMB150,086,000 (equivalent to approximately HK\$164,623,000) (31 December 2019: RMB104,486,000 (equivalent to approximately HK\$116,875,000)), which represents interest-free loans advanced from a non-controlling shareholder and repayable in a year by batches with last payments in June 2021 (31 December 2019: in December 2020).

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

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

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

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

**10. TRADE AND OTHER RECEIVABLES AND PREPAYMENT**

	<b>30 June 2020 HK\$'000 (unaudited)</b>	31 December 2019 HK\$'000 (audited)
<b>Other receivables and prepayment recognised as non-current assets</b>		
Loan receivables (note (ii))	<b>9,060</b>	9,239
Prepayment for acquisition of land parcels (note (iii))	<b>711,967</b>	726,063
	<b>721,027</b>	735,302
<b>Trade and other receivables recognised as current assets</b>		
Trade receivables		
– Contracts with customers	<b>1,668</b>	2,236
– Lease receivables	<b>19,767</b>	14,019
	<b>21,435</b>	16,255
Less: Loss allowance	<b>(710)</b>	(271)
	<b>20,725</b>	15,984
Other receivables (note (i))	<b>330,473</b>	226,832
Advance payments to contractors	<b>33,713</b>	26,173
Prepaid other taxes	<b>327,323</b>	364,719
Deposits and prepayments	<b>38,066</b>	41,225
	<b>750,300</b>	674,933

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

**10. TRADE AND OTHER RECEIVABLES AND PREPAYMENT (CONTINUED)**

Notes:

- (i) Other receivables mainly comprise of 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. Included in current other receivable as at 30 June 2020, there is an amount of RMB8,000,000 (equivalent to approximately HK\$8,775,000) (31 December 2019: RMB8,000,000 (equivalent to approximately HK\$8,949,000)) which represents current portion of loans advanced to a subsidiary of a former tenant of one of the Group's investment properties (the "Borrower") through an entrusted loan agreement administrated by a trust company, and the amount is repayable on 31 December 2020. The loan carries fixed interest at a rate of 5% per annum.
- (ii) As at 30 June 2020, included in non-current other receivables, there are loan receivables of RMB8,260,000 (equivalent to approximately HK\$9,060,000) (31 December 2019: RMB8,260,000 (equivalent to approximately HK\$9,239,000)) which represent non-current portion of loans advanced to the Borrower. RMB8,260,000 of the loan receivables is repayable on 31 December 2021. The loans carry fixed interest at a rate of 5% per annum. The loans are secured by the registered share capital of the immediate and intermediate holding companies of the Borrower and loans are also guaranteed by the entity controlled by the beneficial owner of the Borrower for a maximum amount of RMB25,000,000. These companies are principally engaged in commercial properties management.
- (iii) In previous year, the Group entered into a land use right transfer contract with Shanghai Minhang Land Bureau to acquire a parcel of land in Shanghai in the PRC for the development of residential properties held for earning rentals at a consideration of RMB649,100,000 (equivalent to approximately HK\$711,967,000) (31 December 2019: RMB649,100,000 (equivalent to approximately HK\$726,063,000)). The Group paid the entire amount as a prepayment for the acquisition of which RMB129,820,000 was paid during the year ended 31 December 2018 and RMB519,280,000 was paid during the year ended 31 December 2019.

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 trade receivables, net of loss allowance, presented based on the date of billing at the end of the reporting period:

	<b>30 June 2020 HK\$'000 (unaudited)</b>	31 December 2019 HK\$'000 (audited)
0-90 days	<b>13,557</b>	1,348
91-180 days	<b>76</b>	1,138
Over 180 days	<b>7,092</b>	13,498
	<b>20,725</b>	15,984

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

**11. TRADE AND OTHER PAYABLES AND DEFERRED REVENUE**

	<b>30 June 2020 HK\$'000 (unaudited)</b>	31 December 2019 HK\$'000 (audited)
<b>Trade and other payables recognised as current liabilities</b>		
Trade payables	<b>1,342,121</b>	1,236,195
Bills payables	<b>92,043</b>	632,627
Accrued expenditure on properties under development for sale	<b>2,435,916</b>	2,595,930
Amounts due to former shareholders of the Company's former subsidiaries (note (i))	<b>155,714</b>	158,364
Rental deposits and receipt in advance from tenants	<b>215,720</b>	239,239
Interest payable	<b>154,271</b>	90,924
Payables to the Shanghai government department (note (ii))	<b>194,045</b>	197,887
Deposit received for disposal of a subsidiary (note (iii))	<b>209,608</b>	213,758
Accrued charges and other payables	<b>455,976</b>	459,012
Other taxes payables (note (iv))	<b>343,413</b>	76,804
	<b>5,598,827</b>	5,900,740
<b>Deferred revenue recognised as non-current liabilities</b>		
Deferred revenue	<b>4,423</b>	4,853

Notes:

- (i) The amounts are non-trade in nature, interest-free and repayable on demand.
- (ii) The amount represents the receipts of approximately HK\$1,354,623,000 (31 December 2019: HK\$1,376,684,000) from the purchasers of affordable housings which are collected on behalf of Shanghai government department but are not repaid at the end of the reporting period, net of receivable of approximately HK\$1,160,578,000 (31 December 2019: HK\$1,178,797,000) 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 2020, none (31 December 2019: HK\$340,329,000) was repaid to Shanghai government department.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

**11. TRADE AND OTHER PAYABLES AND DEFERRED REVENUE (CONTINUED)**

Notes: (continued)

- (iii) The amount represents deposit of RMB191,100,000 (equivalent to approximately HK\$209,608,000) (31 December 2019: RMB191,100,000 (equivalent to approximately HK\$213,758,000)) received about disposal of Hunan Qianshuiwan Xiangya Garden Co., Ltd 湖南淺水灣湘雅溫泉花園有限公司 (“Hunan Qianshuiwan”), a partially owned subsidiary of the Group. On 8 April 2018, the Group entered into an equity transfer agreement (the “Agreement”) with Hengda Real Estate Group Changsha Zhiye Company Limited 恒大地產集團長沙置業有限公司 (“Hengda Changsha”), being a non-controlling shareholder of Hunan Qianshuiwan, in relation to the disposal of the Group’s entire equity interest in Hunan Qianshuiwan, at a cash consideration of RMB637,000,000 (equivalent to approximately HK\$755,008,000) which comprises RMB191,100,000 (the “Initial Payment”) for disposal of the equity interest in Hunan Qianshuiwan and RMB445,900,000 for settlement of intercompany balances. According to the terms set out in the Agreement, completion would take place when the consideration was fully settled. Following the completion of this transaction, the Group will cease to have control in Hunan Qianshuiwan. Hengda Changsha is a non-controlling shareholder of Hunan Qianshuiwan and this transaction is a related party transaction.

The transaction was not completed and a consideration of RMB445,900,000 remains outstanding. As disclosed in the Company’s announcement on 2 November 2018, the Group received a summons issued by a court in the PRC that Hengda Changsha pleaded with the court to grant orders to rescind the Agreement and enforced the Group to return the Initial Payment and the earnest money of RMB10,000,000 to Hengda Changsha due to the potential substantial loss that Hengda Changsha would suffer in relation to potential compensation as result of a decision handed down by a court in the PRC against Hunan Qianshuiwan. The Group, after taking the advice from the PRC’s legal advisor, initiated respective legal actions against Hengda Changsha, during the year ended 31 December 2019. On 4 March 2020, the Group received the judgment from Hunan Higher People’s Court 湖南省高級人民法院 (the “Higher Court”) which was favourable to the Group. After that, Hengda Changsha has submitted the appeal (the “Appeal”) to The Supreme People’s Court of the PRC 中華人民共和國最高人民法院 (the “SPC”).

Subsequent to six months ended 30 June 2020, the Group and Hengda Changsha have reached settlement in respect of the Appeal and have entered into a settlement agreement (the “Disposal Settlement Agreement”), pursuant to which Hengda Changsha undertakes, among others, to continue to perform the Agreement on or before 30 October 2020. On 25 August 2020, the SPC issued a consent judgment (the “Disposal Consent Judgment”) in respect of the Disposal Settlement Agreement in accordance with the stipulations of the Civil Procedure Law of the PRC 中華人民共和國民事訴訟法 (the “Civil Procedure Law”). Immediately after the Disposal Consent Judgment took effect after being signed by both parties, the Appeal shall terminate accordingly. In addition, the Group has also entered into a settlement agreement with Evergrande Real Estate Group Limited 恒大地產集團有限公司 (“Evergrande Holdco”) (the “Evergrande Settlement Agreement”), being the sole shareholder of Hengda Changsha, pursuant to which Evergrande Holdco, agrees, among others, to guarantee the payment obligations of Hengda Changsha under the Disposal Consent Judgment. Details of the terms included in the Disposal Settlement Agreement and the Evergrande Settlement Agreement are set out in the Company’s announcement on 26 August 2020.

- (iv) Other taxes payables comprise urban real estate tax payable, city maintenance, construction tax payable, business tax payable and value-added tax payable.

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

	<b>30 June 2020 HK\$’000 (unaudited)</b>	31 December 2019 HK\$’000 (audited)
0–30 days	<b>355,705</b>	805,946
31–180 days	<b>358,215</b>	631,708
181–365 days	<b>483,568</b>	276,219
Over 365 days	<b>236,676</b>	154,949
	<b>1,434,164</b>	1,868,822

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

**12. BANK AND OTHER BORROWINGS**

During the six months ended 30 June 2020, the Group obtained new bank and other borrowings of approximately HK\$6,617,943,000, of which HK\$660,000,000 is denominated in foreign currency of the related entity (six months ended 30 June 2019: HK\$3,366,855,000) of which HK\$423,000,000 is denominated in foreign currency of the related entity). As at 30 June 2020, the banks and other borrowings carry variable interest ranging from 3.80% to 6.51% (31 December 2019: 3.80% to 6.51%) per annum and are payable from one to over five years (31 December 2019: one 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 2020, the Group also repaid the bank and other borrowings of approximately HK\$5,044,313,000 (six months ended 30 June 2019: HK\$773,113,000).

**13. SHARE CAPITAL**

Ordinary shares of HK\$0.04 each

**Issued and fully paid**

	Number of shares '000	Share capital HK\$'000
As at 1 January 2019 and 30 June 2019	4,810,973	192,439
Shares repurchased and cancelled	(4,650)	(186)
As at 31 December 2019, 1 January 2020 and 30 June 2020	4,806,323	192,253

**14. CAPITAL COMMITMENTS**

Capital expenditure in respect of properties under development for sale:

	30 June 2020 HK\$'000 (unaudited)	31 December 2019 HK\$'000 (audited)
Expenditure contracted for but not provided for in the condensed consolidated financial statements		
— additions in properties under development for sale	6,976,682	8,826,760
— capital contribution into joint ventures	—	1,708,613
	6,976,682	10,535,373

## 15. CONTINGENT LIABILITIES

### (a) Corporate guarantees

	<b>30 June 2020 HK\$'000 (unaudited)</b>	31 December 2019 HK\$'000 (audited)
Guarantees given to banks in respect of banking facilities utilised by:		
– property buyers	<b>2,570,188</b>	3,055,182
– an associate	<b>391,576</b>	399,329
	<b>2,961,764</b>	3,454,511

#### ***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 has been made in the condensed consolidated financial statements for these guarantees.

#### ***Guarantee given to banks in respect of banking facilities utilised by an associate of the Group***

The Group entered into an agreement with a bank to provide a corporate guarantee with respect to the bank loan granted to an associate of the Group. As at 30 June 2020, the maximum liability of the Company under such guarantee was the outstanding amount of the bank loan to the associate of RMB357,000,000 (equivalent to approximately HK\$391,576,000) (31 December 2019: RMB357,000,000 (equivalent to approximately HK\$399,329,000)).

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.

## 15. CONTINGENT LIABILITIES (CONTINUED)

### (b) Litigation

As set out in the Company's announcement dated 1 October 2018, Hunan Qianshuiwan, being a non-wholly owned subsidiary of the Group, commenced legal proceedings against XiangYa School of Medicine, Central South University 中南大學湘雅醫學院 ("Xiangya") and Hunan Shangdi Property Development Co., Ltd. 湖南上地置業發展有限公司 ("Shangdi") (Xiangya and Shangdi collectively referred to as the "Defendants") (the "Litigation") in previous years claiming, among others, the return of the surety money to the Group and damages and to seek a ruling from the court to release the parties from a series of agreements entered into between the Group and the Defendants in relation to a proposed residential real estate development on a parcel of land (the "Land") located in Changsha (the "Land Development Agreements"). In the course of proceedings, the Group received counterclaims from the Defendants. The Litigation was conducted at different levels of court in the PRC during the years 2010 to 2017 and the judgment rulings were generally in favour of the Group. However, the judgment handed down by the court on 25 September 2018, after the Defendant's appeal, was unfavourable to the Group and the Group was required, among others, to make a compensation of RMB402.8 million to the Defendants, of which RMB22.8 million relating to the developed part of the Land and RMB380 million relating to the undeveloped part of the Land. The Group made appeal to the Higher Court and it was heard on 7 June 2019.

The judgment received from the Higher Court on 4 March 2020 (the "Appeal Judgment") was unfavourable to the Group. The Higher Court ruled that the Land Development Agreements can no longer be performed and while there were breaches committed by both Hunan Qianshuiwan and Shangdi, the fundamental cause was that Hunan Qianshuiwan had changed the development plan without having properly notified the other parties of the termination of the Land Development Agreements, and thereby violating the original intent of the joint development. Pursuant to the Appeal Judgment, (i) the Land Development Agreements should be released with effect from 6 January 2009; (ii) Shangdi shall return to Hunan Qianshuiwan the surety money in the sum of RMB20 million (together with interest accrued from year 2009 to the date of payment); (iii) Hunan Qianshuiwan shall return to Shangdi the earnest money in the sum of RMB10 million (together with interest accrued from 2009 to the date of payment); (iv) Hunan Qianshuiwan is required to pay Shangdi damages in the amount of RMB122 million (together with interest accrued from year 2007 to the date of payment) as compensation for loss of land use rights in respect of the Land.

The Group, after obtaining opinions from the PRC's legal advisors, considered that it had a good ground to make an application for a retrial to repeal the judgment made by the Higher Court and obtain a favourable result to the Group. Accordingly, during the six months ended 30 June 2020, Hunan Qianshuiwan, commenced the process to pursue civil procuratorial protest against the judgment to the People's Procuratorates 人民檢察院 for a retrial. In July 2020, the People's Procuratorates has accepted the application. As a result, no provision has been made in the condensed consolidated financial statements for the amounts ruled by the Higher Court. Details of this case are set out in the Company's announcement dated 13 March 2020.

During the six months ended 30 June 2020, Shangdi applied for enforcement of the Appeal Judgment and sealing of the land use rights of the Land. The Intermediate People's Court of Changsha Municipality Hunan 湖南省長沙市中級人民法院 issued an execution judgment on 15 July 2020. After that, Hengda Changsha has reached a settlement guarantee performance agreement with Shangdi whereby (i) Hengda Changsha shall provide an irrevocable guarantee in favour of Shangdi in respect of Hunan Qianshuiwan's payment obligations of the judgment sum under the Appeal Judgment, (ii) Hengda Changsha agrees to provide an irrevocable guarantee to Hunan Qianshuiwan regarding the payment of an aggregate amount of approximately RMB385.9 million by installments to Shangdi, and (iii) Shangdi shall not in any way obstruct the construction of the development project on the Land. Details of above are set out in the Company's announcement on 26 August 2020.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

**16. RELATED PARTY TRANSACTIONS**

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

Related party	Nature of transactions	Six months ended 30 June	
		2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Entities controlled by SIHL	Management fee	(941)	—
Associates	Property agency fee	(10,956)	(10,224)
	Rental income	463	—
	Management fee	(340)	—
Non-controlling shareholders of a subsidiary	Interest expenses	—	(8,803)
	Management fee	(3,132)	(3,462)
An entity controlled by Xuhui SASAC	Interest expenses	(10,097)	(10,866)

**(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	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Short-term employee benefits	3,836	6,299
Post-employment benefits	36	—
	<b>3,872</b>	6,299

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

## 16. 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 2020 and 2019.

## 17. 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.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

**17. 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 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 2020 (unaudited)	31 December 2019 (audited)			
Financial assets at FVTPL	<b>Listed equity securities in the PRC – HK\$3,118,000</b>	Listed equity securities in the PRC – HK\$3,342,000	Level 1	Quoted bid prices in an active market	N/A
Equity instruments at FVTOCI	<b>Listed equity securities in the PRC – HK\$122,922,000</b>	Listed equity securities in the PRC – HK\$101,588,000	Level 1	Quoted bid prices in an active market	N/A
	<b>Unlisted equity securities in the PRC – HK\$55,666,000</b>	Unlisted equity securities in the PRC – HK\$58,620,000	Level 3	Adjusted net asset value method under cost approach	Discount factor of 9% (31 December 2019: 4.6%)

**(ii) Reconciliation of Level 3 fair value measurement**

	<b>Unlisted equity securities classified as equity instruments at FVTOCI HK\$'000</b>
As at 1 January 2020	<b>58,620</b>
Exchange realignment	<b>(2,954)</b>
As at 30 June 2020 (unaudited)	<b>55,666</b>

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 2020 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 in both years.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

**17. 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.

**18. DIVIDENDS**

Dividends recognised as distribution during the period:

	<b>Six months ended 30 June</b>	
	<b>2020</b>	2019
	<b>HK\$'000</b>	HK\$'000
	<b>(unaudited)</b>	(unaudited)
2019 final dividend declared — HK1.8 cents (2019: HK1.8 cents for year 2018)	<b>86,514</b>	86,598
2019 special dividend declared — HK2.3 cents (2019: HK2.3 cents for year 2018)	<b>110,544</b>	110,652

A final dividend and a special dividend of HK1.8 cents (2019: HK1.8 cents) per ordinary share and HK2.3 cents (2019: HK2.3 cents) per ordinary share respectively, in an aggregate amount of approximately HK\$197,058,000 (six months ended 30 June 2019: HK\$197,250,000), were declared and an amount of approximately HK\$187,777,000 was paid during the six months ended 30 June 2020 (six months ended 30 June 2019: HK\$195,173,000).

No 2020 interim dividends were proposed during the six months ended 30 June 2020, nor has any dividend been proposed since the end of the reporting period.