深圳控股有限公司
SHENZHEN INVESTMENT LIMITED

股份代號 Stock Code: 00604

2023 中期報告 Interim Report

Contents

Corporate Information

Executive Directors

Dr. LU Hua, *Chairman*
Mr. WANG Yuwen, *President*
Ms. CAI Xun
Mr. XU Enli
Ms. SHI Xiaomei

Independent Non-Executive Directors

Mr. LI Wai Keung
Dr. WONG Yau Kar, David
Prof. GONG Peng

Company Secretary

Mr. LEE Ka Sze, Carmelo

Auditor

PricewaterhouseCoopers, *Certified Public Accountants*
Hong Kong
Registered Public Interest Entity Auditor

Registered Office

8th Floor, New East Ocean Centre,
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Principal Bankers

Bank of China (Hong Kong) Limited
DBS Bank Ltd., Hong Kong Branch
Industrial and Commercial Bank of China (Asia) Limited
Nanyang Commercial Bank Limited
OCBC Bank(Hong Kong) Limited
CMB Wing Lung Bank Limited
China Construction Bank (Asia) Corporation Limited
Chong Hing Bank Limited
The Hongkong and Shanghai Banking Corporation Limited
The Bank of East Asia, Limited

Share Listing

The Stock Exchange of Hong Kong Limited
(Stock code: 00604)

Share Registrar

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

Website

www.shenzheninvestment.com

Chairman's Statement

In the first half of 2023, the overall domestic and international situation continued to evolve, with core inflation in the U.S. and European economies remaining at a high level, rising yields on the U.S. government bonds, and a continued downturn in the global manufacturing and service industries. In such a complicated international environment, China's economy continued to recover, showing signs of improvement broadly, but was still plagued by insufficient domestic demand, supply shocks and weakening expectations – a trifecta of headwinds. Against the backdrop, the overall performance of the real estate market fell after a surge, featuring "slow recovery and strong differentiation": home sales increased in the first quarter, but followed by a drop in both volume and price from the second quarter onwards. As the overall sales were unsatisfactory and it still takes time to restore market confidence, real estate enterprises were struggling to move forward. The sluggish industry environment overall and the fact that most projects were scheduled to be completed in the second half of the year, which caused a decrease in booked area during the period, coupled with the share of loss of associates, the Group reported a loss in the first half of 2023.

Despite the challenging market environment, the Group overcame difficulties and strived to push forward business operation. As a result, the Group achieved record-breaking contracted sales, showed various highlights in each operating business and made a solid progress in the innovative business, and continued to forge ahead on the journey of transformation and upgrading and high-quality development. With concerted efforts, the Group will adopt multiple measures in an active manner to ensure delivery on schedule, accelerate the de-stocking process and drive a rebound in annual results.

I. KEY PERFORMANCE INDICATORS

For the first half of 2023, the Group realized revenue of approximately HK$6.06 billion, representing a decrease of 61% over the same period of last year. Gross profit was approximately HK$2.08 billion, with overall gross profit margin of 34.4%. Loss attributable to equity shareholders of the Company was HK$117 million, and basic loss per share was HK1.31 cents.

As of 30 June 2023, the Group had total assets of approximately HK$165.34 billion and net assets of approximately HK$46.61 billion. Excluding advance receipts, the Group recorded gearing ratio of 68.9%, net gearing ratio of 53.2%, cash to short-term debt ratio of 1.73 times and composite borrowing cost at 4.15%.

The Board resolved to pay an interim dividend of HK2.00 cents per share for 2023 in cash.

II. BUSINESS REVIEW FOR THE FIRST HALF OF 2023

(I) Real Estate Business

Amidst the challenging industry environment, the Group persisted in pushing forward the development and transformation of the real estate business. Notwithstanding a decrease in booked revenue in the first half of the year as a result of the completion schedule, the Group made positive progress in contracted sales, investment expansion, property leasing and park business.

Contracted sales increase amid challenges

Against the backdrop of a rising and then falling property market with sluggish sales, the Group accurately grasped product positioning, strengthened marketing and promotion efforts, expanded customer base, and vigorously procure the sale of key projects. In the first half of the year, the Group achieved contracted sales of approximately RMB14.8 billion, representing an increase of 198% over the same period of last year, and accomplished approximately 64% of the annual sales target. In particular, the Upper Coast project in Qianhai, Shenzhen was over 90% sold on the opening day, with a subscription amount of over RMB10 billion, which set the record for the highest single-day housing units sold and sales amount this year in China; and the Zhongshan Bay Front project remained popular, with a cumulative turnover of RMB1.85 billion, leading the local market in terms of both sales volume and average selling price. In the current market environment, the performance of real estate sales was encouraging.

Select the best among the best for investment and expansion

Adhering to the investment principle of "selecting the best among the best", the Group acquired a commercial and residential land parcel in Longhua North Railway Station business district, Shenzhen and a residential land parcel in Ma'an Island, Cuiheng New District, Zhongshan through land auctions in June and July respectively, with an aggregate area of approximately 270,000 square meters and valuing approximately RMB7.6 billion, which has further expanded its land reserve in the Guangdong-Hong Kong-Macao Greater Bay Area. In addition, the Group has strived to promote the urban renewal and benefit integration projects in Shenzhen, for example, phase IV and phase V of Taifu Square in Luohu District have been included in the urban renewal scheme; the demolition and relocation negotiations for phase II of the first portion of Chegongmiao renewal project in Futian District have been completed; the overall implementation plannings for the benefit integration projects in Guangming Shangcun and Henggang South have been submitted for approval; and Baihua Community in Guangming District has also been included as a new benefit integration project. The three benefit integration projects currently underway aggregately cover an area of approximately 4 square kilometers.

Strong rebound in rental income

Since the beginning of the year, as the pandemic stepped into a normalized stage, social activities have been resumed. There was a gradual recovery of the office market, offline spending and market confidence. And, government policies to encourage and support spending have also brought about positive changes in the commercial market. The Group seized the opportunity of the rebound and stepped up tenant sourcing efforts and tenant optimization to promote commercial operations. Property investment income for the first half of the year was approximately HK$694 million, representing an increase of approximately 25% over the same period of last year. The Group's overall occupancy rate beat the market, showing a modest increase.

Industrial park business develops efficiently

The Group's industrial-city ecosystem has taken shape. Fixed-theme commercial industrial parks have been operating healthily. Shum Yip Auto City, an intelligent travel industrial park in Shenzhen, continued to improve its brand image, maintaining an occupancy rate of over 96% and a rent growth rate of 3% to 5%. Meanwhile, the growth path for manufacturing commercial industrial parks has been increasingly mature. The three industrial parks in the Yangtze River Delta region have progressed well, with a cumulative contracted area of 17,000 square meters in the first half of the year. In particular, the sell-through rate of the Shenma Technology Park in Ma'anshan exceeded 80% and the proportion of national high-tech enterprises, foreign-funded enterprises, enterprise above designated size and specialized and innovative 'little giant' enterprises among those introduced in the parks reached 76%, which has been highly recognized by the local government.

(II) Urban Integrated Operation Business

The Group has been steadfast in promoting the transformation of traditional property management business to urban operation and services. With the full recovery of economy and consumer spending, the Group has made significant breakthroughs in the expansion of integrated urban operation, commercial operation and hotel operation, boosting its comprehensive strength steadily.

Continuous expansion of city services

In the first half of 2023, the Group expanded 43 new operation projects. As of 30 June 2023, Shum Yip Operations had total GFA of approximately 75.61 million square meters, and GFA under management of approximately 71.83 million square meters, of which approximately 63% were non-residential properties and approximately 73% were developed by third parties. Continuous efforts have been made in the city services segment to expand a number of high-quality public construction projects, including courthouse, emergency center and public primary and secondary school and kindergarten in Shenzhen. The "city housekeeper" business tapped into a new area and a joint venture won the bid for the city service project in Yushan District, Ma'anshan, with total contract amount of RMB150 million.

Frequent commercial operation achievements

In 2020, the Group successfully won the bid for the transformation of Shenzhen Women and Children Tower, the first PPP project transforming existing public service facilities in Shenzhen. With an operation right for approximately 19 years, the Group undertakes property management, equipment maintenance, events planning and other operation work for the transformed building. On 1 June 2023, Shenzhen Women and Children Tower was newly unveiled by launching the first picture book museum in China, the first children exploration museum in Shenzhen, children's theater as well as a series of featured humanities and art exhibition activities with women and children theme, becoming a model project to transform the urban stock of public service facilities and help Shenzhen build a child-friendly city.

Seizing the opportunity of offline spending rebound, the Group's shopping malls made positive progress in tenant-sourcing and operation. UpperHills is moving toward internationalization in aspects of business environment, humanistic and artistic events, and high-end brands. In the first half of the year, more than 100 exciting marketing campaigns were organized, which led to continuous rises in customer traffic, especially customers from Hong Kong rose by 40% year-on-year. The grand opening of the Galeries Lafayette department store on 8 July 2023 brought a number of first stores in Asia and China, helping create a new landmark of Shenzhen's high-end fashion. On the day of the grand opening, Galeries Lafayette recorded sales of over RMB1 million and brought over 200,000 customers to UpperHills. There are 11 Fortune 500 companies moving into the office building of UpperHills, further consolidating its position as an iconic commercial building in the market.

A breakthrough in hotel operation

In the first half of 2023, the core operating indicators of the Group's hotels significantly exceeded expectations, with revenue of approximately HK$194 million, up by 62% as compared to the same period of last year. Mandarin Oriental Hotel Shenzhen won a Forbes Travel Guide Five-Star for the first time, and was recognized as one of the World's Best Hotels 2023 in LA LISTE's first global hotel ranking, being the only hotel in Shenzhen on the list. In May 2023, the Group released its independently-operated hotel brand "JINGJU", consisting of four product lines, aiming to improve the light assets brand portfolio of its hotel management segment. It is an important breakthrough for the Group to develop hotel networks in the future and the first flagship hotel was officially opened in Shenzhen Women and Children Tower on 9 June 2023.

Rising comprehensive strength

With its industry-leading comprehensive strength and widely-recognized service, Shum Yip Operations has received various awards and recognitions, and improved its industry ranking: it moved up 3 spots from last year to No.17 in the rankings of the Top 100 Property Service Enterprises China 2023 (2023年中國物業百強企業) issued by the China Index Academy, and 1 spot from last year to No.6 in the rankings of the Top 100 State-Owned Property Management Companies by Comprehensive Strength 2023 (2023中國國有物業服務企業綜合實力100強) issued by the China Property Management Research Institution.

(III) Innovative Business

The Group takes active steps to explore and deploy the innovative business by means of technology-empowered product upgrading and business transformation, supports development of advanced manufacturing and agricultural technology business, promotes spin-off of large-scale mature business, and seeks to create value in the capital market.

Accelerated development of advanced manufacturing

Specialized in LCD devices and intelligent controllers, Shenzhen Jinghua Displays Electronics Co., Ltd. ("Jinghua"), a subsidiary of the Group and a national high-tech enterprise and a "specialized and innovative" small and medium-sized enterprise in Shenzhen and a vice-president unit of CODA is committed to becoming a leading enterprise in the area of human-computer interaction display and intelligent control. The company has an established intellectual property system and industry-leading technological innovation achievements, and owns 42 patents and 16 software copyrights, including 8 invention patents. In addition, extensive high-quality domestic and international customer resources also provide a strong support for its sustainable development. As a focus of development, its intelligent controller products have made good progress, with new breakthroughs in both hardware innovation and software algorithms, and obtained three new authorized patents. Besides, it has further expanded the customer base for its electronic control products and has been successfully admitted as a supplier of many large-scale international customers, laying a solid foundation for subsequent new sales.

Effect-showing high-tech agriculture development

The high-tech agriculture segment was blooming in various aspects. With emerging in scientific research results, 4 authorized patents in the field of smart agriculture patents were obtained. Construction of agricultural parks has been promoted vigorously, with an increase in total land area to 5,800 mu through the acquisition of 1,200 mu new land, which continuously improved the scale. Jinnong project has realized fully mechanized refined management, recording an increase in crop yield of 50% compared to last year. Xiantao Flower Base project commenced its construction, which is planned to be developed into the largest flower base in Central China integrating "production, education, research, exhibition and view". The "Four Seasons" agri-tourism project has been implemented in a well-grounded manner. Xiangmihu Flower Wonderland successfully hosted the Guangdong-Hong Kong-Macao Greater Bay Area Flower Show, attracting more than 100,000 visitors. The Group strived to activate rural land based on the construction of Dapeng, Nan'ao and Xinfeng Four Seasons Garden projects, and took the lead in municipality-owned agri-tourism projects. Feng Nong You Pin has been selected as a key agricultural leading enterprise in Shenzhen for a demonstration effect.

Significant progress in capital operation

Each of the operation segment and the manufacturing segment of the Group has stepped into an advanced stage in respect of their separate spin-off. After 6-month preparation for listing, Shum Yip Operations has submitted an application for the listing of H shares on the Stock Exchange of Hong Kong. Now it is in the process of listing vetting. Additionally, upon obtaining the spin-off approval during the period, Jinghua filed its A-share GEM IPO application and has been accepted by the Shenzhen Stock Exchange for further process. Jing Hua is currently preparing for the response to the first round of feedbacks.

(IV) Corporate Management

Outstanding ESG performance

Seizing the development opportunities arising from Shenzhen – Hong Kong integration and the construction of the Greater Bay Area, the Group deepens the implementation of sustainability concept, practices the "Dual Carbon" initiative, and continuously improves the sustainability governance framework in fulfilling its social responsibility. The Group has published the environmental, social and governance (ESG) reports for eight consecutive years, demonstrating its efforts and achievements in corporate social responsibility and sustainable development. In the first half of the year, the Group set clear targets for carbon emissions, use of energy, use of water resources, waste consumption and green buildings, and continued to track, report and manage the sustainability performance of the Group's core businesses in all aspects in an effort to contribute to the realization of China's "Dual Carbon" goals. With its excellent performance in sustainability, the Group continued to maintain a good MSCI ESG rating, and has been honored with the "Best ESG Award" at the China Excellence IR Awards for two consecutive years.

Further optimized financial management

Given the prevailing complex and volatile market environment, the Group makes meticulous capital planning and actively communicates with the relevant regulatory authorities for the release of pre-sale funds to maximize the efficiency of capital utilization. The Group proactively expands financing channels and continues to explore cost-efficiency methods. In the first half of the year, the Group successfully obtained foreign debt facilities of US$730 million and also entered into a HK$5 billion medium – to long-term loan agreement. Cost of the fixed-rate portion under such new loan agreements further decreased. A subsidiary of the Group invited bids for project development loans through financing platform and obtained the lowest interest rate of 2.52%. The Group continues to focus on the "concentration of internal funds" as an assessment indicator to strengthen the centralized and coordinated management of funds, and continue to revitalize its capital pool to ensure fund safety.

Effective human resources development

The Group continues to focus on the construction of a talent team and introduced many urgently-needed scarce talents through internal and external recruitment, combined with trainings and education, aiming to build a talent echelon capable of supporting its high-quality development. In response to the industry situation, the Group promotes the implementation of strategies, optimizes the organizational control of its subsidiaries, establishes a "lean and adaptable, efficient and unified, and vigorous" organizational control system; and deepens the reform of performance appraisal by adopting "strong incentives and hard constraints" and providing rankings based on evaluation results to effectively stimulate the vitality of the team and given full play to the function of the performance assessment as a "baton".

Continuous empowerment of digital transformation

The Group continues to push forward the construction and promotion of two key technology support platforms and eight major shared applications. Among them, the Internet of Things (IoT) platform helps 4 projects (aggregately 1.28 million square meters) in Chegongmiao area realize intelligent operation, improving HR efficiency by 2.35 persons per year on an average basis, reducing electricity consumption by 55,200 kWh annually; the promotion and application of the financial reporting and funding system significantly improves the financial reporting efficiency by 50% and effectively controls the fund management risk; and the establishment of the central human resource database enables the unified control over the data of over 24,000 employees of the Group, covering business process, basic information and remuneration.

Improved "cohesion" based on corporate culture

Culture is the heart and soul of a business. The management of the Group has a profound consensus on the building of corporate culture, and always insists on advocating the core values of "Sunshine and Honesty, Innovation and Excellence, Diligence and Commitment, Harmony and Sharing". During the year, in celebration of the 40th anniversary of the establishment of Shum Yip Group and upon a two-way assessment, the Group selected the top 10 employees under each of four categories and granted them the "Loyalty Award"(丹心獎), "Pioneer Award" (先鋒獎), "Craftsman Award" (工匠獎) and "Elites Award" (菁英獎) respectively. More than 1,600 employees who have been serving the Group for 20 years, 30 years, 40 years were given long-term service medals. Other award events including the reform and innovation award and the top execution award were also organized to reward a large number of courageous and dedicated employees and further stimulated the vitality of employee. The Group also revised its official account and internal magazine as two strongholds for publicity, highlighting the "future-oriented, society-oriented and grassroots-oriented" cultural propaganda, allowing the values of respecting shareholders, customers and employees and giving back to society to be rooted in all areas of corporate management. In addition, the Group organized trainings for the newly-appointed middle-level management to accelerate the enhancement of the ability, confidence and motivation of the wide management members. The Group also organized various kinds of diversified cultural activities for employees, such as "Green Run in the Park", ball games, photography and calligraphy competitions. Our rowing team won the champion of the Bright Science City Rowing Challenge; and our table tennis team won the group championship (mixed) of the state-owned enterprise table tennis competition in Shenzhen. Such team building activities greatly improved our cohesiveness.

III. BUSINESS PLAN FOR THE SECOND HALF OF THE YEAR

2023 is a crucial year for the implementation of the "14th Five-Year Plan" and the accomplishment of each task this year affects the overall situation and is of great significance. At a recent meeting of the Political Bureau of the Central Committee, it was made clear that it is necessary to adjust and optimize the real estate policy in a timely manner to cope with the new situation of significant changes in the supply and demand relationship in the real estate market in China. The Group will pay active attention to the subsequent publication and implementation of, as well as the market feedbacks on, the specific policies, and focus on the principal business to ensure the achievement of its business objectives. It will take opportunities to promote transformation and upgrading. While pursuing development, the Group adheres to long-termism and always puts "safety" in the first place. We will continue to enhance management, strengthen investment control, improve debt structure, accelerate the pace of securitization of assets, and further fortify financial risk management and control so as to promote the high-quality development of the Group.

(I) Promote real estate development, sales and delivery

The Group will continue to promote the development of its real estate business to improve operating results, promote the transformation of the real estate business, embrace the "era of existing assets", innovate business model, revitalize existing assets and actively adapt to the new development mode of real estate.

Product power is our core competitiveness. In the face of the industry's shift to high-quality operation, the only way to survive under the new real estate development pattern is to always strive for product excellence. On the basis of its established "Product + Management + Technology" system, the Group will continue to enhance management, deepen its research and development, further strengthen the building up of product power, and always stick to "quality" and "craftsmanship" to polish our products and services.

Chairman's Statement

In terms of development and sales, in accordance with the progress schedule of project construction, completion and delivery of the Group's major projects will be concentrated in the second half of the year. Nine projects, including Cloud Center (phase II) and Natural City, are scheduled to be completed within the year. The Group will implement projects with all efforts and accelerate project progress to ensure the projects to be delivered as scheduled. Meanwhile, it will strengthen the cost management during the construction period, and promote efficiency enhancement through centralized procurement and annual procurement, so as to reduce costs and improve efficiency. The available-for-sale product value for the second half of the year is estimated to be approximately RMB30 billion, including new or additional residential projects in prime locations in Shenzhen, Zhongshan, Shanghai and Chengdu. The Group will continue to promote contracted sales, explore diversified marketing methods, and develop targeted strategies to promote destocking and accelerate capital collection to ensure the completion of the full-year sales target.

In terms of investment, the Group will identify the new situation of significant changes in the supply and demand relationship in the real estate market, further focus on urban function level and select strategic projects that are marketable or can capitalize on brand and operation advantages, with focus on expanding resources through benefit integration and urban renewal. Benefit integration projects are fundamental for the Group's sustainable development in the future, and the successful development of such projects will bring about large-scale quality project resources. Therefore, it is of great strategic significance. The Group will make further efforts to speed up space and industry planning, and expedite the approval process for the implementation plan of, and the substantive demolition and relocation negotiation for, the Guangming Shangcun and Henggang South projects as soon as practicable, push forward the land acquisition for the Guangming Baihua project (south district), and expand new benefit integration projects in other regions of Shenzhen. Moreover, the Group will pay close attention to the opportunities of urban village redevelopment, accelerate urban renewal projects in Shenzhen, expedite the negotiations and contracting in respect of project demolition and relocation to facilitate resource transformation, strive for excellence and select the best among the best in identifying projects in the open market.

(II) Promote operation and revitalization of existing assets

Benefitting from our strategic focus on high-tier cities and insistence on holding and operation, the Group currently holds high-quality completed properties of approximately 1.8 million square meters. In this "era of existing assets" for real estate, the Group will continue to innovate business pattern, enhance the operational efficiency and asset value of property holdings in a coordinated manner, promote asset revitalization, and explore the establishment of a virtuous cycle of "investment-holding-operation-revitalization-exit" for stock assets.

In respect of leasing, the Group will ride on the good momentum of commercial real estate development in the first half of the year, intensify activity planning to boost customer traffic, accelerate brand promotion to improve the unit efficiency of businesses and further increase the commercial rental income; take continuous steps to intensify the tenant sourcing of office buildings, attract and introduce in high-quality enterprises, concurrently with the promotion of upgrading and leasing of old properties, so as to drive rent increase and the enhancement of property values.

The Group will give full play to the advantages of integrated operation of the whole industrial chain, focus on improving operational efficiency and asset value, and actively explore the revitalization of existing assets. For investment properties and industrial park properties with high value growth, strong realizability and high market recognition, the Group will actively study the feasibility of asset securitization, such as revitalization through REITs or alike, and subsequently consider exiting depending on the market and policy conditions; and for property holdings with value growth but without the potential for asset securitization, the Group will consider disposal for realizability, thus forming a virtuous cycle of existing assets and new investments.

(III) Accelerate large-scale development of urban integrated operation

The Group continues to improve its core competitiveness in urban integrated operation, accelerate expansion and promote upgrading to establish a new presence for Shum Yip Operations.

Concerning business expansion, Shum Yip Operations will continue to capitalize on its market expansion advantages and make full use of its background as a state-owned company to further tap into the nation-wide potential market and expand market share; promote the interactivity of "city housekeeper" business with traditional property to form a regional expansion pattern of high efficiency and intensification; and continue to identify merger and acquisition opportunities to achieve large-scale expansion. Concerning service, Shum Yip Operations will improve the quality of its services with the "Shen Xiang" (深享) series product brochures and intensify customer maintenance; coordinate space resources, improve space operation, community life, asset management and other diversified value-added service systems, and support the well-being business of our controlling shareholder to promote the launch of "property management + elderly care" service. Concerning management, organizational control will be optimized to enhance labor efficiency, reduce costs and increase benefits, aiming to boost the value of integration.

In addition, a refined commercial management system will be developed for commercial operation as a key segment of the operating business to reinforce the control over the entire value chain of commercial assets, and continue to increase the revenue of operating shopping malls and hotels. By focusing on Shenzhen-Hong Kong consumption integration, UpperHills will give full play to its characteristics in fashion trends and urban micro-vacation to bring dynamics to international consumption in the Greater Bay Area. With its unique geographical advantage, UpperHills will innovatively interact with the surrounding parks to stimulate park economy and expand the operation and management of cultural and sports facilities to explore a new way of transformation and upgrading. Moreover, the preparation for the opening of Zhongshan Bay Front will be further propelled, aiming to create the first international IP indoor theme park cluster in Asia as an output of "UpperHills" and help form a new pattern in the Greater Bay Area.

(IV) Promote development and layout of innovative business

The Group will continue to invest in and foster the technology industry to build up a limited diversified portfolio and look for new growth drivers.

Jinghua, an advanced manufacturing arm of the Group, possesses the basic conditions and industrial advantages in the intelligent controller industry. Promoting the development and growth of such business is in line with the national strategic direction. Utilizing its core advantage of "display + intelligent control" integration, Jinghua will develop its business in the human-machine interaction sector, and actively expand into the downstream areas, such as smart home, industrial control, etc., to increase its market share and consolidate its core business. It will also expedite its expansion into overseas market, and, on the ground of its existing major overseas customers, establish overseas offices and service centers to provide customized service solutions and after-sale service to customers, thus firmly retaining its key downstream customers to facilitate the rapid expansion of the overseas business.

The agricultural segment will make an intensive effort to develop business in the agricultural industry. Xinfeng agricultural industrial park and Shum Yip Jinnong project will actively explore the establishment of a supply chain product system, promote park upgrading and transformation, comprehensively complete the construction of high-standard farmland and the transformation of digital farmland, strengthen the matchmaking of production and marketing, and promote the joint production, joint operation and various other forms of cooperation. Greater efforts will also be put to promote the opening of Dapeng Four Seasons Garden, Nan'ao Four Seasons Garden and the Central China Flower Base (華中花卉基地) so as to realize the integration of three industries. The Group will strengthen the agricultural brand, intensify brand promotion, endeavor to materialize the brand effect of "Nongwofeng" gradually, promote omni-channel development transformation of agricultural product sales, realize high integration between offline and online, and strive to achieve a new level of annual sales revenue. Except for the foregoing, the Group will take the initiative to make planning for the new pattern of the agricultural industry, and carry out research on innovative agricultural business in supporting the agricultural segment to develop in a high-quality manner.

Chairman's Statement

"Strive for excellence with great determination and vigor". In the face of the current industry situation, we are resolved to promote business transformation in a prudent and determined manner and is committed to transforming and upgrading ourselves into a technology-empowered industrial group principally engaged in urban integrated development and operation, and technology industry investment service. With unremitting efforts, the Group will forge ahead with high-quality development to make greater contributions to social economy and urban development, and create satisfactory returns for shareholders.

LU Hua
Chairman

30 August 2023

Management Discussion and Analysis

Overall Results

In the first half of 2023, due to the weakening of the dividends of the real estate industry, the overall market size shrank, and the industry has returned to be rational. Since the beginning of this year, the central government has set the tone of "stabilizing the pillar, preventing risks and promoting demand", and local supportive policies such as relaxation of purchase restrictions have been launched, but it will take time to have an effect, and the market has generally maintained "weak recovery". Amid the severe downturn in the industry, the Group continued to adhere to a general keynote of "prudent growth", strived to overcome the adverse impact of the industry downturn and other obstacles, focused on transformation and high-quality development, and worked conscientiously to promote various aspects of the work.

The loss recorded for the first half of 2023 was due to the decrease in booked area of the projects during the period as the sales revenue of major projects was mainly be recognized in the second half of the year, together with loss from the associates. During the period, the Group realized turnover of HK$6.06 billion, representing a decrease of 61% as compared to the same period of last year. Gross profit was HK$2.08 billion, with overall gross profit margin of 34.4%. Loss attributable to equity shareholders of the Company was HK$117 million, and basic loss per share was HK1.31 cents. If excluding the net effect of changes in fair value of investment properties attributable to the Group and changes in fair value of financial assets, loss attributable to equity shareholders of the Company was HK$245 million.

Property Development Business

I. Sales Revenue Booked

During the period, no new projects were completed by the Group and the revenue booked was from inventory sales. The Group recorded property sales booked of 120,726 square meters (excluding interests attributable to the major associates of the Group), representing a substantial decrease of 63% over the same period of last year, and achieved revenue from property sales of approximately RMB2.62 billion (equivalent to approximately HK$2.95 billion) (net of value-added tax), representing a decrease of 76% over the same period of last year. Shenzhen projects contributed 68% of the sales revenue booked.

Gross profit margin of property development and sales was 42%, representing a decrease of 8 percentage points over the same period of last year. The average gross profit margin of projects in Guangzhou and Shenzhen was approximately 53%, whereas the average gross profit margin of projects in other cities was approximately 33%.

According to the project plan, nine projects, including Cloud Center Phase 2 and Natural City, will be completed in the second half of the year, and the Group will closely monitor the progress of the projects to ensure that they are completed as scheduled.

Property Sales Booked in the First Half of 2023

Property Name	Type	City	Booked Area *(sq.m.)*	Net Sales *(RMB'000)*
UpperHills	Office	Shenzhen	3,952	246,058
Terra Licheng	Innovative industrial building	Shenzhen	151	899
Zhifeng Tower	Office	Shenzhen	10,131	296,992
Taifu Square	apartment	Shenzhen	945	48,024
Sky Park	Residential/apartment	Shenzhen	1,320	127,876
Cloud Center	Residential	Shenzhen	25,327	1,023,354
Parkview Bay	Residential	Shenzhen	191	23,597
Shum Yip Moon River Palace	Residential	Guangzhou	95	2,732
Garden Hills	Residential/commercial	Huizhou	14,099	108,355
Wanlin Lake	Residential/commercial	Huizhou	2,122	7,353
Gaobangshan	Residential/commercial	Huizhou	17,051	166,291
Bustling City	Residential	Foshan	951	21,796
Euro-view Garden	Parking space	Dongguan	36	533
Starry Lakeshore	Residential	Dongguan	233	11,097
Shum Yip City	Residential	Foshan	11,344	174,707
Ruicheng	Residential	Changsha	1,566	1,114
Heron Mansion	Residential	Changsha	1,394	20,106
Terra Nanhu Rose Bay	Villa	Wuhan	268	11,583
Shum Yip Huating	Residential	Chengdu	113	2,068
Yihu Rose Garden	Residential	Chengdu	322	3,040
Longwan Mansion	Residential	Nanjing	5,351	235,672
Splendid City Phase 3	Residential/commercial	Taizhou	1,220	13,605
Royal Spring Garden	Villa	Ma'anshan	418	7,957
Ma'anshan Shum Yip Huafu	Residential/commercial	Ma'anshan	605	8,947
Shenma East China Industrial Technology Industrial Park	Plant	Ma'anshan	9,602	28,496
Parking space	Parking space		11,919	28,350
Total			**120,726**	**2,620,602**

II. Contracted Sales

In the first half of 2023, despite tough market environment, the Group managed to overcome difficulties with accurate product positioning, and vigorously promoted marketing. During the period, the Group recorded contracted sales amount of approximately RMB14.79 billion (equivalent to approximately HK$16.63 billion), representing an increase of 198% over the same period of last year, and contracted sales area of 344,670 square meters. The average price per square meter was approximately RMB42,908. The contracted sales were mainly attributable to Shenzhen Upper Coast project which was over 90% sold on the launching day, a record high in terms of both the number of units and sales amount of single-day sales in China this year, and realized contracted amount of approximately RMB9.01 billion during the period; and Zhongshan Bay Front project which continued to record impressive sales, with total transaction amount of RMB1.85 billion. The sales performance of the Group in the first half of the year was satisfactory, and approximately 64% of the annual sales target was completed.

By geographical location, projects in the Greater Bay Area accounted for 92% of the contracted sales amount, and the other 7% and 1% came from projects in the second-tier provincial capital cities and other cities respectively. By the types of products, residential products accounted for 84% of contracted sales, and non-residential products (including office, apartment and industrial park) accounted for 16%.

Management Discussion and Analysis

Contracted Sales in the First Half of 2023*

	City	Type	Sales Area (sq.m.)	Sales** (RMB'000)
Natural City	Shenzhen	Residential	15,495	531,530
Sky Park	Shenzhen	Apartment	1,414	143,026
Cloud Center	Shenzhen	Residential	18,795	816,856
Shum Yip Taifu Square	Shenzhen	Apartment and office	1,178	64,797
UpperHills	Shenzhen	Office (including industrial R&D and warehousing)	3,636	234,966
Upper Coast	Shenzhen	Residential	98,228	9,013,944
Luxury Mansion	Shenzhen	Residential	3,198	231,112
Shum Yip Scenery Bay	Guangzhou	Residential	7,975	304,446
Shunde Shum Yip City	Foshan	Residential, commercial	9,670	152,377
Bustling City	Foshan	Residential	951	16,870
West Lake Sanli	Huizhou	Residential	22,823	168,230
Xiyue City	Huizhou	Residential	15,381	125,397
Wanlin Lake	Huizhou	Residential	1,384	2,273
Bay Front	Zhongshan	Residential, office	78,903	1,844,860
Nanwan Mansion	Nanjing	Residential	7,489	348,681
Jiangyin Shum Yip Technology Industrial Park	Nanjing	Office (including industrial R&D and warehousing)	1,977	10,675
Shum Yip Heron Mansion	Changsha	Commercial	991	14,253
Shum Yip Ruicheng Xihui	Changsha	Commercial	485	2,692
Shum Yip Tairong Mansion	Chengdu	Residential	8,680	178,859
Shum Yip North Shore	Chengdu	Residential	8,385	63,307
Qingbaijiang Shum Yip Taifu Square	Chengdu	Office	3,791	27,793
Taiyun Mansion	Wuhan	Residential	19,111	349,657
Changzhou Shum Yip Huafu	Changzhou	Parking space	116	272
Shum Yip Yunqi Garden	Taizhou	Residential	1,530	23,359
Shenyue Bay	Taizhou	Parking space	2,387	21,956
Ma'anshanShum Yip Huafu	Ma'anshan	Commercial, parking space	2,206	25,199
Shenma East China Industrial Technology Industrial Park	Ma'anshan	Industrial	6,782	22,104
Others	–	–	1,709	49,564
Total			**344,670**	**14,789,055**

* As all the contracted sales took place in Mainland China, the contracted sales figures are expressed in Renminbi.

** Sales includes the sales of parking lots.

III. Project Development

During the period, the Group's newly started construction area was approximately 1.09 million square meters, and there were no newly completed projects.

New Construction Projects in the First Half of 2023

Project	City	Type	New Construction Area *(sq.m. '000)*
Shum Yip Tairui Mansion	Shenzhen	Residential	214
Luxury Mansion Phase 1	Shenzhen	Residential	138
Huizhou Wanlin Huafu Phase 1	Huizhou	Commercial/Residential	159
Shanghai Huxi Shangju Phase 1	Shanghai	Residential	57
Chengdu Longquanyi Project North Land Plot	Chengdu	Complex	132
Changsha Luxiyunjing Phase 1	Changsha	Residential	96
Shum Yip Tairong Mansion	Chengdu	Residential	225
Jiangyin Research and Innovation Park Phase 1	Jiangyin, Wuxi	Industrial	69
Total			**1,090**

IV. Expansion of Land Resources

By adhering to the investment principle of "selecting the best among the best", the Group acquired 2 land plots in Longhua North Railway Station business district, Shenzhen and Ma'an Island, Cuiheng New District, Zhongshan, adding a total new site area of approximately 110,000 square meters, with a capacity building area of approximately 270,000 square meters, with an estimated value of approximately RMB7.6 billion.

New Expansion of Land Resources

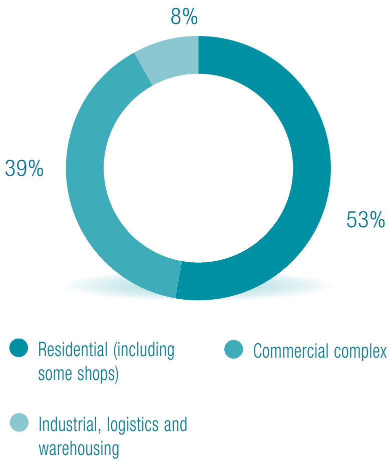
Project Name	City	Acquisition Date	Project Equity Ratio	Type	Total Land Price *(RMB million)*	Site Area *(sq.m.)*	Capacity Building Area *(sq.m.)*
Shenzhen Longhua District Land Plot A811-0347	Shenzhen	30 June 2023	100%	Complex	1,441	10,118	72,850
Zhongshan Xisanwei Land Plot G28	Zhongshan	11 July 2023	50%	Residential	1,981	99,039	198,077
Total					**3,422**	**109,157**	**270,927**

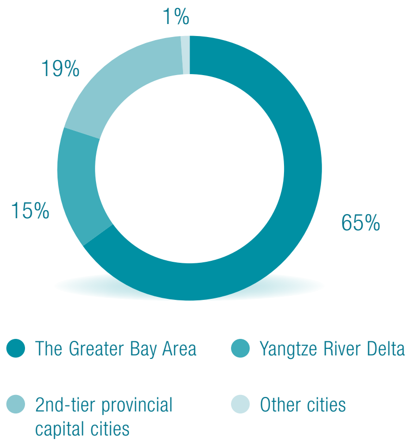
V. Land Reserves

As of 30 June 2023, the Group had land reserves with a capacity building area of approximately 6.59 million square meters, of which, the projects not yet started had a capacity building area of approximately 0.71 million square meters, the projects under construction had a capacity building area of approximately 5.20 million square meters and the completed but not yet booked projects had a capacity building area of approximately 0.68 million square meters. The structure of the land reserve remained reasonable and healthy, with land reserve in the Greater Bay Area, the Yangtze River Delta region and the second-tier provincial capital cities accounting for 65%, 15% and 19% of the total capacity buildings area respectively. Besides, the carrying value of completed properties held for sale amounted to HK$14.21 billion.

Distribution of Land Reserves (As at 30 June 2023)

By type – Capacity Building Area[Note] (sq.m.)	By region – Capacity Building Area[Note] (sq.m.)





Note:

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.

VI. Property Investment Business

In the first half of 2023, the Group grasped the opportunity of the recovery of consumption and the commercial market to vigorously promote tenant sourcing for commercial and office buildings, promote the optimization and iteration of tenants, and strengthen commercial operations to boost the turnover of tenants, and the property investment business recorded significant improvement. During the period, the Group recorded an income from property investment of approximately HK$694 million, representing an increase of 25% over the same period of last year. The gross profit margin of property investment business was approximately 79%, representing an increase of 10 percentage points over the same period of last year. As at 30 June 2023, the Group had investment properties of approximately 1.79 million square meters, with a fair value of approximately HK$34.33 billion. The Group recorded a revaluation increase in the fair value of its investment property portfolio of HK$276 million during the period.

Urban Integrated Operation Business

I. Overview of the Business Segment

The Group's urban integrated operations business, comprising urban and industrial park property management, residential property management, commercial operation and property management services, had a total contracted GFA of approximately 75.61 million square meters and a total GFA under management of approximately 71.83 million square meters, of which approximately 73% was attributable to independent third-party projects and 63% was attributable to non-residential properties, both indicators are higher than the industry average. During the period, revenue from the urban integrated operations business amounted to approximately HK$1.42 billion, representing an increase of 11% over the same period of last year. With its industry-leading comprehensive strength and widely-recognized service, the Group was listed among the "Top 100 Property Service Enterprises China 2023 (No. 17)" (2023 中國物業服務百強企業第 17 位) by the China Index Academy, "Top State-Owned Property Management Companies by Comprehensive Strength (No. 6)" (國有物業服務企業綜合實力第 6 名) by the China Property Management Research Institution, etc.

II. Operation Business Expansion

In the first half of 2023, Shum Yip Operations expanded its operation by exceeding 4.60 million square meters net (if including the business carried through joint ventures, the expansion in net operation area in the first half of the year was approximately 9.46 million square meters), and the market expansion strength remained strong. The urban and industrial park service made further progress. Shum Yip Operations established a joint venture in Ma'anshan, Anhui with a local state-owned enterprise, and successfully launched its business outside the Guangdong-Hong Kong-Macao Greater Bay Area by winning the bid for Ma'anshan city service project, which had contracted area under management of more than 4.80 million square meters, with total contract value of RMB150 million. There was breakthrough in public construction project expansion. With "corporate-to-corporate collaboration", the Group newly expanded Shandong Mobile (Zibo) and Hainan Mobile (provincial headquarters) office property management projects to fill its gap in regional market; and focused on major projects by successfully expanding high-quality public construction property projects such as Intermediate People's Court, Emergency Blood Information Three Centers (急救血液信息三中心), and 11 public primary and secondary schools and kindergartens under the Longhua District Education Bureau in Shenzhen.

III. Commercial Operation

In the first half of 2023, seizing the opportunity brought by the recovery of offline consumption after the pandemic, the Group took the initiative to improve the operation of various commercial projects, made positive progress in investment promotion, business opening and operation, and further enhanced its brand value. UpperHills grasped the market trend, accelerated the optimization of brand matrix, organized frequent creative promotion activities, and promoted the integration of consumption between Shenzhen and Hong Kong. During the period, customer traffic reached new highs, and customers from Hong Kong rose by 40% year-on-year. The grand opening of the first Galeries Lafayette in South China on 8 July 2023 created a new landmark of high-end fashion in Shenzhen. On the opening day, the customer traffic of UpperHills exceeded 200,000, and the sales amount of Galeries Lafayette exceeded RMB1 million. UpperHills Block was awarded the first batch of night economy demonstration block and demonstration characteristic business district by the Commerce Bureau of Shenzhen Municipality, and is the only municipal night economy demonstration block in Futian District of Shenzhen.

In addition, the Group began to export commercial brands, and obtained the first PPP project of the stock renovation in public service sector in Shenzhen in 2020, namely Shenzhen Women and Children Tower renovation and operation project. After three years of renovation, Shenzhen Women and Children Tower had its debut on 1 June 2023 featuring the first picture book museum in China, the first children's exploration museum in Shenzhen, children's theater as well as a series of featured women and children – themed humanities and art exhibition activities, becoming a model project to revitalize the city's existing public service facilities. In May 2023, Zhongshan Bay Front began to sign contracts with commercial brands to build the first international indoor IP theme park cluster in the Guangdong-Hong Kong-Macao Greater Bay Area. The commercial water street is named as the "Bay Front•UpperHills Water Street (灣中•上城水街)", marking the successful export of the "UpperHills" brand and the new pattern of expanding to the Bay Area.

Hotel Operation Business

The Group owns 6 hotels in operation, namely Suzhou Marriott Hotel (with 302 guest rooms), Chaohu Shum Yip Bantang Hot Spring Hotel (with 27 spring villas), Holiday Inn Resort Chaohu Hot Spring (with 203 guest rooms), Muji Hotel (with 79 guest rooms) in UpperHills, Shenzhen, Mandarin Oriental Shenzhen (with 178 guest rooms) and Jingju Hotel (with 196 guest rooms) in Shenzhen Women and Children Tower. During the period, the core operating indicators of the Group's hotels exceeded expectations, and the hotels recorded operating income (included under other operating segment) of approximately HK$194 million, representing an increase of 62% over the same period of last year.

Mandarin Oriental Shenzhen was awarded Five Star by Forbes Travel Guide for the first time, and was named as one of the World's Best Hotel in 2023 in LA LISTE's first global hotel ranking, being the only hotel in Shenzhen on the list. In May 2023, the Group released its own hotel brand "Jingju Hotel", and officially launched four brand product lines to improve the asset-light brand matrix of the hotel management segment. It is an important breakthrough for the Group to develop hotel networks in the future.

Industrial Manufacturing Business

The Group's manufacturing business mainly represents the research and development, production and sales of LCD devices and intelligent control displays operated by its subsidiary Shenzhen Jinghua Displays Electronics Co., Ltd ("Jinghua"). The products of Jinghua are widely used in fields such as smart home, industrial control and automation, OA office, intelligent vehicle and smart healthcare. It is committed to creating a new business model of "headquarters + OEM production base + R&D center" to realize the transformation from "product manufacturer" to "solution service provider". The intelligent control business, being its main development direction, has made great progress, while electronic control customers continued to increase, and successfully entered a number of international major customer supply chain channels, laying a good foundation for subsequent sales. After years of operation, Jinghua has developed on a large scale. During the period, it has obtained the spin-off approval and submitted its listing application for IPO on the Growth Enterprise Market Board of the Shenzhen Stock Exchange.

In the first half of 2023, the global economic downturn led to slower growth of overall demand in the industry and delayed order demand of certain customers. Jinghua realized operating income from manufacturing business of approximately HK$218 million, representing a decrease of 10% over the same period of last year. By optimizing product structure, enhancing product performance and strengthening low-cost advantage, Jinghua will strengthen its development in the intelligent display control field and expand international customers base in overseas market, so as to increase the number of orders and improve business performance.

Performance of Major Joint Ventures and Associates

During the period, Taizhou Shum Yip Investment Development Limited (a 51% owned company of the Group) incurred a loss of HK$7.20 million to the Group. The principal activity of the company is to assist local government in primary land development.

Shenzhen Langtong Property Development Company Limited (a 50% owned company of the Group) contributed profit of HK$8.96 million. It is the project company that has developed Shenzhen Tanglang City in collaboration with Shenzhen Metro Group.

Shenzhen Tianan Cyber Park (Group) Co., Ltd. (a 37.5% owned company of the Group) incurred a loss of HK$1.60 million to the Group.

Road King Infrastructure Limited, an associate invested by the Group (1098.HK), incurred a loss of HK$330 million to the Group.

Financial Management

I. Capital and Financing

As at 30 June 2023, the Group's total bank and other borrowings amounted to HK$37.35 billion (31 December 2022: HK$40.22 billion). Floating rate loans and fixed-rate loans accounted for 63.3% and 36.7%, respectively; long-term loans and short-term loans accounted for 76.5% and 23.5%, respectively; borrowings denominated in Hong Kong dollars and Renminbi borrowings accounted for 41.6% and 58.4%, respectively.

The Group proactively raised funds, and strengthened financing expansion by successfully entered into a HK$5 billion medium and long-term loan agreement in the first half of the year (including a syndicated loan of HK$3.5 billion). Besides, it strengthened the management of loan costs and further reduced the fixed-interest rate cost under the newly signed loan agreements, and its subsidiaries invited bids for project development loans through the capital financing platform of State-owned Assets Supervision and Administration Commission and obtained the lowest loan interest rate of 2.52%. During the period, due to significant increase in the cost of the floating rate portion of the borrowings denominated in Hong Kong dollars held by the Group, the average comprehensive interest rate of the Group's bank and other borrowings was approximately 4.15% per annum, representing an increase of 0.83 percentage point over last year.

As at 30 June 2023, the Group's cash balance was HK$15.15 billion (including restricted cash) (31 December 2022: HK$13.36 billion), of which approximately 95.6% were denominated in Renminbi, and the remaining in US dollar and Hong Kong dollar. The cash to short-term debt ratio was 1.73 times.

As at 30 June 2023, the Group had net assets, excluding non-controlling interests, of HK$41.75 billion (31 December 2022: HK$44.63 billion). The asset-liability ratio, excluding advance receipts, was 68.9%, and the net gearing ratio (net debt divided by equity attributable to owners of the Company) was 53.2%.

Key Financial Indicators

HK$100 million	**As at 30 June 2023**	As at 31 December 2022
Bank and other borrowings	**373.5**	402.2
—Long-term borrowings	**285.8**	281.4
—Short-term borrowings	**87.7**	120.8
Cash (including restricted cash)	**151.5**	133.6
Net gearing ratio	**53.2%**	60.2%

II. Effect of Exchange Rate Fluctuation

The Group's assets are mainly denominated in Renminbi, while Hong Kong dollar is adopted as the reporting currency in the Group's financial statements. The effect of the decrease in RMB exchange rate on the Group's finance was mainly reflected in the depreciation of the asset and earnings denominated in Renminbi against Hong Kong dollar, the reporting currency. During the period, such fluctuations in the asset and earnings denominated in Renminbi against Hong Kong dollar, the reporting currency, of HK$1.81 billion were included in other comprehensive income. In addition, due to the decrease in deposits denominated in foreign currencies held in the PRC, the Group recorded foreign exchange losses of HK$31.68 million for the first half of 2023 as compared to foreign exchange gains of HK$150 million for the same period of last year, which were included in the "other expenses" line item.

III. Financial Assets

On 31 May 2017, the Group contributed an amount of RMB5.50 billion to the capital of Hengda Real Estate Group Company Limited ("Hengda Real Estate") and held 2.6439% equity interests in Hengda Real Estate. 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 2023, the Group made a provision for fair value losses of approximately HK$80.96 million, and the book fair value of the said financial assets have been fully provided for.

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 "Breeding Center") against the Terra Companies (the "Litigation") regarding the contractual disputes under the four agreements entered into by Terra Companies with the Claimant in respect of the development of Nanhu Rose Bay (南湖玫瑰灣) in Wuhan, 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. In August 2022, the Court made the first instance judgment to the Litigation confirming the contract was void and dismissing the Breeding Centre's claim. Later the Breeding Centre appealed against the judgment, and the Court of Second Instance ruled that the original judgment was upheld in May 2023. Currently, all the frozen funds of the Terra Companies have been released by the Court. Based on the current assessment, the Litigation has no material impact on the daily operation of the Group as a whole.

Pledge of Assets and Contingent Liabilities

As at 30 June 2023, the Group had total loans of HK$8,176 million (31 December 2022: HK$10,339 million) that were pledged with assets (please refer to note 25 to the interim financial information for details).

As at 30 June 2023, the Group has given guarantees amounted to HK$1.37 billion in respect of bank and other borrowings to three joint ventures of the Group (please refer to note 29 to the interim financial information for details).

Employees and Remuneration Policy

As at 30 June 2023, the Group employed 22,229 employees (30 June 2022: 21,786) of whom 22 were stationed in Hong Kong (mainly managerial and finance related personnel), and the rest were in mainland. The total remuneration for the six months ended 30 June 2023 (excluding remuneration of the Directors) amounted to approximately HK$1.371 billion (six months ended 30 June 2022: HK$1.498 billion).

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.

Report On Review of Interim Financial Information

To the Board of Directors of Shenzhen Investment Limited
(incorporated in Hong Kong with limited liability)

Introduction

We have reviewed the interim financial information set out on pages 35 to 87, which comprises the condensed consolidated statement of financial position of Shenzhen Investment Limited (the "Company") and its subsidiaries (together, the "Group") as at 30 June 2023 and the condensed consolidated statement of profit or loss, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated cash flow statement for the six-month period then ended, and selected 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" issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. Our responsibility is to express a conclusion on this interim financial information 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 interim financial information 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 interim financial information of the Group is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting".

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 30 August 2023

Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 June 2023

		Unaudited	
		Six months ended 30 June	
		2023	2022
	Note	HK$'000	HK$'000
Revenue	7	**6,057,890**	15,534,377
Cost of sales and services	8	**(3,974,623)**	(8,583,140)
Gross profit		**2,083,267**	6,951,237
Selling and distribution expenses	8	**(183,601)**	(162,658)
Administrative expenses	8	**(660,781)**	(659,657)
Decrease in fair value of financial assets at fair value through profit or loss		**(77,557)**	(284,321)
Gains/(losses) result from changes in fair value of and transfer to investment properties	15	**276,216**	(23,640)
Net impairment losses on financial assets		**(11,673)**	(44,998)
Other expenses	8	**(176,393)**	(25,159)
Other income	9	**80,830**	244,311
Other gains	10	**304**	611
Operating profit		**1,330,612**	5,995,726
Finance income	11	**84,997**	131,732
Finance costs	11	**(579,376)**	(469,412)
Finance costs – net	11	**(494,379)**	(337,680)
Share of results of joint ventures and associates	17,18	**(315,033)**	140,933
Profit before income tax		**521,200**	5,798,979
Income tax expenses	12	**(557,217)**	(3,335,836)
(Loss)/profit for the period		**(36,017)**	2,463,143
(Loss)/profit for the period is attributable to:			
– Owners of the Company		**(116,615)**	2,360,778
– Non-controlling interests		**80,598**	102,365
		(36,017)	2,463,143
(Losses)/earnings per share for (loss)/profit attributable to owners of the Company (expressed in HK cents per share)	13		
– Basic and diluted		**(1.31)**	26.53

The above condensed consolidated statement of profit or loss should be read in conjunction with the accompanying notes.

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2023

	Unaudited Six months ended 30 June	
	2023	2022
	HK$'000	HK$'000
(Loss)/profit for the period	**(36,017)**	2,463,143
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss:		
– Share of changes of other comprehensive income of a joint venture and an associate	**(45,293)**	(137,673)
– Exchange differences on translation of foreign operation	**(1,805,077)**	(3,014,254)
Total comprehensive expense for the period	**(1,886,387)**	(688,784)
Total comprehensive expense attributable to:		
– Owners of the Company	**(1,810,892)**	(559,337)
– Non-controlling interests	**(75,495)**	(129,447)
	(1,886,387)	(688,784)

The above condensed consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Condensed Consolidated Statement of Financial Position

As at 30 June 2023

	Note	**Unaudited 30 June 2023 HK$'000**	Audited 31 December 2022 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment	15	**6,016,763**	6,159,776
Investment properties	15	**34,327,189**	35,126,999
Investments in joint ventures	17	**8,804,198**	8,836,242
Investments in associates	18	**5,234,028**	5,610,595
Intangible assets		**854,120**	722,970
Financial assets at fair value through profit or loss	19	**29,800**	107,455
Financial assets at fair value through other comprehensive income		**2,327**	2,402
Trade and other receivables	20	**240,156**	419,737
Deferred income tax assets		**3,296,291**	3,335,319
		58,804,872	60,321,495
Current assets			
Properties under development	21	**69,322,442**	71,019,506
Completed properties held for sale	22	**14,207,501**	11,583,916
Inventories		**352,864**	342,177
Trade and other receivables	20	**7,494,160**	6,833,278
Financial assets at fair value through profit or loss	19	**1,075**	1,594
Biological assets		**4,713**	4,021
Restricted cash and bank deposits	23	**3,713,840**	1,693,335
Cash and cash equivalents	23	**11,440,298**	11,668,267
		106,536,893	103,146,094
Total assets		**165,341,765**	163,467,589

Condensed Consolidated Statement of Financial Position

As at 30 June 2023

	Note	Unaudited 30 June 2023 HK$'000	Audited 31 December 2022 HK$'000
EQUITY			
Equity attributable to owners of the Company			
Share capital	24	**22,071,756**	22,071,756
Capital reserve	24	**59,019**	59,019
Other reserves	24	**1,463,004**	3,157,152
Retained earnings		**18,159,444**	19,343,914
		41,753,223	44,631,841
Non-controlling interests		**4,855,147**	4,925,132
Total equity		**46,608,370**	49,556,973
LIABILITIES			
Non-current liabilities			
Bank and other borrowings	25	**28,578,764**	28,138,776
Lease liabilities	16	**178,881**	128,177
Deferred income		**18,603**	19,714
Due to the immediate holding company	30	**701,978**	699,483
Deferred income tax liabilities		**7,654,839**	7,899,606
		37,133,065	36,885,756
Current liabilities			
Bank and other borrowings	25	**8,768,163**	12,083,433
Contract liabilities		**14,352,002**	6,328,458
Trade and other payables	26	**25,195,952**	25,872,833
Lease liabilities	16	**72,677**	62,613
Due to the immediate holding company	30	**2,476,135**	2,454,966
Due to the ultimate holding company	30	**19,533,363**	18,312,783
Tax payable		**11,202,038**	11,909,774
		81,600,330	77,024,860
Total liabilities		**118,733,395**	113,910,616
Total equity and liabilities		**165,341,765**	163,467,589

The above condensed consolidated statement of financial position should be read in conjunction with the accompanying notes.

The interim financial information on page 35 to 87 was approved by the Board of Directors on 30 August 2023 and was signed on its behalf.

Mr. WANG Yuwen
Director

Ms. SHI Xiaomei
Director

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2023

	Unaudited						
	Attributable to the owners of the Company					Non-controlling interests HK$'000	Total equity HK$'000
	Share capital HK$'000	Capital reserve HK$'000	Other reserves HK$'000	Retained earnings HK$'000	Total HK$'000		
Balance at 1 January 2023	22,071,756	59,019	3,157,152	19,343,914	44,631,841	4,925,132	49,556,973
Comprehensive income for the six months ended 30 June 2023							
(Loss)/profit for the period	–	–	–	(116,615)	(116,615)	80,598	(36,017)
Other comprehensive income:							
Exchange differences on translation of foreign operations	–	–	(1,648,984)	–	(1,648,984)	(156,093)	(1,805,077)
Share of other comprehensive income of a joint venture and an associate	–	–	(45,293)	–	(45,293)	–	(45,293)
Total comprehensive income for the period	–	–	(1,694,277)	(116,615)	(1,810,892)	(75,495)	(1,886,387)
Transactions with owners in their capacity as owners							
Capital injections from non-controlling interests	–	–	–	–	–	5,510	5,510
Dividends provided for or paid	–	–	–	(1,067,855)	(1,067,855)	–	(1,067,855)
Equity-settled share option expense	–	–	129	–	129	–	129
Total transactions with owners	–	–	129	(1,067,855)	(1,067,726)	5,510	(1,062,216)
Balance at 30 June 2023	22,071,756	59,019	1,463,004	18,159,444	41,753,223	4,855,147	46,608,370

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2023

	Unaudited						
	Attributable to the owners of the Company					Non-controlling interests HK$'000	Total equity HK$'000
	Share capital HK$'000	Capital reserve HK$'000	Other reserves HK$'000	Retained earnings HK$'000	Total HK$'000		
Balance at 1 January 2022	22,071,756	59,019	8,913,918	18,130,233	49,174,926	5,194,954	54,369,880
Comprehensive income for the six months ended 30 June 2022							
Profit for the period	–	–	–	2,360,778	2,360,778	102,365	2,463,143
Other comprehensive income:							
Exchange differences on translation of foreign operations	–	–	(2,782,442)	–	(2,782,442)	(231,812)	(3,014,254)
Share of other comprehensive income of a joint venture and an associate	–	–	(137,673)	–	(137,673)	–	(137,673)
Total comprehensive income for the period	–	–	(2,920,115)	2,360,778	(559,337)	(129,447)	(688,784)
Transactions with owners in their capacity as owners							
Capital injections from non-controlling interests	–	–	–	–	–	5,909	5,909
Dividends provided for or paid	–	–	–	(711,903)	(711,903)	–	(711,903)
Equity-settled share option expenses	–	–	392	–	392	–	392
Transfer of reserves upon lapse of share options	–	–	(108,984)	108,984	–	–	–
Share repurchase	–	–	–	(1,855)	(1,855)	–	(1,855)
Total transactions with owners	–	–	(108,592)	(604,774)	(713,366)	5,909	(707,457)
Balance at 30 June 2022	22,071,756	59,019	5,885,211	19,886,237	47,902,223	5,071,416	52,973,639

The above condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Condensed Consolidated Cash Flow Statement

For the six months ended 30 June 2023

	Unaudited Six months ended 30 June 2023 HK$'000	2022 HK$'000
Cash flows from operating activities		
Cash generated from/(used in) operations	**3,078,394**	(16,325,292)
Interest paid	**(895,441)**	(569,442)
Interest received	**84,997**	131,732
Income tax paid	**(1,508,137)**	(2,641,369)
Net cash generated from/(used in) operating activities	**759,813**	(19,404,371)
Cash flows from investing activities		
Loans to joint ventures	**(123,695)**	(482,440)
Payments for investments in associates and joint ventures	**(155,315)**	(47,898)
Purchases of property, plant and equipment	**(127,557)**	(77,699)
Disposals of property, plant and equipment	**108**	19
Interest received from loans to related parties	**21,969**	1,743
Dividend income from joint ventures and associates	**8,021**	92,925
Dividends received from financial assets at fair value through profit or loss	**72**	108
Repayments of loans to non-controlling interests	**–**	241,220
Net cash used in investing activities	**(376,397)**	(272,022)

Condensed Consolidated Cash Flow Statement

For the six months ended 30 June 2023

	Unaudited Six months ended 30 June 2023 HK$'000	2022 HK$'000
Cash flows from financing activities		
Proceeds from bank and other borrowings	**8,718,274**	14,957,007
Repayments of bank and other borrowings	**(10,849,407)**	(8,048,305)
Proceeds from loans from ultimate holding company	**10,593,915**	17,358,541
Repayments of loans from ultimate holding company	**(9,020,739)**	(7,076,460)
Proceeds from loans from fellow subsidiaries	**247,390**	–
Repayments of loans from fellow subsidiaries	**(48,916)**	(326,166)
Proceeds from loans from joint ventures	**–**	120,610
Principal elements of lease payments	**(50,884)**	(59,307)
Capital contributions by non-controlling interests	**5,510**	10,227
Share repurchase	**–**	(1,855)
Proceeds from loans from non-controlling interests	**126,572**	2,851,098
Repayments of loans from non-controlling interests	**(259,176)**	(84,945)
Net cash (used in)/generated from financing activities	**(537,461)**	19,700,445
Net (decrease)/increase in cash and cash equivalents	**(154,045)**	24,052
Cash and cash equivalents at beginning of the period	**11,668,267**	19,917,256
Exchange difference on cash and cash equivalents	**(73,924)**	(910,875)
Cash and cash equivalents at end of the period	**11,440,298**	19,030,433

The above condensed consolidated cash flow statement should be read in conjunction with the accompanying notes.

Notes to the Interim Financial Information

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 Company is an investment holding company. The Company and its subsidiaries (collectively referred to as the "Group") are principally engaged in property development, property investment, property management and manufacture operation.

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 30 August 2023 and has not been audited.

2 Basis of preparation

(a) This interim financial information for the six months ended 30 June 2023 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 2022 ("2022 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.

2 Basis of preparation (Continued)

(a) (Continued)

The financial information relating to the financial year ended 31 December 2022 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:

(i) The Company has delivered the 2022 financial statements to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance.

(ii) 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 Material accounting policy information

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 amended standards.

3 Material accounting policy information (Continued)

(b) New or amended standards and interpretations not yet adopted

		Effective for the annual periods beginning on or after
Amendments to HKAS 1	Non-current liabilities with covenants	1 January 2024
Amendments to HKAS 1	Classification of liabilities as current or non-current	1 January 2024
Hong Kong Interpretation 5 (2020)	Classification by the borrower of a term loan that contains a repayment on demand clause	1 January 2024
Amendments to HKFRS 16	Lease liability in sales and lease back	1 January 2024
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associates or joint ventures	To be determined

The Group has already commenced an assessment of the impact of these new or amended standards and interpretations, 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 Accounting estimates

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

5 Financial risk management

5.1 Financial risk factors

The Group's major operations are mainly located in the PRC and is subject to special considerations and significant risks. These include risks associated with, among others, the political, economic and legal environment, influence of national authorities over pricing regulation and competition in the industry.

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. The interim financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's 2022 financial statements.

There have been no significant changes in the risk management department, policies and procedures during the period.

5 Financial risk management (Continued)

5.2 Liquidity risk

The table below analyses the Group's financial liabilities into relevant maturity grouping based on the remaining period at the date of statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows and include interest.

	As at 30 June 2023					
	Less than 1 year HK$'000	Between 1 and 2 years HK$'000	Between 2 and 3 years HK$'000	Over 3 years HK$'000	Total HK$'000	Carrying amount HK$'000
Interest-bearing bank and other borrowings	10,415,564	14,566,568	4,721,728	11,421,970	41,125,830	37,346,927
Lease liabilities	87,659	84,924	64,292	92,789	329,664	251,558
Trade payables	4,692,750	–	–	–	4,692,750	4,692,750
Other payables	9,990,869	–	–	–	9,990,869	9,990,869
Loans from fellow subsidiaries	1,993,830	–	–	–	1,993,830	1,967,004
Loans from joint ventures	223,003	–	–	–	223,003	217,309
Loans from other related parties	168,529	–	–	–	168,529	165,560
Loans from non- controlling interests	1,479,247	456,132	456,132	7,080,739	9,472,250	7,872,054
Due to the immediate holding company	2,478,724	44,749	776,281	–	3,299,754	3,178,113
Due to the ultimate holding company	19,830,338	–	–	–	19,830,338	19,533,363
	51,360,513	15,152,373	6,018,433	18,595,498	91,126,817	85,215,507

5 Financial risk management (Continued)

5.2 Liquidity risk (Continued)

	As at 31 December 2022					
	Less than 1 year HK$'000	Between 1 and 2 years HK$'000	Between 2 and 3 years HK$'000	Over 3 years HK$'000	Total HK$'000	Carrying amount HK$'000
Interest-bearing bank and other borrowings	13,045,562	9,496,493	9,858,725	10,584,349	42,985,129	40,222,209
Lease liabilities	66,050	56,902	47,060	33,117	203,129	190,790
Trade payables	6,335,130	–	–	–	6,335,130	6,335,130
Other payables	8,781,853	–	–	–	8,781,853	8,781,853
Loans from fellow subsidiaries	1,668,765	188,059	–	–	1,856,824	1,803,046
Loans from a joint venture	231,870	–	–	–	231,870	228,904
Loans from an other related company	175,320	–	–	–	175,320	175,189
Loans from non- controlling interests	1,418,879	475,740	475,740	7,815,927	10,186,286	8,085,253
Due to the immediate holding company	3,212,130	–	–	–	3,212,130	3,154,449
Due to the ultimate holding company	18,629,840	–	–	–	18,629,840	18,312,783
	53,565,399	10,217,194	10,381,525	18,433,393	92,597,511	87,289,606

The Group had adequate financial resources to repay these debts when they become due and payable.

5.3 Capital management

The objectives of the Group's capital management policy are to ensure the financing capabilities of the Company in running its operation on a going concern basis, to maintain an optimal capital structure, to reduce capital cost and to maximise shareholders value.

The Group manages and adjusts its capital structure appropriately according to the specific features of the risks of its assets and the changes in various economic conditions. Through adjustments in dividend distribution, injections and repayments of capital by shareholders or issuance of new shares, the Group is able to maintain an optimal capital structure of the Company.

5 Financial risk management (Continued)

5.3 Capital management (Continued)

The Group monitors capital using a gearing ratio, which is net debt divided by equity attributable to equity shareholders of the Company. The Group's policy is to keep the gearing ratio at a reasonable level. Net debt is interest-bearing bank loans and other borrowings less cash and cash equivalents and restricted cash.

5.4 Fair value estimation

(a) Fair value hierarchy

The table below analyses financial instruments carried or presented at fair value, by level of the inputs to valuation techniques used to measure fair value. The different levels are defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1). The quoted market price already incorporates the market's assumptions with respect to changes in economic climate such as rising interest rates and inflation, as well as changes due to Environmental, Social and Governance risk (the "ESG risk"). These instruments are included in level 1.

- Inputs other than quoted prices included within level 1 that are observable for the assets or liabilities, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).

- Inputs for the assets or liabilities that are not based on observable market data (that is, unobservable inputs) (level 3). This is the case for unlisted equity securities and for instruments where ESG risk gives rise to a significant unobservable adjustment.

5 Financial risk management (Continued)

5.4 Fair value estimation (Continued)

(a) Fair value hierarchy (Continued)

	At 30 June 2023			
	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
Financial assets at fair value through profit or loss ("FVTPL")				
– Listed equity investments in Hong Kong	1,075	–	–	1,075
– Listed equity investments in Mainland China*	29,800	–	–	29,800
Financial assets at fair value through other comprehensive income ("FVOCI")				
– Unlisted equity investments in Mainland China	–	–	2,327	2,327
	30,875	–	2,327	33,202

* Mainland China: the People's Republic of China, for the purpose of this interim report, excluding Hong Kong, Macau and Taiwan.

5 Financial risk management (Continued)

5.4 Fair value estimation (Continued)

(a) Fair value hierarchy (Continued)

	At 31 December 2022			
	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
Financial assets at FVTPL				
– Listed equity investments in Hong Kong	1,594	–	–	1,594
– Listed equity investments in Mainland China	26,851	–	–	26,851
– Unlisted equity investments in Mainland China	–	–	80,604	80,604
Financial assets at FVOCI				
– Unlisted equity investments in Mainland China	–	–	2,402	2,402
	28,445	–	83,006	111,451

(b) Fair value measurements using significant unobservable inputs

The following table presents the changes in level 3 instruments for the period ended 30 June 2023 and 2022:

	Six months ended 30 June	
	2023 HK$'000	2022 HK$'000
At 1 January	**83,006**	465,365
Fair value changes of financial assets	**(80,964)**	(283,434)
Exchange differences	**285**	(10,116)
At 30 June	**2,327**	171,815

5 Financial risk management (Continued)

5.4 Fair value estimation (Continued)

(b) Fair value measurements using significant unobservable inputs (Continued)

There were no transfers between the levels of the fair value hierarchy during the period. There were also no changes made to any of the valuation techniques applied as of 30 June 2023.

5.5 Group's valuation processes

The Group's finance department performs the valuations of financial assets required for financial reporting purpose, including Level 3 fair values. The financial department reports directly to the executive directors. Discussions of valuation results are held between the executive directors and the financial department at least once in every reporting period, in line with the Group's interim and annual reporting dates.

6 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 2022 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 2023 compared to 2022.

Revenues 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 condensed consolidated statement of profit or loss.

6 Segment information (Continued)

The segment information provided to executive directors for the reportable segments for the six months ended 30 June 2023 and 2022 are as follows:

	Six months ended 30 June 2023					
	Property development HK$'000	Property investment HK$'000	Property management HK$'000	Manufacturing HK$'000	Others HK$'000	Total HK$'000
Revenue from contracts with customers						
Recognised at a point of time	2,946,867	–	8,103	218,160	221,446	3,394,576
Recognised over time	–	–	1,482,717	–	565,724	2,048,441
Revenue from other sources						
Rental income	–	709,618	–	–	–	709,618
Total segment revenue	2,946,867	709,618	1,490,820	218,160	787,170	6,152,635
Inter-segment revenue	–	(15,910)	(67,746)	–	(11,089)	(94,745)
Revenue from external customers	2,946,867	693,708	1,423,074	218,160	776,081	6,057,890
Segment results before increase in fair value of investment properties	798,077	334,229	114,126	7,460	(170,447)	1,083,445
Gains result from changes in fair value of and transfer to investment properties	–	276,216	–	–	–	276,216
Segment results after increase in fair value of investment properties	798,077	610,445	114,126	7,460	(170,447)	1,359,661
Share of results of joint ventures and associates	(322,789)	–	7,756	–	–	(315,033)
Other income						80,830
Other gains						304
Fair value loss of financial assets measured at fair value through profit or loss, net						(77,557)
Corporate and other unallocated expenses						(32,626)
Finance costs, net						(494,379)
Profit before taxation						521,200

6 Segment information (Continued)

	Six months ended 30 June 2022					
	Property development HK$'000	Property investment HK$'000	Property management HK$'000	Manufacturing HK$'000	Others HK$'000	Total HK$'000
Revenue from contracts with customers						
Recognised at a point of time	12,939,870	–	–	249,769	214,141	13,403,780
Recognised over time	–	–	1,362,412	–	337,424	1,699,836
Revenue from other sources						
Rental income	–	571,551	–	–	–	571,551
Total segment revenue	12,939,870	571,551	1,362,412	249,769	551,565	15,675,167
Inter-segment revenue	–	(15,820)	(79,380)	–	(45,590)	(140,790)
Revenue from external customers	12,939,870	555,731	1,283,032	249,769	505,975	15,534,377
Segment results before decrease in fair value of investment properties	5,933,883	219,634	53,912	14,001	(116,798)	6,104,632
Losses result from changes in fair value of and transfer to investment properties	–	(23,640)	–	–	–	(23,640)
Segment results after decrease in fair value of investment properties	5,933,883	195,994	53,912	14,001	(116,798)	6,080,992
Share of results of joint ventures and associates	133,438	–	7,495	–	–	140,933
Other income						244,311
Other gains						611
Fair value loss of financial assets measured at fair value through profit or loss, net						(284,321)
Corporate and other unallocated expenses						(45,867)
Finance costs, net						(337,680)
Profit before taxation						5,798,979

6 Segment information (Continued)

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.

7 Revenue

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

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

	Six months ended 30 June	
	2023	2022
	HK$'000	HK$'000
Revenue from contracts with customers		
Sales of properties	**2,946,867**	12,939,870
Property management service income	**1,423,074**	1,283,032
Sales of industrial goods	**218,160**	249,769
Others	**776,081**	505,975
	5,364,182	14,978,646
Revenue from other sources		
Rental income	**693,708**	555,731
	6,057,890	15,534,377

No single customer contributed 10% or more of the Group's total revenue during the six months ended 30 June 2023 and 2022.

8 Expenses by nature

	Six months ended 30 June	
	2023	2022
	HK$'000	HK$'000
Cost of properties and inventories sold	**1,887,982**	6,530,616
Cost of services provided	**2,086,641**	2,052,524
Employee benefit expenses	**482,959**	472,669
Advertising and promotion costs	**60,317**	55,898
Depreciation of property, plant and equipment	**63,965**	114,223
Other taxes and levies	**93,604**	12,583
Others	**319,930**	192,101
Total cost of sales and services, selling and distribution expenses, administrative expenses and other expenses	**4,995,398**	9,430,614

9 Other income

	Six months ended 30 June	
	2023	2022
	HK$'000	HK$'000
Interest income from joint ventures and a non-controlling interest	**42,625**	51,944
Government grant	**23,409**	12,132
Compensation income	**7,170**	601
Dividend income from financial asset at FVTPL	**72**	235
Relocation compensation income	**–**	171,636
Others	**7,554**	7,763
	80,830	244,311

10 Other gains

	Six months ended 30 June	
	2023	2022
	HK$'000	HK$'000
Net gain on disposal of property, plant and equipment	**304**	611

11 Finance costs – net

	Six months ended 30 June	
	2023	2022
	HK$'000	HK$'000
Finance income:		
– Interest income from bank deposits	**(84,997)**	(131,732)
Finance costs:		
– Interest expenses of bank loans	**672,059**	447,175
– Interest expenses of other borrowings	**223,136**	186,694
– Lease liabilities	**8,067**	9,326
– Loans from the ultimate holding company	**280,452**	303,365
– Loans from the immediate holding company	**56,612**	18,631
– Loans from fellow subsidiaries	**29,793**	37,130
– Loans from a joint venture	**2,218**	2,938
– Loans from an other related company	**3,118**	3,957
– Loans from non-controlling interests	**331,828**	152,212
	1,607,283	1,161,428
Less: amounts capitalised on qualifying assets	**(1,027,907)**	(692,016)
	579,376	469,412
Finance costs – net	**494,379**	337,680

Finance costs have been capitalised on qualifying assets at average rate of 4.31% for the six months ended 30 June 2023 (six months ended 30 June 2022: 3.87%).

12 Income tax expenses

	Six months ended 30 June	
	2023	2022
	HK$'000	HK$'000
Current income tax		
– Mainland China CIT	**371,248**	1,719,308
– LAT in Mainland China	**295,917**	2,722,245
	667,165	4,441,553
Deferred income tax		
– Mainland China CIT	**(73,601)**	(494,281)
– Withholding tax on dividend	**25,457**	133,900
– LAT in Mainland China	**(61,804)**	(745,336)
	(109,948)	(1,105,717)
Total	**557,217**	3,335,836

The provision for Hong Kong Profits Tax for the six months ended 30 June 2023 is calculated at 16.5% (six months ended 30 June 2022: 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 six months ended 30 June 2023 (six months ended 30 June 2022: nil).

No provision for taxation has been recognised for companies incorporated in the British Virgin Islands ("BVI"), as they are not subject to any tax for the six months ended 30 June 2023 (six months ended 30 June 2022: nil).

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.

12 Income tax expenses (Continued)

Dividend withholding income tax

Pursuant to the Detailed Implementation Regulations for Implementation of the Corporate Income Tax Law, dividends distributed from the profits generated by the PRC companies after 1 January 2008 to their foreign investors shall be subject to a withholding income tax of 10%. A lower 5% withholding tax rate may be applied when the immediate holding companies of the PRC subsidiaries are qualified as tax residents of Hong Kong according to the tax treat arrangements between the PRC and Hong Kong.

During the six months ended 30 June 2023 and 2022, deferred income tax liabilities had been recognised for the withholding tax that would be payable on the unremitted earnings of certain subsidiaries in the PRC, as these earnings are expected to be distributed by the PRC subsidiaries and would be remitted to their overseas holding companies in the foreseeable future.

13 (Losses)/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	
	2023	2022
(Loss)/profit attributable to the owners of the Company (HK$'000)	**(116,615)**	2,360,778
Weighted average number of ordinary shares in issue	**8,898,793,115**	8,899,424,054

For the six months ended 30 June 2023 and 2022, the effect of conversion of share option scheme (note 27) were anti-dilutive and the diluted losses/earnings per share for the period is therefore equal to the basic losses/earnings per share.

14 Dividends

	Six months ended 30 June	
	2023	2022
	HK$'000	HK$'000
Dividends recognised as distribution during the period:		
Final dividend declared for 2022 – HK12 cents per share (six months ended 30 June 2022: declared for 2021 – HK8 cents per share) (a)		
Cash	**1,067,855**	711,903
Dividend declared in respect of current period:		
Interim dividend for 2023 – HK2 cents per share (interim dividend for 2022: HK3 cents per share) (b)	**177,976**	266,964

(a) The Company declared a final dividend of HK12.00 cents per share in respect of year ended 31 December 2022 amounted to approximately HK$1,067,855,000. The final dividend has been paid in cash on 5 July 2023.

The Company declared a final dividend of HK8.00 cents per share in respect of year ended 31 December 2021 amounted to approximately HK$711,903,000. The final dividend has been paid in cash on 6 July 2022.

(b) On 30 August 2023, the board declared an interim dividend of HK2.00 cents per share. This interim dividend, amounting to HK$177,976,000 has not been recognised as liabilities in this interim financial information (six months ended 30 June 2022: HK$266,964,000).

15 Property, plant and equipment and investment properties

	Property, plant and equipment HK$'000	Investment properties HK$'000
Six months ended 30 June 2023		
At 1 January 2023	**6,159,776**	35,126,999
Additions	**238,587**	35,731
Transfer to investment properties	**(561)**	561
Transfer from completed properties held for sale	**–**	160,233
Transfer to completed properties held for sale	**–**	(167,679)
Recognition of change in fair value upon transfer to investment properties	**–**	(29,250)
Write off property, plant and equipment	**(3,700)**	–
Fair value changes	**–**	305,466
Other decreases	**(4,206)**	–
Depreciation	**(212,977)**	–
Exchange differences	**(160,156)**	(1,104,872)
At 30 June 2023	**6,016,763**	34,327,189

The Group's investment properties are located in Mainland China and are held under medium lease terms. The Group's investment properties were revalued at 30 June 2023 based on valuation performed by Jones Lang LaSalle Corporate Appraisal and Advisory Limited ("JLL"), an independent, professionally qualified valuation firm.

15 Property, plant and equipment and investment properties (Continued)

The Group's investment properties are all at Level 3 valuation. The Group's property managers and the general manager of financial management department have discussion with the surveyors on the valuation assumptions and valuation results when the valuation is performed at each reporting date.

Below is a summary of the valuation techniques used and the key inputs to the valuation of investment properties:

	Valuation technique	Significant unobservable inputs	Range
Investment properties-commercial properties and others	Income capitalisation method	Vacancy rate	2% – 25% (31 December 2022: 2% – 25 %)
		Capitalisation rate	3% – 7% (31 December 2022: 3% – 7%)
		Monthly rental (RMB/square meter/month)	15 – 530 (31 December 2022: 15 – 502)
	Residual method	Vacancy rate	10% – 15% (31 December 2022: 10% – 15%)
		Capitalisation rate	5% – 6% (31 December 2022: 5% – 6%)
		Monthly rental (RMB/square meter/month)	30 – 140 (31 December 2022: 30 – 140)
		Estimated developer's profit margins	7% (31 December 2022: 7% – 8%)

15 Property, plant and equipment and investment properties (Continued)

	Valuation technique	Significant unobservable inputs	Range
Investment properties-car parking space	Income capitalisation method	Vacancy rate	3% – 25% (31 December 2022: 3% – 25%)
		Capitalisation rate	4% (31 December 2022: 4%)
		Monthly rental (RMB per car parking spaces per month)	250 – 850 (31 December 2022: 250 – 850)
	Residual method	Vacancy rate	20% – 25% (31 December 2022: 20% – 25%)
		Capitalisation rate	3% – 4% (31 December 2022: 3% – 4%)
		Monthly rental (RMB/square meter/month)	250 – 300 (31 December 2022: 250 – 300)
		Estimated developer's profit margins	7% (31 December 2022: 7% – 8%)

15 Property, plant and equipment and investment properties (Continued)

The fair value of the Group's investment properties in the Mainland China is determined using income capitalisation method and residual method.

Income capitalisation method determines fair values by discounting the projected cash flows associated with the properties using capitalisation rates. The valuation takes into account expected market rental growth and vacancy rate of the respective properties. The discount rates used have been adjusted for the quality and location of the buildings and the tenant credit quality. The fair value measurement is positively correlated to the expected market rental growth, and negatively correlated to the vacancy rate and the capitalisation rate.

The residual method takes into account the residual value of the gross development value ("GDV") after deduction of the outstanding construction costs and expenses as well as profit element. It involves firstly the assessment of the aggregate GDV of the proposed development, as if completed, as at the valuation date. Estimated costs of the proposed development include construction costs, marketing expense, professional fee, finance charges and associated costs, plus an allowance for the developer's risk and profit. The outstanding development costs are then deducted from the GDV and the resultant figure is the residual value of the subject property.

Certificates of ownership in respect of certain investment properties of the Group with a net carrying amount of approximately HK$3,821,371,000 as at 30 June 2023 (31 December 2022: HK$10,357,339,000) have not yet been issued by the relevant PRC authorities. The Group is in the process of obtaining the relevant certificates.

As at 30 June 2023, the Group's plant, property and equipment and investment properties with a net carrying amount of HK$21,549,000 and HK$13,479,592,000 respectively (31 December 2022: HK$22,844,000 and HK$14,282,804,000) were pledged to secure bank loans granted to the Group (note 25(b)).

16 Leases

(a) Amounts recognised in the condensed consolidated statement of financial position

The condensed consolidated statement of financial position shows the following amounts relating to leases:

	30 June 2023 HK$'000	31 December 2022 HK$'000
Right-of-use assets		
Buildings	**233,538**	164,114
Lease liabilities		
Current	**72,677**	62,613
Non-current	**178,881**	128,177
	251,558	190,790

Additions to the right-of-use assets during the period were HK$117,600,000 (six months ended 30 June 2022: HK$25,863,000).

(b) Amounts recognised in the condensed consolidated statement of profit or loss

Depreciation charge of right-of-use assets during the period was HK$35,195,000 (six months ended 30 June 2022: HK$48,629,000). Expenses relating to short-term leases and low-value assets was HK$12,828,000 (six months ended 30 June 2022: HK$7,445,000) and HK$1,020,000 (six months ended 30 June 2022: HK$185,000) respectively.

The total cash outflow for leases during the period was HK$50,884,000 (six months ended 30 June 2022: HK$59,307,000).

17 Investments in joint ventures

	Six months ended 30 June	
	2023	2022
	HK$'000	HK$'000
At 1 January	**8,836,242**	8,887,001
Additions	**168,567**	86,223
Dividends	**–**	(31,015)
Share of results	**14,240**	120,316
Exchange differences	**(214,851)**	(335,270)
At 30 June	**8,804,198**	8,727,255

The balance includes loans to joint ventures of HK$1,841,430,000 (six months ended 30 June 2022: HK$1,608,838,000). In accordance with the terms of the joint venture agreements, both parties to the joint venture in proportion to their shareholdings and under equal terms. Accordingly, these loans form an integral part of the Group's equity investment in the joint venture and is recognised as such.

18 Investments in associates

	Six months ended 30 June	
	2023	2022
	HK$'000	HK$'000
At 1 January	**5,610,595**	6,201,291
Additions	**10,629**	603
Dividends	**(8,021)**	(50,815)
Share of results	**(374,566)**	(117,056)
Exchange differences	**(4,609)**	(7,137)
At 30 June	**5,234,028**	6,026,886

19 Financial assets at fair value through profit or loss

	30 June 2023 HK$'000	31 December 2022 HK$'000
Non-current:		
Financial assets measured at FVTPL		
– Listed equity investments in Mainland China	**29,800**	26,851
– Unlisted equity investments in Mainland China	**–**	80,604
	29,800	107,455
Current:		
Financial assets measured at FVTPL		
– Listed equity investments in Hong Kong	**1,075**	1,594

20 Trade and other receivables

	30 June 2023 HK$'000	31 December 2022 HK$'000
Included in non-current assets		
– Other receivables – net	**240,156**	419,737
Included in current assets		
– Trade receivables – net (note(a))	**1,601,939**	2,180,070
– Other receivables – net (note(b))	**4,828,999**	4,394,087
– Prepayments (note(c))	**1,063,222**	259,121
	7,494,160	6,833,278
	7,734,316	7,253,015

20 Trade and other receivables (Continued)

(a) Details of trade receivables are as follows:

	30 June 2023 HK$'000	31 December 2022 HK$'000
Trade receivables	**1,767,395**	2,348,697
Less: provision for loss allowance	**(165,456)**	(168,627)
Trade receivables – net	**1,601,939**	2,180,070

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 2023, the Group's trade receivables with a net carrying value of approximately HK$51,227,000 (31 December 2022: HK$51,404,000) was pledged to secure other borrowings granted to the Group (note 25(b)).

An ageing analysis of the trade receivables as at the end of the reporting period, based on the contract date, is as follows:

	30 June 2023 HK$'000	31 December 2022 HK$'000
Within 1 year	**1,511,004**	2,100,863
1 to 2 years	**96,998**	79,179
2 to 3 years	**26,030**	22,299
Over 3 years	**133,363**	146,356
	1,767,395	2,348,697

20 Trade and other receivables (Continued)

(b) Details of other receivables are as follows:

	30 June 2023 HK$'000	31 December 2022 HK$'000
Due from the ultimate holding company	**31,894**	28,865
Due from the immediate holding company	**1,148**	1,185
Due from non-controlling interests	**499,024**	506,352
Loans to joint ventures	**769,442**	566,585
Others (i)	**3,798,222**	3,616,294
	5,099,730	4,719,281
Less: allowance for impairment	**(270,731)**	(325,194)
Other receivables – net	**4,828,999**	4,394,087

(i) Others mainly included deposits and current amounts due from fellow subsidiaries of the Group and the third parties.

(c) Details of prepayments are as follows:

	30 June 2023 HK$'000	31 December 2022 HK$'000
For acquisitions of land	**809,902**	30,076
For construction costs and construction materials	**198,499**	186,231
Others	**54,821**	42,814
	1,063,222	259,121

21 Properties under development

	30 June 2023 HK$'000	31 December 2022 HK$'000
Construction costs	**12,838,577**	12,707,805
Land costs	**56,677,614**	58,494,517
Less: write-down	**(193,749)**	(182,816)
	69,322,442	71,019,506

As at 30 June 2023, the Group's properties under development with a net carrying amount of HK$4,301,049,000 (31 December 2022: HK$7,823,220,000) were pledged to secure bank loans granted to the Group (note 25(b)).

22 Completed properties held for sale

	30 June 2023 HK$'000	31 December 2022 HK$'000
Completed properties held for sale	**14,394,038**	11,767,724
Less: write-down	**(186,537)**	(183,808)
	14,207,501	11,583,916

As at 30 June 2023, the Group's completed properties held for sale with a net carrying amount of HK$nil (31 December 2022: HK$2,051,394,000) were pledged to secure bank loans granted to the Group (Note 25(b)).

23 Cash and cash equivalents

	30 June 2023 HK$'000	31 December 2022 HK$'000
Cash and bank balances	**15,154,138**	13,361,602
Less: restricted bank deposits		
– Restricted cash (note (a))	**(3,230,286)**	(1,687,484)
– Term deposits (note (b))	**(483,554)**	(5,851)
Cash and cash equivalents	**11,440,298**	11,668,267

As at 30 June 2023, cash and cash equivalents did not include housing maintenance funds of HK$59,758,000 (31 December 2022: HK$58,602,000) which were owned by the property owners but were deposited in the bank accounts in the name of the Group. Such deposits can be used by the Group for the purpose of public maintenance expenditures to be incurred at the sole discretion and approval of the relevant government authorities.

(a) Restricted cash balance mainly represented unreleased guarantee deposits for construction of pre-sale properties denominated in RMB placed in designated bank accounts as at 30 June 2023, and will be released in accordance with certain construction progress milestones.

On 30 May 2023, two subsidiaries of the Company had won the litigation regarding the contractual disputes of the Nanhu Rose Bay against Hubei Province Livestock and Poultry Breeding Center. As of 30 June 2023, the restriction on Group's cash and bank balances due to litigation of approximately RMB640,000,000 has been uplifted.

(b) These bank deposits were with original maturity over three months. The effective interest rate of these deposits as at 30 June 2023 was 2.76% per annum (31 December 2022: 2.22% per annum).

24 Equity attributable to owners of the Company

(a) Share capital

	30 June 2023 HK$'000	31 December 2022 HK$'000
Issued and fully paid:		
8,898,793,115 (31 December 2022: 8,898,793,115) ordinary shares	**22,071,756**	22,071,756

(b) Reserves

The amounts of the Group's reserves and the movements therein for the current period are set out in the condensed consolidated statement of changes in equity.

25 Bank and other borrowings

	30 June 2023 HK$'000	31 December 2022 HK$'000
Non-current		
Bank loans – secured (note(b))	**481,356**	461,159
Bank loans – unsecured	**20,725,197**	18,023,270
Other borrowings – secured CMBS (note(a), note(b))	**7,372,211**	9,654,347
	28,578,764	28,138,776
Current		
Bank loans – secured (note(b))	**188,502**	89,832
Bank loans – unsecured	**8,446,106**	11,859,576
Other borrowings – secured CMBS (note(a), note(b))	**133,555**	134,025
	8,768,163	12,083,433
	37,346,927	40,222,209

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

25 Bank and other borrowings (Continued)

(a) At 30 June 2023, other borrowings included Commercial Mortgage-backed Securities ("CMBS") as below:

At 1 March 2021, RMB1,800,000,000 (equivalent to HK$1,952,280,000) was issued in China Interbank Bond Market, which was secured by certain property, plant and equipment, investment properties and its receivables of future rental incomes. The interest rate 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$2,169,200,000) was issued in China Interbank Bond Market, which was secured by certain property, plant and equipment, investment properties and its receivables of future rental incomes. The interest rate 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.

At 24 February 2022, RMB3,200,000,000 (equivalent to HK$3,470,720,000) was issued in China Interbank Bond Market, which was secured by investment properties and its receivables of future rental incomes. The interest rate of the CMBS classified as Priority Level with a principal amount of RMB3,190,000,000 was fixed at 3.40% per annum. The term of the CMBS was 18 years.

25 Bank and other borrowings (Continued)

(b) At 30 June 2023, loans amounting to approximately HK$8,175,624,000 (31 December 2022: HK$10,339,363,000) were secured by certain of the Group's assets with carrying amounts as below:

	Carrying Amount	
	30 June 2023 HK$'000	31 December 2022 HK$'000
Plant, property and equipment (included land and buildings) *(note 15)*	**21,549**	22,844
Properties under development *(note 21)*	**4,301,049**	7,823,220
Completed properties held for sale *(note 22)*	**–**	2,051,394
Trade receivables *(note 20)*	**51,227**	51,404
Investment properties *(note 15)*	**13,479,592**	14,282,804
	17,853,417	24,231,666

(c) At 30 June 2023, bank borrowings of approximately HK$23,640,589,000 (31 December 2022: HK$22,355,890,000) were bearing floating rates.

(d) Except for the bank borrowings equivalent to approximately HK$15,541,337,000 (31 December 2022: HK$16,351,337,000), which are denominated in Hong Kong dollars, all other borrowings as at 30 June 2023 are denominated in RMB.

(e) For the six months ended 30 June 2023, the average effective interest rate of the bank and other borrowings was 4.15% per annum (six months ended 30 June 2022: 3.17% per annum).

26 Trade and other payables

	30 June 2023 HK$'000	31 December 2022 HK$'000
Trade payables (note (a))	**4,692,750**	6,335,130
Other payables and accruals (note (b))	**20,212,796**	19,074,245
Value-added tax and other taxes payable	**290,406**	463,458
	25,195,952	25,872,833

(a) Trade payables

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

	30 June 2023 HK$'000	31 December 2022 HK$'000
Within 1 year	**3,374,274**	5,098,345
1 to 2 years	**670,011**	735,675
2 to 3 years	**330,189**	380,447
Over 3 years	**318,276**	120,663
	4,692,750	6,335,130

26 Trade and other payables (Continued)

(b) Other payables and accruals

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

	30 June 2023 HK$'000	31 December 2022 HK$'000
Accruals and other payables	**9,990,869**	8,781,853
Loans from a joint venture	**217,309**	228,904
Loans from fellow subsidiaries	**1,967,004**	1,803,046
Loans from an other related party	**165,560**	175,189
Loans from non-controlling interests	**7,872,054**	8,085,253
	20,212,796	19,074,245

27 Share option scheme

The Company operated a share option scheme (the "Scheme") which was approved and adopted on 22 June 2012 for the purpose of providing incentives and rewards to directors and employees of the Group who contribute to the success of the Group's operations. The Scheme became effective on 22 June 2012 and, unless otherwise cancelled or amended, shall be valid and effective for a period of 10 years from that date, after which period no further options will be issued but in all other respects the provisions of the Scheme shall re main in full force and effect.

27 Share option scheme (Continued)

(a) Share options outstanding at the end of the reporting period

The terms and conditions of the share options outstanding as at the end of the reporting period are as follows:

	Number of instruments	Exercise price	Vesting date	Expiry date	Contractual life of options
At 30 June 2023					
Options granted to employees:					
– on 28 September 2021	2,064,000	2.0000	2022/1/18	2025/1/17	0.33
– on 28 September 2021	1,548,000	2.0000	2023/1/18	2025/1/17	1.33
– on 28 September 2021	1,548,000	2.0000	2024/1/18	2025/1/17	2.33
Options granted to employees:					
– on 28 September 2021	988,000	2.0000	2022/9/28	2025/9/27	1.00
– on 28 September 2021	741,000	2.0000	2023/9/28	2025/9/27	2.00
– on 28 September 2021	741,000	2.0000	2024/9/28	2025/9/27	3.00
Total outstanding share options	7,630,000				

At the end of the reporting period, the Company had 7,630,000 share options outstanding under the Scheme, representing approximately 0.09% of the Company's shares in issue as at that date.

The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 7,630,000 additional ordinary shares of the Company and an increase in share capital and reserve of HK$16,696,000.

27 Share option scheme (Continued)

(b) Share options movement during the period

The number and weighted average exercise price of share options under the Scheme are as follows:

	30 June 2023		30 June 2022	
	Weighted average exercise price HK$ per share	**Number of options**	Weighted average exercise price HK$ per share	Number of options
At 1 January	**2.0000**	**7,630,000**	2.8529	161,234,958
Lapsed during the period	**–**	**–**	2.8968	(153,604,958)
At 30 June	**2.0000**	**7,630,000**	2.0000	7,630,000
Exercisable at the end of the period	**2.0000**	**4,600,000**	2.0000	2,064,000

The options outstanding at 30 June 2023 had an exercise price of HK$2.0000 (six months ended 30 June 2022: HK$2.0000) and a weighted average remaining contractual life of 1.78 years (six months ended 30 June 2022: 2.78 years).

(i) The Group recognised a share option expense of HK$129,000 during the six months ended 30 June 2023 (six months ended 30 June 2022: HK$392,000).

28 Commitments

Capital commitments outstanding at 30 June 2023 not provided for in the interim financial report:

	30 June 2023 HK$'000	31 December 2022 HK$'000
Commitments in respect of the acquisition of land and buildings, and development costs attributable to properties under development:		
Contracted, but not provided for	**13,278,018**	8,324,329

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 2023, the Group had an outstanding capital commitment to Shum King Company Limited of HK$1,607,500,000 (31 December 2022: HK$1,757,500,000).

29 Financial guarantees

	30 June 2023 HK$'000	31 December 2022 HK$'000
Financial guarantees		
– to purchasers of the Group's properties (note (a))	**8,927,178**	6,926,523
– to related parties of the Group (note (b))	**1,372,355**	1,400,718

29 Financial guarantees (Continued)

(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 2023, the Group has given guarantees amounted to HK$1,372,355,000 (31 December 2022: HK$1,400,718,000) in respect of bank loans and other borrowings to Guangzhou Pik Sum Real Estate Development Company Limited, Taizhou Shum Yip Investment Development Limited and Shum King Company Limited, all of which are joint ventures of the Group.

30 Related-party transactions

In addition to the financial guarantees provided to joint ventures disclosed in note 29(b) and the capital commitments provided to a joint venture disclosed in note 28, the Group had the following significant related party transactions:

(a) Financing arrangements

(i) The Group entered certain financing arrangements with its related parties.

	30 June 2023 HK$'000	31 December 2022 HK$'000
Loans from the ultimate holding company	**17,388,947**	15,543,349
Loans from the immediate holding company	**2,551,978**	2,549,483
Loans from fellow subsidiaries	**1,967,004**	1,803,046
Loans from a joint venture	**217,309**	228,904
Loans from an other related company	**165,560**	175,189
Loans from non-controlling interests	**7,872,054**	8,085,253
	30,162,852	28,385,224

Except for balances of HK$107,491,000, which are interest-free (31 December 2022: HK$110,950,000), the remaining balances bear interests at rates ranging from 2.5% to 6.65% per annum (31 December 2022: 1.94% to 6.65% per annum). The relevant finance costs for the period are disclosed in note 11.

30 Related-party transactions (Continued)

(a) Financing arrangements (Continued)

(ii) The Group also provides loans to its related parties.

	30 June 2023 HK$'000	31 December 2022 HK$'000
Loans to joint ventures	**769,442**	566,585
Loans to a non-controlling interest	**443,445**	451,573
	1,212,887	1,018,158

	Six months ended 30 June	
	2023 HK$'000	2022 HK$'000
Interest income from joint ventures	**36,823**	35,839
Interest income from non-controlling interests	**5,802**	16,105
	42,625	51,944

The balances are interest bearing at rates ranging from 3.5% to 8.0% per annum (six months ended 30 June 2022: from 2.67% to 8.0% per annum).

30 Related-party transactions (Continued)

(b) Leasing arrangements

(i) The Group entered into leases in respect of certain leasehold properties from its related parties, with lease terms ranging from 1 year to 3 years. During the six months ended 30 June 2023, the amounts of rent payable by the Group under these leases to its ultimate holding company, immediate holding company and associate were HK$1,291,000 (six months ended 30 June 2022: nil), HK$5,231,000 (six months ended 30 June 2022: HK$6,606,000) and HK$13,745,000 (six months ended 30 June 2022: HK$15,373,000) respectively. The related interest expenses from its ultimate holding company, immediate holding company and associate for the six months ended 30 June 2023 were HK$104,000 (six months ended 30 June 2022: nil), HK$14,000 (six months ended 30 June 2022: HK$180,000) and HK$335,000 (six months ended 30 June 2022: HK$990,000) respectively.

(ii) The Group also entered into lease arrangements with its ultimate holding company as a lessor. For the six months ended 30 June 2023, the rental income in respect of the lease arrangement was HK$4,953,000 (six months ended 30 June 2022: HK$4,273,000).

(iii) The prices for the above transactions were determined based on mutual agreement between the parties.

30 Related-party transactions (Continued)

(c) Other related party transactions

(i) The Group entered into arrangements with its ultimate holding company and fellow subsidiaries in which the Group provides management services (training and property management) on their behalf. For the six months ended 30 June 2023, the management fee income in respect of the management services provided to the ultimate holding company and fellow subsidiaries were HK$2,846,000 and HK$3,351,000 respectively (six months ended 30 June 2022: HK$2,047,000 and HK$1,035,000).

(ii) The Group entered into arrangements with its ultimate holding company in which the Group provides management services on its behalf in respect of certain agricultural lands and property development projects. For the six months ended 30 June 2023, the management fee income in respect of these management services was HK$80,000 (six months ended 30 June 2022: HK$385,000).

(iii) The Group entered into the Development and Construction Services Agreement with the parent of its non-controlling interest. The parent of its non-controlling interest will provide development, construction, marketing and other services to the Group. The service fee shall be determined and accrued and payable by the Group to the parent of its non-controlling interest. For the six months ended 30 June 2023, the cost in respect of these services was HK$106,371,000, included value-added tax (six months ended 30 June 2022: HK$10,236,000).

30 Related-party transactions (Continued)

(c) Other related party transactions (Continued)

(iv) The Group entered into the Digital Platform Development Agreements and the Digital Platform Repair and Maintenance Services Agreements with its ultimate holding company and fellow subsidiaries for the provision of services of development and maintenance of digital platforms and systems. For the six months ended 30 June 2023, the service fee income in respect of the development and maintenance services provided to the ultimate holding company and fellow subsidiaries were HK$2,852,000 and HK$3,485,000 respectively (six months ended 30 June 2022: HK$3,810,000 and HK$208,000).

(v) During the six months ended 30 June 2023, the Group provided development and construction services to the subsidiaries of its joint venture, Tian An Cyber Park (Group) Co.,Ltd, the relevant revenue earned is HK$43,823,000 (six months ended 30 June 2022: HK$60,049,000).

(vi) The prices for the above mentioned transactions with related parties were determined based on mutual agreement between the parties.

30 Related-party transactions (Continued)

(d) Compensation of key management personnel of the Group

	Six months ended 30 June	
	2023	2022
	HK$'000	HK$'000
Short term employee benefits	**16,711**	10,888
Post-employment benefits	**2,102**	1,597
Share-based payments	**129**	392
Total compensation paid to key management personnel	**18,942**	12,877

31 Subsequent events after the reporting period

Subsequent to the reporting period end, the board of the directors declared an interim dividend. Further details are disclosed in note 14 of the interim financial information.

Disclosure of Interests

Directors' Interests in Shares

As at 30 June 2023, the interests and short positions of the directors and chief executives of the Company in the shares, underlying shares and debentures of the Company and any associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which were notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which were taken or deemed to have under such provisions of SFO), or which were recorded in the register required to be kept under Section 352 of the SFO or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") adopted by the Company were as follows:–

Long positions in the shares ("Shares") and underlying shares of the Company:

Name of director	Capacity	Number of Shares	Percentage of Shares in issue *(Note)*
LU Hua	Beneficial owner	1,154,562	0.01
LI Wai Keung	Beneficial owner	1,180,880	0.01

Note: The percentage was calculated based on 8,898,793,115 Shares in issue as at 30 June 2023.

Save as disclosed above, none of the directors and chief executive of the Company had, as at 30 June 2023, any interests or short positions in any Shares and underlying shares or debentures of the Company or any of its associated corporations (which is the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which were taken or deemed to have under such provisions of SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

Save as disclosed above, at no time during the period was the Company or any of its subsidiaries a party to any arrangement to enable the directors of the Company to acquire benefits by means of the acquisition of Shares in, or debt securities (including debentures) of, the Company or its associated corporations and none of the directors, or their spouse or children under the age of 18, had any rights to subscribe for equity or debt securities of the Company or its associated corporations, or had exercised any such rights.

Interests of Substantial Shareholders

So far as is known to any director or chief executive of the Company, as at 30 June 2023, the interests and short positions of the shareholders (other than directors or chief executives of the Company) who had interests or short positions in the Shares and underlying shares of the Company which would 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 pursuant to Section 336 of the SFO, were as follows:

Disclosure of Interests

Name	Capacity	Number of Shares Long Position	Number of Shares Short Position	Percentage of Shares in issue *(Note 1)*
Shum Yip Group Limited* ("SYG")	Interest in controlled corporation	5,622,994,189 *(Note 2)*	–	63.19
Shum Yip Holdings Company Limited ("SYH")	Beneficial owner	5,546,307,730	–	62.33
	Interest in controlled corporation	76,686,459 *(Note 3)*	–	0.86
ALPHA-OMEGA CORPORATION	Beneficial owner	981,486,312	–	11.03

Notes:

1. The percentage was calculated based on 8,898,793,115 Shares in issue as at 30 June 2023.

2. SYG is deemed to be interested in the 5,622,994,189 Shares which SYH is interested in by virtue of SYH being its direct 90%-owned subsidiary.

3. These 76,686,459 Shares were held by Goldclass Industrial Limited, a wholly-owned subsidiary of Successful Years Holdings Limited, which in turn is wholly-owned by Shum Yip Finance Company Limited ("SYF"). SYF is a wholly-owned subsidiary of SYH and accordingly, SYH is deemed to be interested in these 76,686,459 Shares.

* The English translation is for identification purpose only

Save as disclosed above, as at 30 June 2023, the Company had not been notified by any person (other than directors and chief executives of the Company) who had interests or short positions in the Shares and underlying shares of 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 under Section 336 of the SFO.

Other Information

Share Option Scheme

The Company adopted a share option scheme on 22 June 2012 (“Old Share Option Scheme”), which had expired on 19 June 2022. No further options may be granted under the Old Share Option Scheme but all options granted and outstanding thereunder shall continue to be valid and exercisable in accordance with their terms of grant. As at 30 June 2023, 7,630,000 options granted under the Old Share Option Scheme were still outstanding.

The Company adopted a new share option scheme on 31 May 2022 (“Share Option Scheme”). No options have been granted under the Share Option Scheme since its adoption.

The particulars of, and movements in, the outstanding share options granted under the Old Share Option Scheme during the period are set out below:

	As at 1 January 2023				Movements during the period				As at 30 June 2023			
Name/ Categories of grantee	Outstanding Share Options	Date of grant	Exercise period/ Vesting period	Exercise Price	Share Options granted	Share Options exercised	Share Options lapsed	Share Options cancelled	Outstanding Share Options	Date of grant	Exercise period/ Vesting period	Exercise Price
Employee participants	5,160,000	28/9/2021	18/1/2022-17/1/2025*	2.00	–	–	–	–	5,160,000	28/9/2021	18/1/2022-17/1/2025*	2.00
	2,470,000	28/9/2021	28/9/2022-27/9/2025**	2.00	–	–	–	–	2,470,000	28/9/2021	28/9/2022-27/9/2025**	2.00
Total	7,630,000				–	–	–	–	7,630,000			

* Options are exercisable subject to performance review and the following vesting term:

Maximum percentage (and the corresponding number) of Share Option exercisable (including Share Options previous exercised)	Exercise period of the relevant percentage of the Share Option
40% (2,064,000 Share Options)	at any time from 18 January 2022 to 17 January 2023
70% (3,612,000 Share Options)	at any time from 18 January 2023 to 17 January 2024
100% (5,160,000 Share Options)	at any time from 18 January 2024 to 17 January 2025

** Options are exercisable subject to performance review and the following vesting term:

Maximum percentage (and the corresponding number) of Share Option exercisable (including Share Options previous exercised)	Exercise period of the relevant percentage of the Share Option
40% (988,000 Share Options)	at any time from 28 September 2022 to 27 September 2023
70% (1,729,000 Share Options)	at any time from 28 September 2023 to 27 September 2024
100% (2,470,000 Share Options)	at any time from 28 September 2024 to 27 September 2025

Interim Dividend

The Board has declared an interim dividend of HK2.00 cents per share for the six months ended 30 June 2023 (interim dividend for 2022: HK3.00 cents) payable on or about Friday, 13 October 2023 to shareholders whose names appear on the register of members of the Company on Friday, 15 September 2023.

Closure of Register of Members

The Register of Members of the Company will be closed from Thursday, 14 September 2023, to Friday, 15 September 2023 (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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong no later than 4:30 p.m. on Thursday, 13 September 2023.

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 ("Listing Rules") throughout the six months ended 30 June 2023.

Audit Committee

The Audit Committee comprises three independent non-executive directors namely Mr. LI Wai Keung, Dr. WONG Yau Kar, David and Prof. GONG Peng. 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 2023 and this report.

Compliance with Model Code

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by the directors. On specific enquiries made, all directors of the Company have confirmed that they have complied with the required standard set out in the Model Code throughout the period from 1 January 2023 to 30 June 2023.

Update On Directors' Information

Mr. WANG Yuwen resigned as a director of Shenzhen Water Planning and Design Institute Co., Ltd. (301038.SZ) with effect from 22 March 2023.

Dr. WONG Yau Kar, David resigned as an independent non-executive director of Huayi Tencent Entertainment Company Limited (419.HK) with effect from 20 June 2023.

Purchase, Sale or Redemption of The Company's Securities

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the period.

Continuing Disclosure Requirements under Rule 13.21 of the Listing Rules

Banking facilities with covenants in relation to specific performance of the controlling shareholder:

On 26 June 2018, the Company as borrower entered into a facility agreement ("1st Facility Agreement") relating to a transferable term loan facility of up to a principal amount of HK$10,000,000,000 ("1st Facility") offered by certain banks as lenders. The Company shall repay the borrowings under the 1st Facility by five installments with all outstanding amounts under the 1st Facility fully repaid on the date falling 60 months from the date of the 1st Facility Agreement.

On 26 June 2019, the Company as borrower accepted the facility letter ("2nd Facility Agreement") relating to a revolving loan facility of up to RMB1,000,000,000 ("2nd Facility") offered by a bank as lender. The 2nd Facility is subject to annual review by the lender.

On 14 September 2020, the Company as borrower accepted the facility letter ("3rd Facility Agreement") relating to an uncommitted term loan facility of up to US$185,000,000 (or its equivalent in Hong Kong dollars) ("3rd Facility") offered by a bank as lender. The last repayment date of the borrowing under the 3rd Facility is 48 months from the date of the first drawdown under the 3rd Facility Agreement.

On 17 September 2020, the Company as borrower accepted the facility letter ("4th Facility Agreement") relating to a term loan facility of up to HK$800,000,000 ("4th Facility") offered by a bank as lender. The term of the 4th Facility is 3 years from the date of the first drawdown under the 4th Facility Agreement.

On 7 April 2021, the Company as borrower accepted the facility letter ("5th Facility Agreement") relating to a term loan facility of up to HK$500,000,000 ("5th Facility") offered by a bank as lender. The term of the 5th Facility is 3 years from the date of acceptance of the 5th Facility Agreement.

On 17 June 2021, the Company as borrower accepted the facility letter ("6th Facility Agreement") relating to a term loan facility of up to HK$500,000,000 ("6th Facility") offered by a bank as lender. The term of the 6th Facility is 35 months commencing from the date of the first drawdown under the 6th Facility Agreement.

On 29 June 2021, the Company as borrower accepted the facility letter ("7th Facility Agreement") relating to an uncommitted term loan facility of up to HK$600,000,000 (or its equivalent in United States dollars) ("7th Facility") offered by a bank as lender. The term of the 7th Facility is 3 years commencing from the signing date of the 7th Facility Agreement.

On 19 August 2021, the Company as borrower accepted the facility letter ("8th Facility Agreement") relating to a term loan facility of up to HK$1,000,000,000 ("8th Facility") offered by a bank as lender. The term of the 8th Facility is 36 months commencing from the date of acceptance of the 8th Facility Agreement.

On 30 August 2021, the Company as borrower accepted the facility letter ("9th Facility Agreement") relating to a term loan facility of up to HK$600,000,000 ("9th Facility") offered by a bank as lender. The term of the 9th Facility is 36 months commencing from the first drawdown date of the 9th Facility Agreement.

On 23 November 2021, the Company as borrower entered into a facility agreement ("10th Facility Agreement") relating to a term loan facility of up to HK$900,000,000 ("10th Facility") offered by a bank as lender. HK$600,000,000 of the 10th Facility is for a term of 36 months and HK$300,000,000 of the 10th Facility is for a term of 12 months, both commencing from the date of the 10th Facility Agreement.

On 9 December 2021, the Company as borrower accepted the facility letter ("11th Facility Agreement") relating to a term loan facility of up to HK$1,000,000,000 ("11th Facility") offered by a bank as lender. The term of the 11th Facility is 36 months commencing from the date of acceptance of the 11th Facility Agreement.

On 14 June 2022, the Company as borrower entered into a facility agreement ("12th Facility Agreement") with certain banks as lenders relating to a term loan facility of HK$5,000,000,000 ("12th Facility") for a term of up to 3 years.

On 11 May 2023, the Company as borrower accepted a facility letter ("13th Facility Agreement") relating to a revolving loan facility of up to HK$500,000,000 (or its equivalent amount in RMB) ("13th Facility") offered by a bank as lender. The term of the 13th Facility is 3 years.

Other Information

On 12 May 2023, the Company as borrower accepted a facility letter ("14th Facility Agreement") relating to a term loan facility of HK$1,000,000,000 ("14th Facility") offered by a bank as lender. The term of the 14th Facility is 3 years.

On 16 May 2023, the Company as borrower entered into a facility agreement ("15th Facility Agreement", together with the 1st Facility Agreement, 2nd Facility Agreement, 3rd Facility Agreement, 4th Facility Agreement, 5th Facility Agreement, 6th Facility Agreement, 7th Facility Agreement, 8th Facility Agreement, 9th Facility Agreement, 10th Facility Agreement, 11th Facility Agreement, 12th Facility Agreement, 13th Facility Agreement and 14th Facility Agreement collectively referred to as the "Facility Agreements") with certain banks as lenders relating to a term loan facility of HK$3,500,000,000 ("15th Facility"). The term of the 15th Facility is 3 years.

Under each of the Facility Agreements, it will be an event of default if Shum Yip Holdings Company Limited ceases to own beneficially at least 35% of the issued share capital of the Company, ceases to be the single largest shareholder of the Company, ceases to have management control of the Company, or ceases to remain beneficially owned as to at least 51% by the Shenzhen Municipal People's Government of the People's Republic of China and at any time after the happening of an event of default, all amounts due under the facilities may become immediately due and payable.

As at 30 June 2023, all advances made under the 1st Facility Agreement had been fully repaid.

深圳控股有限公司
SHENZHEN INVESTMENT LIMITED

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