

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



深圳控股有限公司
SHENZHEN INVESTMENT LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 00604)

2021 INTERIM RESULTS ANNOUNCEMENT

The board of directors (the “Board”) of Shenzhen Investment Limited (the “Company”) presents the interim condensed consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2021 together with the comparative figures for the corresponding period in 2020. These interim financial information have not been audited, but have been reviewed by the Company’s audit committee and the auditors, PwC.

FINANCIAL HIGHLIGHTS

- The Group realized a revenue of HK\$19.40 billion, representing an increase of 371% over the same period of last year;
- The Group realized a gross profit of HK\$7.30 billion, representing an increase of 366% over the same period of last year;
- The property development business recorded sales revenue booked of HK\$16.90 billion, representing a significant increase of 679% over the same period of last year;
- Profit attributable to equity shareholders was HK\$1.39 billion, representing an increase of 332% over the same period of last year; if excluding the net effect of the changes in fair value of investment properties and financial assets of the Group, profit attributable to equity shareholders was HK\$2.14 billion, representing an increase of 112% over the same period of last year;
- Basic earnings per share were HK15.65 cents, representing an increase of 329% over the same period of last year;
- Net gearing ratio (including all interest-bearing liabilities) was 43.7%, all indicators remain green level of the “Three Red Lines”, and the average comprehensive interest rate in respect of its bank and other borrowings was 3.2%;
- The Board declared the payment of an interim dividend of HK7.00 cents per share.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Note	Unaudited	
		Six months ended 30 June	
		2021	2020
		HK\$'000	HK\$'000
Revenue	5	19,403,841	4,121,596
Cost of sales		<u>(12,103,358)</u>	<u>(2,555,737)</u>
Gross profit		7,300,483	1,565,859
Other income and gains – net	5	222,970	1,023,699
Decrease in fair value of financial assets at fair value through profit or loss		(833,036)	(452,273)
Losses result from changes in fair value of and transfer to investment properties		(145,277)	(464,275)
Selling and distribution expenses		(171,156)	(79,506)
Administrative expenses		(584,122)	(230,979)
Other operating gains/(expenses)		<u>94,880</u>	<u>(188,254)</u>
Operating profit		5,884,742	1,174,271
Financial costs – net	11	(398,034)	(591,097)
Share of results of joint ventures and associates		<u>168,866</u>	<u>140,029</u>
Profit before income tax		5,655,574	723,203
Income tax expenses	12	<u>(3,800,727)</u>	<u>(354,693)</u>
Profit for the period		<u>1,854,847</u>	<u>368,510</u>
Profit is attributable to:			
– Owners of the Company		1,393,043	322,590
– Non-controlling interests		<u>461,804</u>	<u>45,920</u>
		<u>1,854,847</u>	<u>368,510</u>
Earnings per share for profit attributable to the owners of the Company (HK cents)	13		
– Basic		<u>15.65</u>	<u>3.65</u>
– Diluted		<u>15.65</u>	<u>3.65</u>

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Unaudited	
	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
Profit for the period	1,854,847	368,510
<i>Items that may be reclassified subsequently to profit or loss:</i>		
– Share of changes of other comprehensive income of an associate	202,967	(84,192)
– Exchange differences on translation of foreign operation	584,617	(1,073,018)
	<u>2,642,431</u>	<u>(788,700)</u>
Total comprehensive income for the period	<u>2,642,431</u>	<u>(788,700)</u>
Total comprehensive income attributable to:		
– Owners of the Company	2,103,878	(764,749)
– Non-controlling interests	538,553	(23,951)
	<u>2,642,431</u>	<u>(788,700)</u>
	<u>2,642,431</u>	<u>(788,700)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		Unaudited 30 June 2021 <i>HK\$'000</i>	Audited 31 December 2020 <i>HK\$'000</i>
	<i>Note</i>		
ASSETS			
Non-current assets			
Property, plant and equipment		6,398,363	6,307,594
Investment properties		35,821,046	35,650,870
Prepaid land lease payments		33,317	33,486
Investments in joint ventures		7,969,400	8,060,608
Investments in associates		6,145,675	5,836,961
Goodwill		382,037	381,982
Financial asset at fair value through profit or loss	7	6,006,198	6,763,935
Financial assets at fair value through other comprehensive income		4,035	3,989
Other financial assets		730,284	838,324
Deferred income tax assets		<u>2,591,061</u>	<u>2,632,401</u>
		<u>66,081,416</u>	<u>66,510,150</u>
Current assets			
Properties under development		35,682,606	40,746,833
Completed properties held for sale		17,291,341	17,562,192
Trade and other receivables	8	10,831,465	8,529,448
Inventories		243,435	176,558
Financial asset at fair value through profit or loss	7	1,763	1,982
Biological assets		3,011	2,939
Other financial assets		8,680	35,284
Restricted bank deposits		2,537,234	2,543,969
Cash and cash equivalents		<u>19,024,911</u>	<u>16,166,471</u>
		<u>85,624,446</u>	<u>85,765,676</u>
Total assets		<u><u>151,705,862</u></u>	<u><u>152,275,826</u></u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		Unaudited 30 June 2021 <i>HK\$'000</i>	Audited 31 December 2020 <i>HK\$'000</i>
	<i>Note</i>		
EQUITY			
Equity attributable to owners of the Company			
Share capital		22,071,756	22,071,756
Share premium		59,019	59,019
Other reserves		6,753,206	6,074,395
Retained earnings		22,868,155	22,419,115
		51,752,136	50,624,285
Non-controlling interests		5,318,379	4,781,563
Total equity		57,070,515	55,405,848
LIABILITIES			
Non-current liabilities			
Bank and other borrowings	9	21,957,064	18,088,589
Lease liabilities		200,534	340,587
Deferred income		74,897	29,114
Due to the immediate holding company		789,545	698,963
Due to the ultimate holding company		3,048,382	1,208,557
Deferred income tax liabilities		8,835,800	9,491,481
		34,906,222	29,857,291
Current liabilities			
Bank and other borrowings	9	12,685,127	12,739,824
Contract liabilities		9,908,815	19,718,224
Trade and other payables	10	17,101,328	14,829,595
Lease liabilities		105,036	115,046
Due to the immediate holding company		1,079,832	1,071,781
Due to the ultimate holding company		6,484,776	8,206,911
Tax payable		12,364,211	10,331,306
		59,729,125	67,012,687
Total liabilities		94,635,347	96,869,978
Total equity and liabilities		151,705,862	152,275,826

1 GENERAL INFORMATION

Shenzhen Investment Limited (the “Company”) is a limited liability company incorporated in Hong Kong. The address of the Company’s registered office is located at 8th Floor, New East Ocean Centre, 9 Science Museum Road, Kowloon, Hong Kong. The principal activities of the Company and its subsidiaries (collectively referred to as the “Group”) are described in note 4.

In the opinion of the directors, the immediate holding company of the Company is Shum Yip Holdings Company Limited (“Shum Yip Holdings”, 深業(集團)有限公司), which is a private company incorporated in Hong Kong. The ultimate holding company of the Company is 深業集團有限公司 (“Shum Yip Group”), which is a state-owned company established in Shenzhen, the People’s Republic of China (the “PRC”).

The Company’s shares are listed on The Stock Exchange of Hong Kong Limited.

This condensed consolidated interim financial information is presented in Hong Kong dollar (“HK\$”) and all values are rounded to the nearest thousand (HK\$’000) except when otherwise indicated.

This interim financial information was approved for issue by the board of directors of the Company on 27 August 2021 and has not been audited.

2 BASIS OF PREPARATION

This interim financial information for the six months ended 30 June 2021 has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34, ‘interim Financial Reporting’. This interim financial information should be read in conjunction with the annual consolidated financial statements of the Company for the year ended 31 December 2020 (“2020 Financial Statements”), which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”) and disclosure requirements under the Hong Kong Companies Ordinance, and any public announcements made by the Company during the interim reporting period.

The financial information relating to the financial year ended 31 December 2020 that is included in the interim financial report as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that financial year but is derived from those financial statements. Further information relating to these statutory financial statements disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

The Company has delivered the 2020 financial statements to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance.

The Company’s auditor has reported on those financial statements. The auditor’s report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under section 406(2), 407(2) or (3) of the Companies Ordinance.

3 ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the adoption of new and amended standards as set out below.

(a) New and amended standard adopted by the Group

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

(b) New, revised and amendments to existing standards have been issued but not yet effective and have not been early adopted by the Group:

		Effective for accounting periods beginning on or after
Amendments to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021	1 April 2021
Amendment to HKFRS 3	Reference to the conceptual framework	1 January 2022
Amendments to HKAS 16	Proceeds before intended use	1 January 2022
Amendments to HKAS 37	Cost of fulfilling a contract	1 January 2022
Annual improvement project	Annual improvements 2018-2020 Cycle	1 January 2022
Accounting Guideline 5 (Revised)	Merger accounting for common control combinations	1 January 2022
HK Interpretation 5	Presentation of financial statements- classification by the borrower of a term loan that contains a repayment on demand clause	1 January 2022
HKFRS 17	Insurance contracts	1 January 2023
Amendments to HKAS 1	Classification for liabilities as current or non-current	1 January 2023
Amendments to HKAS 1	Disclosure of Accounting Policies	1 January 2023
Amendments to HKAS 8	Definition of Accounting Estimates	1 January 2023
Amendments to HKAS 12	Deferred tax related to assets and liabilities arising from a single transaction	1 January 2023
HFRS 10 and HKAS 28 (Amendments)	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

The Group has already commenced an assessment of the impact of these new or revised standards and amendments, certain of which are relevant to the Group's operations. According to the preliminary assessment made by the Group, no significant impact on the financial performance and position of the Group is expected when they become effective.

4 SEGMENT INFORMATION

The executive directors (chief operating decision-maker) assess the performance of the operating segments based on a measurement of operating profit. Information of segment assets and liabilities are not included in the reports reviewed by the executive directors. Other information provided to the executive directors is measured in a manner consistent with that in the 2020 financial statements. There has been no change in the basis of the segmentation or in the basis of the measurement of the segment profit or loss for the six months ended 30 June 2021 compared to 2020.

Revenue between segments are carried out on terms agreed upon by the respective parties. The revenue from external parties reported to the executive directors is measured in a manner consistent with that in the consolidated statement of profit or loss.

Capital expenditure comprises additions to right-of-use assets, property, plant and equipment and investment properties.

The segment information provided to executive directors for the reportable segments for the six months ended 30 June 2021 and 2020 are as follows:

Six months ended 30 June 2021

	Property development <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Property management <i>HK\$'000</i>	Manufacturing <i>HK\$'000</i>	Others <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue form contracts with customers						
Recognised at a point of time	16,904,437	-	-	192,436	167,388	17,264,261
Recognised over time	-	-	1,227,118	-	257,206	1,484,324
Revenue from other sources						
Rental income	-	713,423	-	-	-	713,423
Total segment revenue	16,904,437	713,423	1,227,118	192,436	424,594	19,462,008
Inter-segment revenue	-	(28,104)	(15,516)	-	(14,547)	(58,167)
Revenue form external customers	16,904,437	685,319	1,211,602	192,436	410,047	19,403,841
Segment results before decrease in fair value of investment properties	6,309,488	298,821	99,231	42,090	(32,247)	6,717,383
Losses result from changes in fair value of and transfer to investment properties	-	(145,277)	-	-	-	(145,277)
Segment results after decrease in fair value of investment properties	6,309,488	153,544	99,231	42,090	(32,247)	6,572,106
Share of results of joint ventures and associates						168,866
Other income and gains						222,970
Fair value loss of financial assets measured at fair value through profit or loss, net						(833,036)
Corporate and other unallocated expenses						(77,298)
Finance costs						(398,034)
Profit before taxation						5,655,574

Six months ended 30 June 2020

	Property development <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Property management <i>HK\$'000</i>	Manufacturing <i>HK\$'000</i>	Others <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue form contracts with customers						
Recognised at a point of time	2,170,216	–	–	127,397	196,854	2,494,467
Recognised over time	–	–	940,944	–	203,561	1,144,505
Revenue from other sources						
Rental income	–	568,887	–	–	–	568,887
Total segment revenue	2,170,216	568,887	940,944	127,397	400,415	4,207,859
Inter-segment revenue	–	(8,278)	(23,789)	–	(54,196)	(86,263)
Revenue form external customers	2,170,216	560,609	917,155	127,397	346,219	4,121,596
Segment results before decrease in fair value of investment properties	891,269	448,913	19,231	7,816	(74,919)	1,292,310
Losses result from changes in fair value of and transfer to investment properties	–	(464,275)	–	–	–	(464,275)
Segment results after decrease in fair value of investment properties	891,269	(15,362)	19,231	7,816	(74,919)	828,035
Elimination of intersegment results						(19,730)
Other income and gains						1,023,699
Fair value loss of financial assets measured at fair value through profit or loss, net						(452,273)
Corporate and other unallocated expenses						(65,431)
Finance costs						(591,097)
Profit before taxation						723,203

As the Group generates substantially all of its revenues from customers domiciled in the Mainland China and majority of its non-current assets are located in Mainland China, no geographical information is presented.

5 REVENUE, OTHER INCOME AND GAINS – NET

Revenue, represents sale of completed properties, commercial and industrial goods, rental income, property management fee income and others.

Revenue from contracts with customers by major products and service lines is as follows:

	Six months ended 30 June	
	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Revenue from contracts with customers		
Sales of completed properties	16,904,437	2,170,216
Property management fee income	1,211,602	917,155
Sales of commercial and industrial goods	192,436	127,397
Others	410,047	346,219
	<u>18,718,522</u>	<u>3,560,987</u>
Revenue from other sources		
Rentals income	685,319	560,609
	<u>19,403,841</u>	<u>4,121,596</u>
Other income and gains – net		
Interest income	162,218	120,058
Dividend income (a)	1,654	868,554
Others	59,098	35,087
	<u>222,970</u>	<u>1,023,699</u>

- (a) Pursuant to the investment agreements disclosed in note 7, the Group received a dividend from Hengda Real Estate Group Company Limited (“Hengda Real Estate”) of HK\$868,455,000 during the six months ended 30 June 2020.

6 PROFIT BEFORE TAXATION

The Group's profit before taxation is arrived at after charging/(crediting):

	Six months ended 30 June	
	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Decrease in fair value of financial assets at fair value through profit or loss	833,036	452,273
Losses result from changes in fair value of and transfer to investment properties	145,277	464,275
Gain on disposal of a subsidiary	(32,881)	–
	<u>945,432</u>	<u>916,548</u>

7 FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2021 <i>HK\$'000</i>	31 December 2020 <i>HK\$'000</i>
Non-current:		
Financial assets measured at FVPL		
– Listed equity investments in Mainland China	27,243	26,935
– Unlisted equity investments in Mainland China (<i>note (a)</i>)	5,978,955	6,737,000
	<u>6,006,198</u>	<u>6,763,935</u>
Current:		
Financial assets measured at FVPL		
– Listed equity investments in Hong Kong	1,763	1,982

- (a) The balance mainly represented the Group's equity investments in the equity interests of Hengda Real Estate ("Hengda Investments") of HK\$5,978,955,000 (2020: HK\$6,737,000,000), the details of Hengda Investments are set out below:

In 2017, the Group entered into investment agreements ("Investment Agreements") with Guangzhou Kailong Real Estate Company Limited ("Kailong Real Estate"), and Hengda Real Estate, both of which are subsidiaries of China Evergrande Group, and Mr. Hui Ka Yan ("Mr. Hui", a director and the controlling shareholder of China Evergrande Group). Pursuant to the Investment Agreements, the Group agreed to contribute RMB5,500,000,000 (equivalent to HK\$6,337,100,000) to the capital of Hengda Real Estate for acquisition of approximately 2.0522% of the enlarged equity interest of Hengda Real Estate at the date of contribution, which was subsequently diluted to 1.7626% of the enlarged equity interest of Hengda Real Estate after the capital contributions from other investors in 2017. Based on the Investment Agreements, Hengda Real Estate would undergo a major assets reorganization ("Proposed Reorganisation") such that Kailong Real Estate, as the holding company of Hengda Real Estate, will become the controlling shareholder of Shenzhen Special Economic Zone Real Estate & Properties (Group) Co. Ltd., a company listed on the Shenzhen Stock Exchange, after the Proposed Reorganisation.

In addition, if the Proposed Reorganisation of Hengda Real Estate was not completed by 31 January 2020 (“Listing Deadline”) and the failure to complete is not caused by reasons attributable to the Group, the Group is entitled to have the right (“Hengda Option Right”) within two months of the expiry of the Listing Deadline to demand Kailong Real Estate to either:

- (i) buy back the entire equity interest in Hengda Real Estate held by the Group at the original amount of capital contributed by it, provided that Kailong Real Estate may choose not to buy back such equity interest from the Group, in which case, the Group will have the right to request Mr. Hui to buy back the entire equity interest held by the Group at the original amount of capital contributed by it; or
- (ii) transfer additional shares, which are equivalent to 50% of the equity interest held by the Group in Hengda Real Estate on the signing of the compensation agreement (excluding any additional equity interest acquired by the Group after the date of the Investment Agreements), to the Group at nil consideration.

In January 2020, the Group, Kailong Real Estate, Hengda Real Estate and Mr. Hui entered into a supplemental investment agreement pursuant to which the parties thereto have agreed to amend certain terms of the Investment Agreements that the Listing Deadline has been extended from 31 January 2020 to 31 January 2021.

In November 2020, the Group, Kailong Real Estate, Hengda Real Estate and Mr. Hui entered into a supplemental investment arrangement pursuant to which the Group has exercised the Hengda Option Right under the Investment Agreements, and as the Proposed Reorganisation has been terminated before the Listing Deadline, the parties thereto have further agreed to make a few clarification and supplemental changes to the terms of the Investment Agreements as follows:

- (i) The Group will continue to hold the equity interest of Hengda Real Estate and its equity interest was increased to 2.6439% in accordance with the supplemental investment agreement.
- (ii) Kailong Real Estate (or its designated third party) may propose to the Group to buy back the equity interest in Hengda Real Estate held by the Group at RMB5.5 billion (“Share Buy-back”) before 31 December 2023, which is subject to the Company’s review and approval in accordance with relevant regulatory requirements including those applicable to state-owned assets and listed companies. And, in the case the application is being approved, the Group and Kailong Real Estate will proceed to process the Share Buy-back in accordance with the prescribed procedures. As of the date of this announcement, Kailong Real Estate did not propose such Share Buy-back.

During the period ended 30 June 2021, there was a decrease in fair value in respect of Hengda Investments of HK\$832,818,500, which was recognised in the consolidated statement of profit or loss.

8 TRADE AND OTHER RECEIVABLES

	30 June 2021 HK\$'000	31 December 2020 HK\$'000
Trade receivables — net (a)	953,488	875,138
Other receivables — net (b)	4,069,228	4,098,767
Deposit for land (c)	3,217,087	203,270
Prepayments (d)	2,591,662	3,352,273
	10,831,465	8,529,448

(a) Trade receivables

	30 June 2021 HK\$'000	31 December 2020 HK\$'000
Trade receivables	1,126,218	1,037,538
Less: provision for loss allowance	(172,730)	(162,400)
	953,488	875,138

The Group normally does not grant any credit terms to its customers for the sale of properties. The Group seeks to maintain strict control over its outstanding receivables. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

As at 30 June 2021, the Group's trade receivables with a net carrying value of approximately HK\$13,716,000 (31 December 2020: HK\$3,785,000) was pledged to secure other borrowings granted to the Group (note 9(b)).

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	30 June 2021 HK\$'000	31 December 2020 HK\$'000
Within 1 year	915,789	701,438
1 to 2 years	28,528	136,539
2 to 3 years	9,171	37,161
	953,488	875,138

None of whom contributed 10% or more of the Group's total revenue during the six months ended 30 June 2021 and 2020.

(b) Other receivables and prepayments

	30 June 2021 HK\$'000	31 December 2020 HK\$'000
Due from the ultimate holding company	26,471	14,274
Due from the immediate holding company	1,273	1,739
Due from non-controlling shareholders	2,158,545	2,053,150
Loans to joint ventures	788,915	707,541
Loans to associates	677	1,857
Others (i)	1,283,311	1,531,957
	<u>4,259,192</u>	<u>4,310,518</u>
Less: allowance for impairment	(189,964)	(211,751)
Other receivables — net	<u>4,069,228</u>	<u>4,098,767</u>

(i) Others mainly included land refund due from the local government and water and electricity fees paid for the construction parties.

(c) Deposit for land are related to prepaid land acquisition costs while relevant land use right certificates have not been obtained as at 30 June 2021.

(d) Prepayments mainly included prepaid value-added taxes and prepayments for purchases of construction materials and services.

9 BANK AND OTHER BORROWINGS

	30 June 2021 HK\$'000	31 December 2020 HK\$'000
Non-current		
Bank loans — secured (note(b))	48,072	108,126
Bank loans — unsecured	15,245,131	15,842,891
Other borrowings-secured CMBS (note(a), note(b))	6,663,861	2,137,572
	<u>21,957,064</u>	<u>18,088,589</u>
Current		
Bank loans — secured (note(b))	72,108	337,954
Bank loans — unsecured	12,502,567	10,610,971
Other borrowings-secured CMBS (note(a), note(b))	110,452	8,599
Other borrowings — unsecured	—	1,782,300
	<u>12,685,127</u>	<u>12,739,824</u>
	<u>34,642,191</u>	<u>30,828,413</u>

All of the non-current interest-bearing borrowings are carried at amortised cost.

- (a) At 30 June 2021, other borrowings included Commercial Mortgage-backed Securities (“CMBS”) as below:

At 16 June 2020, RMB1,900,000,000 (equivalent to HK\$2,283,420,000) issued in China Interbank Bond Market, which were secured by certain property, plant and equipment, investment properties and its receivables of future rental incomes. The interest rates of the CMBS classified as Priority Level with a principal amount of RMB1,800,000,000 was fixed at 3.31% per annum. The term of the CMBS was 20 years. At the end of the third year, the sixth year and the ninth year, the Group shall be entitled to adjust the interest rates of the CMBS or repurchase the outstanding balance, and the holders of the CMBS shall be entitled to require the Group to redeem the outstanding balance.

At 1 March 2021, RMB1,800,000,000 (equivalent to HK\$2,163,240,000) issued in China Interbank Bond Market, which were secured by certain property, plant and equipment, investment properties and its receivables of future rental incomes. The interest rates of the CMBS classified as Priority Level with a principal amount of RMB1,790,000,000 was fixed at 3.88% per annum. The term of the CMBS was 18 years. At the end of the third year, the sixth year and the ninth year, the Group shall be entitled to adjust the interest rates of the CMBS or repurchase the outstanding balance, and the holders of the CMBS shall be entitled to require the Group to redeem the outstanding balance.

At 7 May 2021, RMB2,000,000,000 (equivalent to HK\$2,403,600,000) issued in China Interbank Bond Market, which were secured by certain property, plant and equipment, investment properties and its receivables of future rental incomes. The interest rates of the CMBS classified as Priority Level with a principal amount of RMB1,999,000,000 was fixed at 3.80% per annum. The term of the CMBS was 18 years.

- (b) Loans amounting to approximately HK\$6,894,493,000 (31 December 2020: HK\$2,592,251,000) were secured by certain of the Group’s assets with carrying amounts as below:

	Carrying Amount Value		Amount of Banking Facilities	
	30 June 2021 HK\$’000	31 December 2020 HK\$’000	30 June 2021 HK\$’000	31 December 2020 HK\$’000
Plant, property and equipment	–	261,040	–	118,860
Properties under development	405,147	2,972,440	631,402	2,359,533
Trade receivables and investment properties	8,156,872	2,442,447	6,731,428	2,138,760
	8,562,019	5,675,927	7,362,830	4,617,153

- (c) At 30 June 2021, bank borrowing of approximately HK\$21,889,534,000 (31 December 2020: HK\$30,828,413,000) was bearing the floating rate.
- (d) Except for the bank loans equivalent to approximately HK\$15,803,296,000 (31 December 2020: HK\$17,410,480,000), which are denominated in Hong Kong dollars, and the bank loans equivalent to approximately HK\$1,976,663,000 (31 December 2020: nil), which are denominated in US dollars, all borrowings as at 30 June 2021 are denominated in RMB.
- (e) At 30 June 2021, the average effective interest rate of the bank and other borrowings was 3.20% (30 June 2020: 4.37%).

10 TRADE AND OTHER PAYABLES

	30 June 2021 HK\$'000	31 December 2020 HK\$'000
Trade payables (a)	4,258,156	3,863,062
Other payables and accruals (b)	12,527,490	10,555,929
Other taxes payable (c)	315,682	410,604
	17,101,328	14,829,595

(a) Trade payables

The ageing analysis of the trade payables based on invoice date was as follows:

	30 June 2021 HK\$'000	31 December 2020 HK\$'000
Within 1 year	3,462,511	3,065,646
1 to 2 years	122,326	136,725
2 to 3 years	34,517	107,048
Over 3 years	638,802	553,643
	4,258,156	3,863,062

(b) Other payables and accruals

Other payables and accruals mainly included deposits from property buyers and current accounts due to immediate and ultimate holding of the Group, joint ventures, associates, fellow subsidiaries and non-controlling interest of the Group.

(c) Other taxes payable

Other taxes payable mainly included output value-added taxes related to receipt in advance from customers, value-added taxes payable and other taxes.

11 FINANCE COSTS – NET

	Six months ended 30 June	
	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Interest on:		
Bank loans	438,065	459,565
Other borrowings	95,655	100,059
Lease liabilities	10,416	8,700
Loans from the ultimate holding company	82,744	33,395
Loans from the immediate holding company	12,988	11,079
Loans from fellow subsidiaries	51,633	78,073
Loans from a joint venture	2,359	2,643
Loans from other related company	3,931	3,503
	<u>697,791</u>	<u>697,017</u>
Interest accrued on contract liabilities	131,410	329,068
	<u>829,201</u>	<u>1,026,085</u>
Less: Interest capitalised into properties under development	<u>(431,167)</u>	<u>(434,988)</u>
	<u><u>398,034</u></u>	<u><u>591,097</u></u>

The capitalisation rate used to determine the amount of interest on general borrowings incurred eligible for capitalisation for the six months ended 30 June 2021 was 1.98% per annum (six months ended 30 June 2020: 2.73% per annum). Most of the properties under development are located in Mainland China.

12 INCOME TAX EXPENSES

	Six months ended 30 June	
	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Current income tax		
– Mainland China CIT	1,602,793	342,675
– Withholding tax on dividend	–	16,528
– LAT in Mainland China	2,872,384	357,178
	<u>4,475,177</u>	<u>716,381</u>
Deferred income tax		
– Mainland China CIT	(315,972)	(372,352)
– Withholding tax on dividend	240,291	28,557
– LAT in Mainland China	(598,769)	(17,893)
	<u>(674,450)</u>	<u>(361,688)</u>
	<u><u>3,800,727</u></u>	<u><u>354,693</u></u>

The provision for Hong Kong Profits Tax for the six months ended 30 June 2021 is calculated at 16.5% (2020: 16.5%) of the estimated assessable profits for the interim period. No provision for Hong Kong Profits Tax was made as the Group has no assessable profits arising in or derived from Hong Kong for the interim period (2020: nil).

Pursuant to the rules and regulations of the British Virgin Islands (“BVI”), the Group is not subject to any income tax.

Under the relevant income tax law, the Mainland China subsidiaries are subject to corporate income tax (“CIT”) at a statutory rate of 25% on their respective taxable income during the period.

Land appreciation tax (“LAT”) is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from sale of properties less deductible expenditures including amortisation of land use rights, borrowing costs and all property development expenditures.

13 EARNINGS PER SHARE

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

	Six months ended 30 June	
	2021	2020
Profit attributable to the owners of the Company (HK\$'000)	1,393,043	322,590
Weighted average number of ordinary shares in issue during the period	<u>8,899,893,115</u>	<u>8,833,437,048</u>

For the six months ended 30 June 2021 and 2020, the effect of conversion of share option scheme were anti-dilutive and the diluted earnings per share for the period is therefore equal to the basic earnings per share.

14 DIVIDENDS

	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
Dividends recognised as distribution during the period:		
Final dividend declared for 2020 – HK\$11 cents per share (six months ended 30 June 2020: declared for 2019 – HK\$11 cents per share) (a)		
Scrip shares	–	161,488
Cash	<u>978,988</u>	<u>810,190</u>
	<u>978,988</u>	<u>971,678</u>
Dividend declared in respect of current period:		
Interim dividend for 2021 – HK\$7 cents per share (Interim dividend for 2020: HK\$7 cents per share) (b)	<u>622,993</u>	<u>622,993</u>

- (a) The Company declared a final dividend of HK\$11.00 cents per share in respect of year ended 31 December 2020 amounted to approximately HK\$978,988,000. The final dividend has been paid in the cash on 8 July 2021.

The Company declared a final dividend of HK\$11.00 cents per share in respect of year ended 31 December 2019 amounted to HK\$971,678,000, of which HK\$810,190,000 were paid in cash and the remaining balance of HK\$161,488,000 were settled in the form of 66,456,067 scrip shares on 17 August 2020.

- (b) On 27 August 2021, the board has recommended an interim dividend of HK\$7.00 cents per share. This interim dividend, amounting to HK\$622,993,000 has not been recognised as liabilities in this interim financial information (six months ended 30 June 2020: HK \$622,993,000).

15 COMMITMENTS

Capital commitments outstanding at 30 June 2021 not provided for in the interim financial report:

	30 June 2021 HK\$'000	31 December 2020 HK\$'000
Commitments in respect of the acquisition of land and buildings, and development costs attributable to properties under development:		
Contracted, but not provided for	<u>8,035,715</u>	<u>4,974,251</u>

As disclosed in the Company's announcement dated 14 July 2017, the Group agreed a maximum capital contribution to a related party, Shum King Company Limited, of HK\$3,000,000,000 for its development of a piece of land in Hong Kong. As at 30 June 2021, the Group had an outstanding capital commitment to Shum King of HK\$1,906,000,000 (31 December 2020: HK\$1,906,000,000).

As disclosed in the Company's announcement dated 27 June 2021, the Group and Hefei Vanke Ruixiang Real Estate Company Limited (an indirect wholly owned subsidiary of China Vanke Co., Ltd) won the bid for the land use rights of the mixed-use Land offered for sale by Zhongshan Natural Resources Bureau at the bid price of RMB8,191,000,000 (equivalent to HK\$9,843,000,000) through the public bidding process held by Zhongshan Public Resources Transaction Centre. As at 30 June 2021, the Group had an outstanding capital commitment of HK\$3,501,000,000.

16 FINANCIAL GUARANTEES

	30 June 2021 HK\$'000	31 December 2020 HK\$'000
Financial guarantees to purchasers of the Group's properties (a)	6,545,268	9,122,402
Financial guarantees to related parties of the Group (b)	<u>1,439,983</u>	<u>1,606,057</u>

- (a) Pursuant to the terms of the guarantees, if there is default of the mortgage payments by these purchasers, the Group is responsible for repaying the outstanding mortgage loans together with any accrued interest and penalty owed by the defaulted purchasers to banks. The Group is then entitled to take over the legal title of the related properties. The Group's guarantee period commences from the date of grant of the relevant mortgage loan and ends after the buyer of the Group's properties obtained the individual property ownership certificate.

The directors consider that in case of default in payments, the net realizable value of the related properties can cover the repayment of the outstanding mortgage loans together with any accrued interest and penalty and therefore no provision has been made in connection with the guarantees.

- (b) As at 30 June 2021, the Group has given guarantees amounted to HK\$1,439,983,000 (31 December 2020: HK\$1,606,057,000) in respect of bank loans and other borrowings to Guangzhou Pik Sum Real Estate Development Company Limited and Taizhou Shum Yip Investment Development Limited, both of which are joint ventures of the Group.

CHAIRMAN’S STATEMENT

The global situation of the COVID-19 pandemic diverged in the first half of 2021, showing an ever-evolving trend in the United States and Europe and a worsening trend in the emerging markets. Remarkable achievements were made in the overall prevention and control of pandemic in China, though with minor fluctuations in some areas. Due to regular precise prevention and control, combined with emergency response measures, the economic and social development of China went well and achieved restorative growth. However, the global pandemic situation continues to evolve, the external environment is complicated, the recovery of domestic economy remains unstable and uneven, and uncertainties and risk factors still exist.

The overall real estate market operated in a stable manner underpinned by the principal real estate policy of “stabilizing land prices, housing prices and expectations”. Under the centralized model of land supply, the divergence between cities and businesses was intensifying. The real estate regulation was tightening further in popular cities. In Shenzhen, under multiple controls, such as the price guidance mechanism for second-hand housing, household registration conditions and strict investigation of business loans, dealings in the second-hand housing cooled down, while new housing dealings remained relatively active due to short supply, increasing by 56% over the same period of last year. Attributable to the economic recovery, the occupancy rate and rent level of Shenzhen office building market picked up.

In adapting to a complex economic environment, the Group actively promoted the progress of various businesses, expanded land resources as appropriate, adopted an innovative marketing model, ensured our projects were completed, and achieved satisfactory results in the first half of the year.

2021 Interim Results

During the period, the Group achieved a turnover of HK\$19.40 billion, representing an increase of 371% over the same period of last year. Gross profit was HK\$7.30 billion, representing an increase of 366% over the same period of last year. Profit attributable to equity shareholders of the Company was HK\$1.39 billion, representing an increase of 332% over the same period of last year. If excluding the net effect of changes in fair value of investment properties attributable to the Group and fair value of financial assets, profit attributable to equity shareholders of the Company was HK\$2.14 billion, representing an increase of 112% over the same period of last year. Basic earnings per share were HK15.65 cents, representing an increase of 329% over the same period of last year. The Board has resolved to pay an interim dividend of HK7.00 cents per share for 2021 in cash during the period.

Steady Contracted Sales with Significant Increase in Revenue

In the context of tightening real estate regulations and increasing reliance on channels, the Group strengthened marketing innovation and actively conducted online and offline sales and realized contracted sales of approximately RMB7.2 billion in the first half of the year, representing 40% of the annual sales target. Project sales in the Greater Bay Area was approximately RMB3.4 billion; project sales in second-tier cities, such as Changsha, Nanjing and Chengdu, exceeded expectations due to the expansion of new marketing channels; and sales third-tier and fourth-tier cities, such as Ma'anshan and Taizhou, performed well as projects were sold out as soon as they were launched for sale.

During the period, the Group accelerated the progress of projects to ensure Terra Licheng, Parkview Bay, Shum Yip Zhongcheng, Ma'anshan Shum Yip Huafu and other projects were successfully completed and realized real estate development and sales revenue of approximately HK\$16.90 billion, representing a significant increase of 679% over the same period of last year. The profitability maintained at a high level, posting gross profit margin of real estate development of approximately 39% and contributing considerable returns to shareholders.

Outstanding Performance Achieved in the Operation of Property Investment Segment

Due to effective pandemic prevention and control, various economic activities gradually returned to normal and the office leasing market in Shenzhen picked up in the first half of the year. According to DTZ Research, the vacancy rate of Grade A office buildings in Shenzhen market dropped to 22.3% in the first half of the year and the rent rose from the end of last year, ending two-year decline. The overall operation level of the Group's investment properties continued to outperform the market and the overall vacancy rate of existing properties was approximately 11%. Furthermore, the Group actively promoted upgrading for its current shopping malls and solicited businesses for its new projects. Through proactive adjustment to brand portfolio and active marketing, foot traffic in UpperHills increased by 180% as compared with the same period of last year, with the rent from new merchants increasing significantly. The operation of other shopping malls rose steadily. The Group realized property investment income of approximately HK\$690 million in the first half of the year, representing an increase of 22% over the same period of last year.

Expanding Quality Land Resources with Significant Achievements

The Group continues to focus on the Guangdong-Hong Kong-Macao Greater Bay Area and expand its presence into various key cities. It acquired quality land resources in Shenzhen, Zhongshan, Changsha and Ma'anshan, adding capacity building areas of land reserve of approximately 1.76 million square meters in the first half of the year with a total land premium of approximately RMB9.4 billion.

During the period, the Group made a great breakthrough in the Guangdong-Hong Kong-Macao Greater Bay Area. Shenzhen urban renewal projects progressed well and the project company has been identified for Bagualing Shanglinyuan project, which became the first launched urban renewal project in Bagualing. The Group, jointly with Vanke, won the bid for a complex plot in Cuiheng New District, Zhongshan at a total price of RMB8.19 billion, with a capacity building area of 1.55 million square meters and to be developed as the most influential large-scale complex on the west bank of the Greater Bay Area and a new urban landmark. In addition, the Group won the bid for a commercial and residential land plot of 84,000 square meters in Changsha and an industrial land plot of 80,000 square meters in Ma'anshan respectively. The acquisition of the above projects is an important step taken by the Company to implement the strategy of focusing on the Guangdong-Hong Kong-Macao Greater Bay Area and expanding presence in key cities, further optimizes the land bank structure of the Group, and lays a solid foundation for achieving the target of doubling the total economic output during the period of the "14th Five-Year Plan".

Accelerated Development of Urban Operation Service Segment

The Group accelerated the development of operation service business to provide comprehensive services to various types of properties, including residential communities, industrial parks, shopping malls, hospitals, government buildings, neighborhoods and communities. Approximately 75% of the operation service income was generated from non-related external projects. During the period, the Group has 52 newly obtained projects with a newly signed area of more than 11 million square meters. The Group is committed to serving urban upgrades and developing the "property management city", a new form of business, as an important driver for the rapid development of its operation service business. Huafu, Meilin, Futian and Xiangmihu, which were identified by the Group in applying the management form of "property management city" in 2020, were ranked among the tops in the evaluation of environmental performance of 74 communities in Shenzhen and received unanimous recognition from the government, citizens and the industry. In the first half of 2021, the Group newly obtained 7 "property management city" projects in Shenzhen, covering an area of approximately 8.5 million square meters. Meanwhile, with its experience-based management case and outstanding brand service, the Group successfully obtained a community-level project in Yushan District, Ma'anshan, demonstrating that the "property management city" operating model has been rolled out from Shenzhen and nationwide in China.

In addition, the Group's urban operation service segment is speeding up its internal integration and mixed-ownership reform to activate the system mechanism, providing intrinsic momentum for the rapid development of business.

Maintaining a Sound Financial Position

Under the increasingly stringent financial regulation environment in real estate, the Group strengthened its integrated fund planning and financial management. By means of debt replacement and optimization of loan portfolio, the Group improved capital efficiency and reduced finance costs. The average comprehensive annualized interest rate of the Group's bank and other borrowings stood at 3.2%, representing a decrease of 0.5 percentage point from the whole of last year. As at 30 June 2021, net gearing ratio (inclusive of all interest-bearing liabilities) maintained at a low level of 43.7%. All indicators of the "Three Red Lines" fell into the green level. Furthermore, the Group innovated its financing methods by completing two issuance of commercial mortgage-backed securities ("CMBS") with total size of the issuance amounting to RMB3.8 billion, thus expanding diversified financing channels.

Excellent ESG Performance

The Group upholds high standards to promote corporate social responsibility and sustainable development, and has issued the Environmental, Social and Governance Report for six consecutive years. As of June 30, 2021, the Group was the first and only company receiving an A rating among real estate companies in Mainland China that were rated by MSCI-ESG, which not only represents the high recognition of the Company's ESG practice by the capital market, but also affirms the long-term investment value of the Company.

OUTLOOK

Market Outlook

With the establishment of China's normalized pandemic prevention and control system and the roll-out of taking the COVID-19 vaccines, the government is able to coordinate the pandemic prevention and control and the economic and social development in a better manner. In the new development pattern where domestic cycle dominates and the domestic cycle and international cycle mutually promote, the development of technological innovation and carbon neutral industries, the continuous expansion of domestic demands, supply-side structural reforms and other endogenous growth momentum will become the basic force for the development of the market economy in China and promote high-quality social and economic development.

Against the backdrop of the ever-increasing pursuit of fairness in the society, that "house is a place to live instead of a tool for speculation" will become the keynote of the real estate policy for a long time. In addition to the "Three Red Lines + Two Ceilings + Three Batches and Two Concentrations", this year, the government stepped up its efforts to prevent illegal inflows of consumer loans and business loans into the real estate market and further tightened market regulations. The real estate industry has entered the "era of management dividends", where the differentiation between companies will become more apparent, and business models and refined management may become the core driving force for the sustainable development of real estate companies.

Accelerating Business Development in the First Year of the Period of “14th Five-Year Plan”

The year of 2021 marks the first year of the “14th five-year” plan. The Group will pay close attention to the changes of policies and markets and make every effort to promote the operation of the Group. In the second half of the year, a number of high-quality projects in the Greater Bay Area will be launched on the market, including Shum Yip UpperHills LOFT, Shum Yip Zhongcheng Residential, Dongguan Songshan Lake Residential, etc. It is expected that the contracted sales volume will increase significantly. In the first half of the year, the Group made a breakthrough in the land market and obtained a land reserve with a capacity building area of approximately 1.76 million square meters. In the second half of the year, the Group will continue to take opportunity to expand high-quality land resources in a proactive manner through cooperation with the parent company, urban renewal, cooperation with the government and enterprises, industrial land application, mergers and acquisitions, and open market auctions.

With the recovery of economic situation and the introduction of innovative industry, the commercial property and office building market in Shenzhen is expected to gradually pick up. The Group will continue to optimize the business structure of investment properties, enhance commercial operating ability, promote the investment attraction of Shum Yip UpperHills, Shum Yip Zhongcheng shopping mall, Shenzhen Women and Children Tower and other projects, and strive to achieve the target of 20%-30% growth in rental income. In terms of urban operation services, the Group will accelerate business expansion and mixed-ownership reform. Based on traditional operation services, the Group will offer multi-level value-added service, improve efficiency by utilizing an intelligent joint platform, develop a comprehensive urban operation business that covers residential, industrial parks, commerce, urban public facilities, property management cities and various other types and serves urban upgrading, and strive to achieve the target of more than 30% increase in income scale.

In the coming five years, the Group will make comprehensive transformation and upgrading. Positioned as an “Innovative Constructor of Industrial Cities, Wealthy Livelihood Operator”, it will endeavor to transform into a technology-based industry group focusing on the development of urban complex and investment in technology industry, so as to assist the development of the innovative industry in the Greater Bay Area. The Group will continue to implement “transformation, optimization and improvement” based on its real estate business featuring deep root in the Greater Bay Area and serving city and industry. The Group will accelerate the expansion of comprehensive urban operation business that covers a variety of business forms and serves urban upgrading. The Group will continue to pay attention to the development of environmental, social and governance, seize the opportunity of carbon peak and neutrality to actively promote green building and green operation business, implement the concept of sustainable development, and explore a new model of green urban construction and operation. It will develop park business through industrial planning, space construction, industry introduction, intelligent operation, investment incubation etc., increase investment in such technology industries as high-tech agriculture, advanced manufacturing, life and health so as to build an industrial ecology and create a value cycle of industry and urban innovation, serve the needs of a happy life through cultivation of diversified industries and promote business transformation and upgrading. After transformation and optimization in five years, the Group is expected to form a diversified business portfolio and empower different business segment by capital market means, such as injection, cultivation and spin-off, to build a group of listed companies for maximized values.

Through continuous efforts, the Group will seize the development opportunities, realize corporate transformation, steadily improve our capabilities for city service, industrial concentration, resource acquisition and professional operation and achieve sustainable quality development to create more satisfactory returns for our shareholders.

MANAGEMENT DISCUSSION AND ANALYSIS

Overall Results

In the first half of 2021, the overall real estate market operated in a stable manner underpinned by the principal policy of “stabilizing land prices, housing prices and expectations”. Against such a backdrop, various related policies were released in many places and regulations continued to intensify in popular cities. In Shenzhen, under multiple controls, such as the price guidance mechanism for second-hand housing, household registration conditions and strict investigation of business loans, dealings in the second-hand housing cooled down, new housing dealings remained relatively active, and, attributable to the economic recovery, the occupancy rate and rent level of office building market picked up. Despite of the tightened policy environment, the Group achieved a satisfactory performance due to active business expansion and stable operation.

During the period, the Group achieved a turnover of approximately HK\$19,403.8 million, representing an increase of 371% over the same period of last year. The overall gross profit margin was 38%, same as the same period of last year. Gross profit was HK\$7,300.5 million, representing an increase of 366% over the last year. Profit attributable to equity shareholders of the Company was HK\$1,393.0 million, representing an increase of 332% over the last year. If excluding the net effect of changes in fair value of investment properties attributable to the Group and fair value of financial assets, profit attributable to equity shareholders was HK\$2,138.4 million, representing an increase of 112% over the same period of last year. Basic earnings per share were HK15.65 cents, representing an increase of 329% over the same period of last year.

Property Development Business

Sales Revenue Booked

During the period, the Group recorded property sales booked of 373,000 square meters (excluding interests attributable to the major associates of the Group), representing an increase of 315% over the same period of last year, and achieved net revenue from property sales of approximately RMB14,107.0 million (equivalent to HK\$16,904.4 million (net of value-added tax)), representing a significant increase of 618% over the same period of last year. Gross profit margin of property development and sales was 39%, representing a decrease of 4.4 percentage points over the same period of last year. During the period, the percentage of Shenzhen projects over the sales revenue booked was 85%. During the period, the average gross profit margin of projects of the Group in Shenzhen was approximately 37%, whereas the average gross profit margin of projects in other cities was approximately 42%.

Property Sales Booked in the First Half of 2021

Property Name	Type	City	Booked Area (sq.m.)	Net Sales (RMB'000)	Unit Price (RMB/sq.m.)
Shum Yip Dongling	Residential	Shenzhen	9,896	699,375	70,674
Shum Yip Taifu Square	Office/apartment	Shenzhen	11,676	693,240	59,373
Shum Yip Zhongcheng	Apartment	Shenzhen	42,638	3,310,639	77,645
Parkview Bay	Residential	Shenzhen	49,432	4,976,270	100,669
Terra Licheng	Innovative industrial housing	Shenzhen	48,557	2,361,501	48,634
Shum Yip City	Residential	Foshan	4,659	92,378	19,828
Garden Hills	Residential/shop	Huizhou	24,976	201,644	8,073
Wanlin Lake	Residential/shop	Huizhou	1,197	11,776	9,835
Gaobangshan Garden	Shop	Huizhou	29,035	305,818	10,533
Yihu Rose Garden	Residential	Chengdu	6,677	49,032	7,343
Nanhu Rose Bay	Residential/villa	Wuhan	297	14,770	49,674
Shum Yip Rui Cheng	Residential/shop	Changsha	8,729	59,254	6,788
Royal Spring Garden	Villa	Chaohu	1,283	25,405	19,793
Ma'anshan Shum Yip Huafu	Residential	Ma'anshan	132,360	1,247,506	9,425
Other	–	–	1,952	10,593	5,427
Parking space sales	Parking space		–	47,814	–
Total			373,364	14,107,015	–

Contracted Sales

During the period, the Group realized contracted sales area of approximately 347,000 square meters and contracted sales income of approximately RMB7.20 billion. The average price per square meter was RMB20,759. The contracted sales were mainly attributable to Qinglong Mansion in Nanjing which realized contracted sales of approximately RMB1.37 billion, Shum Yip Dongling in Shenzhen which realized contracted sales of RMB0.87 billion and Shum Yip Huafu in Ma'anshan which realized contracted sales of RMB0.73 billion. Sales of the Group's projects in the second-tier and third-tier cities beat the expectations.

By geographical location, projects in the Greater Bay Area accounted for 47% of the realized contracted sales, 38% was contributed by projects in the second-tier cities, and the rest 15% was in the third-tier and fourth-tier cities. By the types of products, residential products accounted for 67% of the realized contracted sales, and non-residential products (including office building, apartment and industrial park) accounted for 33%.

Contracted Sales in the First Half of 2021

	City	Type	Sales Area (sq.m.)	Sales* (RMB'000)
Shum Yip Dongling	Shenzhen	Complex	11,770	870,866
Shum Yip Zhongcheng	Shenzhen	Complex	6,188	676,365
Shum Yip Taifu Square	Shenzhen	Commercial	6,558	401,977
Terra Licheng	Shenzhen	Industrial	5,752	384,490
Parkview Bay	Shenzhen	Residential	504	61,174
Tanglang City**	Shenzhen	Commercial	86	5,658
Shum Yip Qishan Yayuan	Foshan	Residential	6,031	122,809
Jiangyue Bay	Guangzhou	Residential	133	1,860
Saina Bay	Heyuan	Residential	114	1,347
Gaobangshan No. 1	Huizhou	Residential	29,126	312,757
Garden Hills	Huizhou	Residential	19,116	173,621
Wanlin Lake	Huizhou	Residential	3,209	26,867
Shum Yip City	Shunde	Residential	20,897	370,741
Shum Yip Upper Life	Nanjing	Residential	17,588	457,516
Shum Yip Qinglong Mansion	Nanjing	Residential	44,941	1,366,505
Jing Yuan	Chengdu	Residential	2,270	18,270
Long Yuan	Chengdu	Residential	3,074	25,830
Shum Yip Huating	Chengdu	Residential	18,915	371,733
Yihu Rose Garden	Chengdu	Residential	883	13,620
Nanhu Rose Bay	Wuhan	Residential	297	16,638
Shum Yip Heron Mansion	Changsha	Residential	28,726	400,481
Shum Yip Rui Cheng	Changsha	Residential	4,093	30,269
Shum Yip Xihui	Changsha	Residential	595	7,575
Changzhou Shum Yip Huafu	Changzhou	Residential	727	1,720
Ma'anshan Shum Yip Huafu	Ma'anshan	Residential	65,897	734,068
Splendid City	Taizhou	Residential	49,173	341,718
Total			346,663	7,196,475

* Including parking space sales.

** The project was co-developed with Shenzhen Metro Group, as to 50% owned by the Group, and it is accounted using equity method.

Project Development

During the period, the Group had a new construction area of approximately 1,069,000 square meters and a completed area of approximately 157,000 square meters.

New Construction Projects in the First Half of 2021

Property Name	City	Type	Total GFA (sq.m.)	Saleable Area (sq.m.)
Shum Yip Chuangzhi Building	Shenzhen	Industrial	51,120	–
Taifu Square Phase 3	Shenzhen	Complex	130,781	91,045
Shum Yip Yunzhu	Shenzhen	Residential	327,089	118,645
Shum Yip Garden Hills Plot 1	Huizhou	Residential	145,564	109,088
Qingbaijiang Taifu Square	Chengdu	Complex	284,000	137,863
Nanhu Rose Bay Phase 1.3	Wuhan	Residential	130,883	85,699
Total			1,069,437	542,340

Completed Projects in the First Half of 2021

Property Name	City	Type	Total GFA (sq.m.)	Saleable Area (sq.m.)
Qianhai Project 19-06-06	Shenzhen	Residential	54,360	49,890
Qinglong Subway Town	Nanjing	Residential	102,469	71,456
Total			156,829	121,346

Expansion of Land Resources

The Group continues to focus on the Guangdong-Hong Kong-Macao Greater Bay Area, intensify its development in Shenzhen and plan for its business presence in key first-tier and second-tier cities. Further, the Group has made a significant breakthrough in resources acquisition. In the first half of the year, the Group acquired four land plots in Ma'anshan, Changsha, Zhongshan and Shenzhen, aggregately with a site area of approximately 800,000 square meters and a capacity building area of approximately 1,760,000 square meters.

In April 2021, the Group won the bid for the industrial land plot no.2021-12 (Ci Shan) in Yushan Economic Development Zone, Ma'anshan at a base price of RMB22.22 million, representing an average floor area price of approximately RMB296 per square meter. The project has a site area of approximately 62,600 square meters and a capacity building area of approximately 80,000 square meters, and is intended to be built into a comprehensive park focusing on electronic information, intelligent manufacturing and high-end equipment.

In June 2021, the Group won the bid for the land plot No. 041 in Yuelu District, Changsha at a consideration of RMB920 million plus a property held for rental of 16,018 square meters. The project has a site area of approximately 61,300 square meters and a capacity building area of approximately 83,900 square meters, of which 56,500 square meters are intended for residential purpose and 25,500 square meters for commercial purpose respectively.

In June 2021, the Group, jointly with Vanke, won the bid for Dongwuwei land plot in Qibu Sub-District, Cuiheng New District, Zhongshan at a consideration of RMB8.19 billion. The Group owns 50% interests in the project. The project has a site area of approximately 669,000 square meters and a capacity building area of approximately 1,550,000 square meters aboveground. It is intended to be built into the most influential large-scale complex on the west coast of the Greater Bay Area and a new urban landmark.

In July 2021, the urban renewal projects in Shenzhen progressed well. The project company has been identified and a land contract entered into for Bagualing Shanglinyuan project. The project has a site area of approximately 6,015 square meters and a capacity building area of approximately 42,000 square meters.

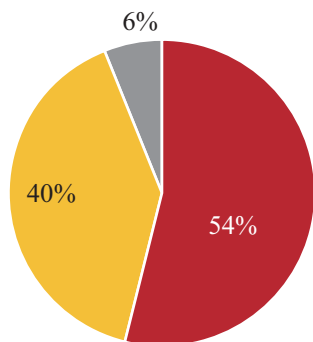
Land Reserves

By the end of June 2021, the Group had land reserves with an aggregate planned gross floor area (GFA) of approximately 6.52 million square meters (interested in 4.94 million square meters), and a capacity building area of 4.90 million square meters (interested in 3.76 million square meters), of which, the projects under construction had a total planned GFA of approximately 2.86 million square meters and a capacity building area of 2.17 million square meters. The GFA and the capacity building area of land reserves in the Greater Bay Area accounted for 67% and 64% respectively. Besides, the value of completed properties in stock amounted to approximately HK\$17,291.3 million.

In the future, the Group will continue to focus on the Greater Bay Area, and intensify its development in Shenzhen by proactively seeking for project resources and opportunities to invest in quality projects in the major first-tier and second-tier cities.

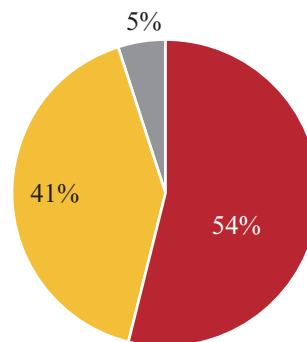
Distribution of Land Reserves (As at 30 June 2021)

By type – Planned GFA ^{Note 1}
(sq.m.)



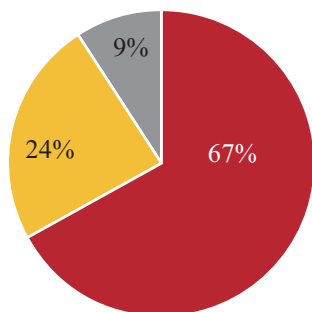
- Residential
- Complex
- Others (including industrial, commercial and other types of products)

By type – Capacity Building Area ^{Note 2}
(sq.m.)



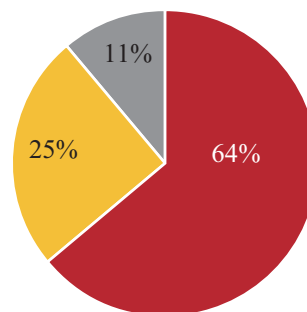
- Residential
- Complex
- Others (including industrial, commercial and other types of products)

By Region – Planned GFA ^{Note 1}
(sq.m.)



- The Greater Bay Area
- 2nd-tier city
- 3rd-tier and 4th-tier cities

By Region – Capacity Building Area ^{Note 2}
(sq.m.)



- The Greater Bay Area
- 2nd-tier city
- 3rd-tier and 4th-tier cities

Notes:

1. Planned GFA: the sum of the gross floor area of all the floors above and under the ground of a single building or buildings within the scope of the land for construction.
2. Capacity building area: the sum of the gross floor area which is used in the calculation of the plot ratio within the land for construction.

Property Investment Business

As at 30 June 2021, the Group has investment properties of approximately 1.29 million square meters, of which 82% are located in Shenzhen. During the period, the Group recorded an income from property investment of approximately HK\$685.3 million, representing an increase of approximately 22% over the same period of last year. The gross profit margin of property investment business was approximately 72%, representing a decrease of 8.2 percentage points over the same period of last year. The Group recorded a revaluation decrease in the fair value of its investment property portfolio of HK\$145.3 million during the period.

Urban Integrated Operation Business

The urban integrated operation business of the Group includes commercial operation, property management, intelligent park operation and property management city business. During the period, the contracted area under management of the urban integrated operation business of the Group was approximately 57.00 million square meters, representing an increase of 21% over the end of last year. The urban integrated operation business contributed approximately HK\$1,211.6 million to the revenue of the Group, representing an increase of 32% over the same period of last year. During the first half of the year, the Group added approximately 52 projects, increasing area under management by more than 11.00 million square meters, of which, 7 property management city projects were added, covering an area of approximately 8.50 million square meters. Furthermore, the internal integration and mixed-ownership reform are progressing in an orderly manner.

For commercial operation, the Group actively analyzed its positioning strategy and adjusted its brand portfolio based on its core customer base and positioning, and conducted online creative interaction and offline thematic campaigns to increase foot traffic to boost sales. At present, operation of all the shopping malls runs well, with foot traffic and rental income increasing. The occupancy rates of UpperHills and Tanglang City are 88% and 91%, respectively, whereas Shum Yip Zhongcheng, Shum Yip Dongling and Shenzhen Women and Children Tower are leased out more than half.

For property management, properties under management of the Group were approximately 43.00 million square meters, mainly in the Pearl River Delta, Yangtze River Delta and Central China, covering governmental authorities, offices, residential communities and villas. During the period, the Group newly obtained 42 traditional property management projects of approximately 1.85 million square meters in Guangdong, Jiangxi, Jiangsu and other areas.

For park operation, the Group managed properties of approximately 5.50 million square meters in industrial parks which are mainly located in the Guangdong-Hong Kong-Macao Greater Bay Area and spread over China. During the period, the Group obtained 3 projects including Changping Jewelry Culture Industrial Park and Shenzhen Hengming Industrial Park, with a new area under management of approximately 1.05 million square meters.

In addition, the Group participated in the research of the “property management city” model and the drafting, preparation and review of the relevant standards. In May, the expert evaluation of the “National Group Standards for Property Management Cities” (物管城市全國團體標準) was finalized, providing rules to be followed in relation to the property management city model. Huafu, Meilin, Futian and Xiangmihu, which were identified by the Group in applying the management model of “property management city” in 2020, were ranked among the tops in the evaluation of environmental performance of 74 communities in Shenzhen and received unanimous recognition from the government, citizens and the industry. In the first half of 2021, the Group added six major projects to its service portfolio, namely the urban butler service in Baolong Community, Longgang District, the city appearance inspection service in Xiangmihu Community, the environmental sanitation index evaluation and improvement project in Futian Community, the special supervision service for the environmental sanitation evaluation sample point in the villages in Meilin Community, the city appearance inspection service in Meilin Community and the operation service for the exhibition hall at the core activation zone in the Baguang International Biology Valley (壩光國際生物谷). At the same time, the Group seized the opportunity and successfully obtained the An'min Community project in Yushan District, Ma'anshan relying on its outstanding management model and case, demonstrating that the Group's development route of serving the city has been rolled out from Shenzhen and nationwide in China.

Hotel Operation Business

The Group owns five hotels in operation and one hotel under construction. Those in operation are Suzhou Marriott Hotel (with 293 guest rooms), Chaohu Shum Yip Bantang Hot Spring Hotel (with 20 spring villas), Holiday Inn Resort Chaohu Hot Spring (with 203 guest rooms), Muji Hotel (with 79 guest rooms) in UpperHills, Shenzhen and Tanglang City Project Hotel in Shenzhen (with 200 guest rooms), which is co-developed with Shenzhen Metro Group. Mandarin Oriental Shenzhen (with 190 guest rooms planned) is under construction.

During the period, the Group's hotels recorded operating income (included under other operating segment) of approximately HK\$71.4 million, representing an increase of 138% over the same period of last year.

Manufacturing Business

The Group's manufacturing business mainly represents the LCD manufacturing and metal materials processing business held by the companies under the Group over the years. During the period, the manufacturing business recorded operating income of approximately HK\$192.4 million, representing an increase of 51% over the same period of last year.

Performance of Major Joint Ventures and Associates

During the period, Taizhou Shum Yip Investment Development Limited (a 51% owned company of the Group) made a loss of HK\$9.6 million to the Group. The principal activity of the company is to assist local government in primary land development. During the period, the local government did not arrange the launch of the relevant land.

Shenzhen Langtong Property Development Company Limited (a 50% owned company of the Group) made a net profit contribution of HK\$6.1 million, representing an increase of 578% over the same period of last year. The company and Shenzhen Metro Group jointly developed Shenzhen's Tanglang City Project.

Shenzhen Tianan Cyber Park (Group) Co., Ltd. (a 37.5% owned company of the Group) made a net profit contribution of HK\$6.3 million to the Group, representing a decrease of 83% over the same period of last year.

During the period, the associates invested by the Group performed as expected. Road King Infrastructure Limited, a listed company in Hong Kong, made a net profit contribution of HK\$174.6 million to the Group, representing an increase of 50% over the same period of last year.

Financial Assets

On 31 May 2017, the Group, through Shenzhen Shum Yip Shenheng Investment Co., Ltd. (深圳市深業深恒投資有限公司) (“Shum Yip Shenheng”, formerly known as 馬鞍山市茂文科技工業園有限公司(Ma'anshan Maowen Technology Park Co. Ltd.)), a wholly owned subsidiary of the Company, entered into an investment agreement (the “Investment Agreement”) with Guangzhou Kailong Real Estate Company Limited (“Kailong Real Estate”) and Hengda Real Estate Group Company Limited (“Hengda Real Estate”) (both being subsidiaries of China Evergrande Group) to contribute an amount of RMB5.50 billion to the capital of Hengda Real Estate in exchange for 1.7626% equity interests in Hengda Real Estate. Hengda Real Estate is a company established in China with limited liabilities and principally engaged in property development in China.

On 22 November 2020, Shum Yip Shenheng, Kailong Real Estate, Hengda Real Estate and Mr. Hui Ka Yan entered into the fifth supplementary agreement to the Investment Agreement in view of the termination of the proposed reorganization before the listing deadline. Shum Yip Shenheng agreed to hold Hengda Real Estate equity according to the terms stipulated in the Investment Agreement (as amended and supplemented by the subsequent supplementary agreements), and its shareholding ratio in Hengda Real Estate increased to 2.6439%.

Pursuant to the terms of the Investment Agreement (as amended and supplemented by the subsequent supplementary agreements), since the investment in Hengda Real Estate in June 2017, the Group, as a financial investor, has received total dividends of RMB1.95 billion for 2017, 2018 and 2019 from Hengda Real Estate. Pursuant to the terms of the Investment Agreement, the Group is entitled to a dividend of approximately RMB720 million for 2020, such dividend was not accounted for during the period as Hengda Real Estate has not yet declared dividend for 2020.

According to the requirements under accounting standards, the equity interests held by the Group in Hengda Real Estate was included as financial assets through profit or loss in the financial statements and accounted for at fair value, with changes in fair value recognized in profit or loss for the period. As at 30 June 2021, the fair value of the said financial assets was HK\$5,979.0 million, representing 4% of the total assets of the Group. During the period, losses arising from changes in fair value amounted to approximately HK\$832.8 million due to the tightened real estate policy.

The Group has noted the market situation related to Hengda Real Estate. The Group will also closely follow the changes in the situation and actively respond accordingly.

Financing

As at 30 June 2021, the Group's total bank and other borrowings amounted to HK\$34,642.2 million (31 December 2020: HK\$30,828.4 million), of which HK\$21,889.5 million were floating rate loans, and the remaining were fixed-rate loans. Long-term loans amounted to HK\$21,957.1 million, representing approximately 63% of total borrowings, and short-term loans were HK\$12,685.1 million, representing approximately 37% of total borrowings. Foreign currency borrowings amounted to HK\$17,780.0 million, representing approximately 51% of total borrowings, and Renminbi borrowings amounted to HK\$16,862.2 million, representing approximately 49% of total borrowings.

With the gradual implementation of the "Three Red Lines" regulations, the external financing environment continues to tighten. The Group maintains a healthy financial position. As at 30 June 2021, the Group's asset-liability ratio, excluding advance receipts, was 60.1%, the net gearing ratio was 43.7% (the liabilities including all interest-bearing liabilities) and the short-term cash debt ratio was 1.5 times (the liabilities only including bank loans and other borrowings), all indicators fell into the green level of the "Three Red Lines" (綠檔). In 2021, the Group will replace the short-term loans about to be due, and continue to improve the short-term cash debt ratio.

During the period, the Group promoted financing innovation proactively. On one hand, it completed the issuance of the Shum Yip Taifu Intelligent Transportation Industrial Park (深業泰富智慧出行產業園) commercial mortgage-backed securities ("CMBS"). The size of the issuance amounted to RMB1.8 billion. On the other hand, it completed the issuance of the industrial parks in pilot demonstration zones CMBS, with Tairan Jingu Industrial Park as the underlying asset. The size of issuance amounted to RMB2 billion. During the period, the average comprehensive interest rate of the Group's bank and other borrowings was approximately 3.2% per annum, representing a decrease of 0.5 percentage point from the whole of last year.

As at 30 June 2021, the Group's cash balance (including restricted cash) was HK\$21,562.1 million (31 December 2020: HK\$18,710.4 million), of which approximately 75% and 18% were denominated in Renminbi and USD respectively, and the remaining in Hong Kong dollars.

As at 30 June 2021, the Group had net assets (excluding non-controlling interests) of HK\$51,752.1 million (31 December 2020: HK\$50,624.3 million). The net gearing ratio with the liabilities including bank loans and other borrowings only was 25.3% and the net gearing ratio with the liabilities including loan from shareholders of the parent company and all other interest-bearing liabilities was 43.7%, representing an increase of 2.0 percentage point over the end of last year.

Key Financial Indicators

<i>HK\$ million</i>	As at 30 June 2021	As at 31 December 2020
Bank and other borrowings	34,642.2	30,828.4
– Long-term borrowings	21,957.1	18,088.6
– Short-term borrowings	12,685.1	12,739.8
Due to the immediate holding company	1,869.4	1,770.7
Due to the ultimate holding company	9,533.2	9,415.5
Cash (including restricted cash)	21,562.1	18,710.4
Net gearing ratio with the liabilities including bank and other borrowings only	25.3%	23.9%
Net gearing ratio with the liabilities including all interest-bearing liabilities	43.7%	41.7%

Effect of Exchange Rate Fluctuation

The Group's assets are mainly denominated in Renminbi. 49% of the bank and other borrowings are denominated in Renminbi, 46% are offshore HK\$ borrowings, and 5% are US\$ borrowings. HK\$ is adopted as the reporting currency in the Group's financial statements. The effect of the increase in RMB exchange rate on the Group's finance was mainly reflected in the appreciation of the asset and earnings denominated in Renminbi against HK\$, the reporting currency. During the period, such fluctuations in the asset and earnings denominated in Renminbi against HK\$, the reporting currency, resulted in a gain of HK\$584.6 million in other comprehensive income. The Group will closely monitor and proactively avert foreign exchange risk through various ways.

Progress of the Litigation Involving Terra Companies

On 26 May 2021 and 31 May 2021, Wuhan Shum Yip Terra Property Development Company Limited (“Wuhan Terra Company”) and Shum Yip Terra (Holdings) Company Limited (“Shum Yip Terra Company”, together with Wuhan Terra Company, the “Terra Companies”), both being non-wholly-owned subsidiaries of the Company, respectively received a statement of claim (民事起訴狀) from the Intermediate People’s Court of Wuhan City (武漢市中級人民法院) (the “Court”) regarding the claims by Hubei Province Livestock and Poultry Breeding Center* (湖北省畜禽育種中心) (the “Claimant”) against the Terra Companies (the “Litigation”) regarding the contractual disputes under the four agreements entered into by Terra Companies with the Claimant (collectively, the “Agreements”) in respect of the development of Nanhu Rose Bay (南湖玫瑰灣) in Wuhan (the “Project”), with a total claims amount of approximately RMB900 million.

In connection with the Litigation, the Court ordered for the bank accounts and other assets of the Terra Companies to be frozen to the extent of RMB640 million. As at the date of this announcement, certain bank accounts of the Terra Companies with an aggregate balance of approximately RMB640 million have been frozen by the Court.

The Terra Companies have engaged legal advisers to handle the Litigation and rigorously defended the Litigation to protect its legitimate interest, including having submitted a counter-claim to the Court requesting it to confirm that the Agreements are void and request the Claimant to return the expected income of RMB60 million paid to the Claimant together with the interest thereon, and applied to the Court to group the frozen assets into certain individual accounts so as to unlock the other accounts. The Court has now unlocked the frozen accounts other than five bank accounts. Based on the current assessment, the Litigation has no material impact on the daily operation of the Group as a whole, and the Group has taken appropriate precautionary measures to minimise any disruptions to the operation of the two companies and the development of the Project.

* *For identification purpose only*

Pledge of Assets and Contingent Liabilities

As at 30 June 2021, the Group had total loans of HK\$6,894.5 million (31 December 2020: HK\$2,592.3 million) that were pledged with assets (please refer to note 9 to the financial information for details).

As at 30 June 2021, the Group has given guarantees amounted to HK\$1,440.0 million in respect of bank loans and other borrowings to two joint ventures of the Group (please refer to note 16 to the financial information for details).

Employees and Remuneration Policy

As at 30 June 2021, the Group employed 21,225 employees (30 June 2020: 19,603) of whom 20 were stationed in Hong Kong (mainly managerial and finance related personnel), and the rest were in mainland China. The total remuneration for the six months ended 30 June 2021 (excluding remuneration of the Directors) amounted to approximately HK\$1,328.1 million (six months ended 30 June 2020: HK\$763.9 million).

Employee benefits and bonuses are based on their individual performance, the Group's profit condition, benefit level of the industry and the current market condition. The remuneration packages are reviewed on an annual basis to ensure internal equity and its competitiveness in the market. In driving performance, we also grant share options, under the share option scheme of the Group, to employees based on individual performance and the results of the Group.

INTERIM DIVIDEND

The Board has declared an interim dividend of HK7.00 cents per share for the six months ended 30 June 2021 (2020: HK7.00 cents) to be paid in cash on or about Friday, 15 October 2021 to shareholders whose names appear on the register of members of the Company on Tuesday, 14 September 2021. Based on the number of issued shares of the Company as at the date of this announcement, the interim dividend will amount to an aggregate sum of approximately HK\$623.0 million.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 13 September 2021 to Tuesday, 14 September 2021 (both dates inclusive), during which period no transfers of shares will be registered. To qualify for the interim dividend, all duly completed transfer forms, accompanied by the relevant share certificates, must be lodged with the Company's Share Registrar, Tricor Standard Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than 4:30 p.m. on Friday, 10 September 2021.

CORPORATE GOVERNANCE

The Company has applied the principles and complied with all code provisions of the Corporate Governance Code as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited throughout the six months ended 30 June 2021.

AUDIT COMMITTEE

As at the date of this announcement, the Audit Committee comprises three independent non-executive directors namely Mr. LI Wai Keung, Mr. WU Wai Chung, Michael and Dr. WONG Yau Kar, David. The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed auditing and financial reporting matters including the review of the unaudited interim results for the six months ended 30 June 2021.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of its listed securities during the six months ended 30 June 2021.

APPRECIATION

We take this opportunity to express our gratitude to our investors and shareholders for their trust and support and to thank our colleagues on the Board and the staff members of the Group for their hard work, loyal service and contributions during the six months ended 30 June 2021.

By Order of the Board
SHENZHEN INVESTMENT LIMITED
LU Hua
Chairman

Hong Kong, 27 August 2021

As at the date of this announcement, the Board comprises 8 directors, of which Dr. LU Hua, Mr. HUANG Wei, Ms. CAI Xun, Mr. DONG Fang and Ms. SHI Xiaomei are the executive directors of the Company, and Mr. WU Wai Chung, Michael, Mr. LI Wai Keung and Dr. WONG Yau Kar, David are the independent non-executive directors of the Company.