



深圳控股有限公司
SHENZHEN INVESTMENT LIMITED

股份代號 Stock Code: 00604



2024 中期報告
Interim Report



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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,

9 Science Museum Road, Tsim Sha Tsui,

Kowloon, Hong Kong

Principal Bankers

Bank of China (Hong Kong) Limited

DBS Bank Ltd., Hong Kong Branch

Nanyang Commercial Bank Limited

Industrial and Commercial Bank of

China (Asia) Limited

Chong Hing Bank Limited

OCBC Bank (Hong Kong) Limited

CMB Wing Lung Bank Limited

China Construction Bank (Asia) Corporation Limited

The Bank of East Asia, Limited

Hua Xia Bank Co., Limited Hong Kong Branch

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 2024, in accordance with the business plan made earlier this year, the Group carried out the action of “reducing inventory, strengthening operation, preventing risks and promoting transformation”, and endeavoured to promote the sound operation of enterprises. Since the beginning of the year, the Chinese economy has generally maintained a stable trend, but there are still many potential risk hazards in key areas due to more adverse impact of changes in the external environment and insufficient effective domestic demand, and there are drawbacks in replacing traditional growth drivers with new ones. The current supply and demand relationship in the real estate market has undergone significant changes, with the performance of real estate investment and sales weaker than expected. Continuous introduction of favorable policies has restored certain customer confidence in house purchase, and the market has seen some positive changes, but it is still in the adjustment stage generally, and even shows a further downward trend.

Given the severe industry situation, the Group's sales for completed properties were unsatisfactory and the key projects did not meet the revenue-recognition conditions, hence there was a considerable decline in revenue, as well as a decrease in the value of inventories and the fair value of investment properties; finance costs increased due to changes in the interest rate environment overseas, coupled with loss of associates and joint ventures, the Group incurred a loss for the period. The Group's operating revenue for the first half of the year was HK\$3.76 billion, and the loss attributable to equity shareholders of the Company was HK\$1.10 billion. Having considered the short-term fluctuations in performance and the cash flow position, the Board is of the view that it is essential to retain sufficient funds to protect against industry risks and hence has resolved not to declare an interim dividend for 2024.



Chairman's Statement

I. BUSINESS REVIEW FOR THE FIRST HALF OF 2024

Notwithstanding the significant fluctuations in performance, the Group has overcome difficulties and worked hard to promote the steady development of its various operations.

Firstly, the real estate business increased amid challenges. The total sales amount of the top 100 real estate enterprises in the first half of the year decreased by approximately 42% period-on-period. The real estate enterprises have adopted discount and promotion policy to “seek high sales volume at lower prices”, so as to promote sales and accelerate the recovery of capital. The Group closely monitored market conditions, seized the “window periods” of the policies to accelerate the sales, and achieved contracted sales of RMB6.18 billion in the first half of the year. With tailored measures taken according to the actual conditions of each project, Zhongshan Bay Front, Shanghai Upper Mansion (上海深安上居), Shenzhen Sky Park Apartment and Tairui Mansion achieved sales breakthroughs. The Group scheduled the construction of key projects in an orderly manner and completed 3 projects in the first half of the year. And, Changsha Luxiunjing and Chengdu Dongyue Mansion was launched ahead of schedule.

Secondly, the operation business made breakthroughs. The Group actively expanded its comprehensive urban operation business, with net expanded contracted area of 9.29 million square meters (including that of joint ventures) in the first half of the year. In respect of city services, Shum Yip Operations undertook the management and maintenance services of the Mainland Port Area at the West Kowloon Station of the Guangzhou-Shenzhen-Hong Kong Express Rail Link in Hong Kong for the first time, and successfully expanded the property management urban projects in Gongming Street, Guangming District, Shenzhen, and Jinping District, Shantou. In respect of commercial operations, the Group successfully completed the “2024 Guangdong-Hong Kong-Macao Greater Bay Area Flower Fair”, leading to a growth of both the traffic and turnover of UpperHills Business District during the flower fair. It also explored the “low-altitude economy” by opening the drone delivery route in a municipal park. Besides, the Hong Kong-Shenzhen cross-border bus service has been launched, enabling the Group to establish a departure tax refund shopping center and continuously improve the consumption experience of Hong Kong people. In respect of hotel management, its hotels have won various awards. Mandarin Oriental Shenzhen was awarded a five-star rating by Forbes Travel Guide, together with 10 awards including China's Top 50 Hotels by Voyage. During the period, the Group's property management revenue was approximately HK\$1.47 billion. And, the initial public offering (IPO) of Shum Yip Operations made a progress with the completion of filing with the CSRC.



Chairman's Statement

Thirdly, the property investment business performed healthily. In the first half of 2024, Shenzhen office building market saw unbalanced supply and demand with fierce competition generally. According to the monitoring data of Savills, Grade-A office vacancy rates in Shenzhen were approximately 30% with the average rental level continued falling. Against the backdrop of continuous market downturn, the Group has actively innovated its operation mode and strengthened tenant sourcing efforts and we have attracted a total of 12 Fortune 500 companies as tenants for our office buildings. We have also made brand adjustment and optimization and through upgrading the brand portfolio, UpperHills has achieved an average newly signed contract rental increase of 30% as compared with 2023. The Group has also promoted the upgrading and renovation of old properties to release new momentum of the existing properties. Tairan Place (泰然坊) project was developed as the first “professional building for architectural decoration design” in Futian District. During the period, the Group's property investment income was approximately HK\$680 million, with operation remained stable, and the overall occupancy rate was 89%, which was better than the market level.

Fourthly, the innovation businesses attained a new level. The high-tech agriculture and advanced manufacturing business of the Group progressed steadily. During the period, Nongke Company participated in the first Shenzhen International Fisheries & Seafood Expo, and was awarded the “Annual Excellent Supplier Award (年度優秀供應商獎)”, together with accelerated implementation of certain agri-tourism projects such as Four Seasons Garden (四季田園) and Four Seasons Flower Wonderland (四季花谷). Jinghua Company made new breakthroughs in respect of its technology research and development. Mass production of the sophisticated dot matrix displays has commenced upon recognition by customers, and remarkable results have been achieved in cost reduction and efficiency improvement, with gross profit margin of products continued to increase.



Chairman's Statement

Fifthly, quality and efficiency of internal management was improved. The Group has maintained an A rating in the MSCI-ESG by virtue of its outstanding performance in various aspects of ESG, and continued to maintain its leading position in the global real estate industry. The Group further optimized its organizational control, and reconstructed the remuneration system of headquarters and its subsidiaries systematically. It also strengthened its financial management and utilized funds with fine coordination, so as to strengthen the control of costs and expenses, and ensure the security of cash flows.

II. BUSINESS PLAN FOR THE SECOND HALF OF THE YEAR

Faced with the complex international and domestic situation and the major changes in the supply and demand relationship in the real estate market, the Group will accelerate the construction of a new model of real estate development, casting off the shortcomings of the past 3-high model (i.e. high debt, high turnover and high leverage), and build good-quality houses meeting the new expectations of the public. In accordance with the approach of “focusing on operation with one hand and transformation with the other”, the Group will work hard on business operation, prevent risks comprehensively, carry out reform and promote high-quality development of enterprises.



Chairman's Statement

(I) Focus on the present and operate steadily

Promote the solid development of real estate business. Based on our sales plan, the major projects for sale will mainly be launched in the second half of the year. The Group will make all efforts to promote the sale of existing projects to reduce inventory. In respect of major projects for sale, priority will be given to turnover efficiency to accelerate asset disposition; and in respect of commercial and office properties, the Group will strive to achieve a breakthrough in sales by means of bulk trading and government repurchase to reduce inventory and recover capital. For the second half of the year, the Group will focus on the sale of Shum Yip Sky Park (apartments), Luxury Mansion (頤樾府), Shum Yip Shangcheng Xuefu (深業上城學府) and Shum Yip Upper Mansion (深安上居). The Group will continue to improve the quality control system and make a reasonable development schedule to ensure the completion and registration of its major projects, including Bay Front, Park Mansion, Scenery Bay and Natural City, as scheduled to facilitate sales recognition. Leveraging the business opportunities brought about by the commissioning of the Shenzhen-Zhongshan Link, the Group will speed up the development of “water street” (水街), the commercial component of Bay Front, in order to make it ready for opening as soon as practicable. Taking into account the local market and capital condition, the Group will assess and adjust the progress of projects with high pressure of inventory disposition as appropriate. Along with the downward trend of housing prices, customers demand products with a higher level of quality. The Group will improve customer services on the basis of conducting in-depth studies on customer needs, aligning products with industry standards, and keeping improving product competitiveness and engineering construction. The Group will take further steps to expand resources in a prudent manner, balance stable operation and long-term development, focus on interest coordination and urban renewal projects with lower upfront investment and stronger probability of recovering sale proceeds, and in particular pay close attention to those well-located commercial, residential and indemnificatory housing projects to be launched in Shenzhen, seeking to acquire or secure project resources at a lower consideration as strategic resource reserves for the Group's sustainable development.



Chairman's Statement

Build and develop urban integrated operation brand. Shum Yip Operations will continue to expand its business footprint and improve the market expansion system in an active manner, with a view to achieving a management scale of over 100 million square meters as soon as possible. In respect of commercial operations, greater efforts will be made to the development of “water street”, the commercial component of Bay Front, as well as the relevant business tenant sourcing work, to expedite the building of product lines for the commercial brand of the Group. In respect of hotel management, the Group will accelerate the construction of “Jingju” model hotel, push forward the trial operation of Wuyishan Jingju Wellness & Resort Hotel (武夷山憬居康養度假酒店), and promote the cooperation of related brands. In respect of value-added services, the Group will endeavour to improve the quality of service, explore the integrated facility management (IFM) services, and enhance the diversified value-added service systems for space operation, community life and asset management. On the management side, the Group will continue to launch special activities, promote the improvement of labour efficiency, costs reduction, improve quality and efficiency so as to improve profitability level. Shum Yip Operations will comprehensively analyze and judge the timing for its IPO based on capital market trends.

Adopt multi-pronged measures to maintain stable rental income. Currently, the Group holds properties in operation of approximately 1.73 million square meters, as well as commercial and industrial space to be opened for business subsequently of nearly 0.47 million square meters. The Group will continue to strengthen asset operation and management and efficiency enhancement so as to maintain stable rental income. It will proactively seek changes in traditional park leasing and expand the market, conduct in-depth studies on customer needs, intensify the interaction of tenant sourcing and investment, and improve service capability. Regarding hotel and commercial projects, new sources of income will be identified along with cost cutting to improve the return on assets. Major projects under construction are planned ahead and will be progressed with caution to ensure that the right products are brought to the market. For assets eligible for securitisation, plans will be formulated to promote the revitalisation and release of the value of our existing assets in an effective manner.



Chairman's Statement

(II) Transform for long-term development

High-quality transformation is imperative. We will maintain our strategic focus during transformation, work out long-term goals, systematically consider the organic synergies among our existing businesses, conduct in-depth studies on the potential of the industry as well as our own resource advantages, and establish our business matrix to promote the transformation of the Group towards urban asset management and integrated operation, as well as technology industry investment service.

Transform towards urban asset management and integrated operation. The Group will proactively implement the construction of a new model of real estate development by taking customer satisfaction as our core driver, catering to the new expectations of the public on high-quality housing and space, and focusing on business innovation, product innovation, quality delivery and service experience, as well as providing refined management and service throughout a full cycle. In the era of inventory, operation is the “king”. The Group will accelerate the development of the urban integrated operation business and promote the positive interaction between “brand, scale and efficiency”. In respect of property operation, the Group will benchmark against leading enterprises in the industry, explore the transformation from a labour-intensive business to a business focusing on technology and expertise, and actively strive for quality municipal state-owned resources to boost revenue and market position. In respect of commercial operation, the Group will further hone its core competence in commercial operation, consolidate the leading position of Upperhills as a benchmark, identify and expand hotel management resources, and seize the opportunity of the northbound spending of the Hong Kong citizens and the commissioning of the Shenzhen-Zhongshan Link to expand advantage, enabling “Shum Yip Commercial Management” to expand its brand awareness to the entire Guangdong-Hong Kong-Macao Greater Bay Area. Meanwhile, we will timely increase our investment in urban asset management, strengthen the research on urban infrastructures such as toll roads, environment management and circular economy, actively explore opportunities suitable for our own development, and expand our business with stable cash flows.



Chairman's Statement

Transform towards technology industry investment service. State-owned capital shall be concentrated in forward-looking strategic emerging industries. The hi-tech agriculture business and the advanced manufacturing businesses that we are developing are in line with the policy direction with positive social and economic benefits. Therefore, the Group will continue to strengthen its hi-tech agriculture business, further implement the strategy of “hi-tech agriculture + agritourism”, identify market segments and niche categories, and make reasonable arrangement in respect of the linear and non-linear business growth. Additionally, continuous efforts will be made to expand and strengthen our advanced manufacturing segment, including promoting Jinghua Electronics to establish its overseas production base and accelerate the development of overseas marketing channels and service networks while making full use of its leading edge in the intelligent controller industry to invest and incubate national-level high-tech enterprises. Meanwhile, drawing on the successful experience of commercial operation platforms, we will build an industrial space operation platform to unify operation and management quality. We will also establish a connection mechanism with the capital segment of the controlling shareholder and conduct technology industry investment service through “tenant sourcing and investment interaction” with focus on the Guangming Science City (光明科學城) and industrial parks to promote the transformation of technology achievements, and to explore the building of a profit model oriented to industrial investment and a cash flow model oriented to asset securitisation, thereby accelerating the realisation of the dual circulation of “industry + asset” for industrial infrastructure facilities.



Chairman's Statement

(III) Raise risk awareness

The industry will continue to be under pressure for a period of time. In view of the industrial restructuring, leading real estate enterprises and outstanding state-owned enterprises are seeking to revitalise resources and make operating cash flows positive by adopting various strategies and through various channels. It is not only an industry consensus, but also an inevitable choice for the high-quality development of enterprises. The Group will raise its risk awareness, pay attention to the cash flow position and maintain business continuity and steadiness. In the following period, we will strictly control new investments and capital expenditures depending on our revenue; implement inventory disposition, strengthen the collection of sale proceeds and control of payments in order to expedite capital recovery; continue to reduce costs, improve quality and boost efficiency, with a focus on the improvement of operation efficiency to enhance profitability; optimise asset and liability structure by curtailing the size of offshore liabilities and controlling finance costs; and strengthen the management of the enterprises in which we have an equity interest to prevent risks.

Despite the current complex and challenging market environment, the Group will continue to forge ahead with firm confidence and great efforts. We will work hard to speed up, and improve the quality and efficiency of each work, strive to create a new era of high-quality development, and make new contributions to social economy and urban development.

LU Hua
Chairman

28 August 2024



Management Discussion and Analysis

Overall Results

In the first half of 2024, there were intensive and optimizing adjustments in real estate regulatory and control policies. Many initiatives such as canceling purchase restrictions, lowering down payment ratios, and encouraging “trade-in” have been adopted in various regions so as to stimulate and release the potential demand for housing purchases. As a result, customers’ confidence in housing purchases has been improved to a certain extent, and there have seen some positive changes in the market. Nevertheless, the overall market is still in the stage of adjustment, and even shows a further downward trend. According to monitoring data from institutions, the sales area of new commercial housings in the first half of the year fell by 19% period-on-period, and the total sales of top 100 real estate enterprises fell by 42% period-on-period nationwide; and for Shenzhen, the online signing of new housings fell by 25% period-on-period, and whilst the number of second-hand residential housing transfers increased by 30%, the price decreased 15% period-on-period, demonstrating that the market is still in a weak state.

During the period, due to factors including the decrease in booked area of the projects, loss from the associates and joint ventures and the increase in finance costs, operating results decreased significantly. The Group realized turnover of HK\$3,760 million, representing a decrease of approximately 38% as compared to the same period of last year. Gross profit was HK\$1,090 million, with overall gross profit margin of 29%. Loss attributable to equity shareholders of the Company was HK\$1,100 million. If excluding the net effect of changes in fair value of investment properties attributable to the Group, changes in fair value of financial assets and the effect of results from associates and joint ventures, loss attributable to equity shareholders of the Company was HK\$550 million.

Property Development Business

I. Sales Revenue Booked

During the period, the revenue booked decreased as most of the pre-sold properties have not yet reached the sales revenue recognition conditions. The Group recorded property sales booked of approximately 54,119 square meters (excluding interests attributable to the major associates of the Group), representing a decrease of approximately 50% over the same period of last year, and achieved sales revenue booked of approximately RMB920 million (equivalent to approximately HK\$1,020 million) (net of value-added tax), representing a decrease of approximately 65% over the same period of last year. Guangzhou and Shenzhen projects contributed 48% of the sales revenue booked. Gross profit margin of property development sales was 32%, representing a decrease of 10 percentage points over the same period of last year.



Management Discussion and Analysis

Property Sales Booked in the First Half of 2024

Property Name	Type	City	Booked Area (sq.m.)	Net Sales (RMB'000)
Shum Yip Natural City	Residential	Shenzhen	5,651	174,368
Shum Yip Cloud Center	Residential	Shenzhen	4,399	168,565
Taifu Square	Apartment	Shenzhen	230	8,978
UpperHills	Innovative industrial building	Shenzhen	533	32,576
Sky Park	Apartment	Shenzhen	825	61,087
Bustling City	Residential	Foshan	8,726	120,903
Shum Yip City	Residential	Foshan	5,446	69,196
Garden Hills	Residential/commercial	Huizhou	5,094	36,175
Gaobangshan	Residential/commercial	Huizhou	5,535	46,118
Upper Life	Commercial	Nanjing	87	2,826
Longwan Mansion	Residential	Nanjing	314	13,663
Heron Mansion	Residential/ancillary office	Changsha	471	8,721
Ruicheng	Office	Changsha	1,059	6,354
Yihu Rose Garden	Commercial	Chengdu	851	3,456
Shum Yip Huating	Residential	Chengdu	124	2,173
Nanhu Rose Bay	Residential	Wuhan	7,368	121,767
Shum Yip Huafu Garden	Commercial	Changzhou	138	1,781
Splendid City	Commercial	Taizhou	97	1,147
Jiangyin Shum Yip Technology Industrial Park	Plant	Wuxi	816	3,143
Ma'anshan Shum Yip Huafu	Commercial/residential	Ma'anshan	3,024	28,261
Shenma Industrial Park	Plant	Ma'anshan	3,331	1,082
Parking space ^{Note}	—	—	—	12,102
Total			54,119	924,442

Note: 153 parking spaces were sold



Management Discussion and Analysis

II. Contracted Sales

In the first half of 2024, the Group recorded contracted sales amount of approximately RMB6.18 billion (equivalent to approximately HK\$6.80 billion), representing a decrease of 58% period-on-period. Contracted sales area was approximately 239,000 square meters, and the average price per square meter was RMB28,483. The contracted sales were mainly attributable to Shum Yip Cloud Center, Shum Yip Tairui Mansion, Shum Yip Luxury Mansion, Sky Park, Parkview Garden (頤灣花園), and Shum Yip Upper Mansion. As of 30 June 2024, the Group's contracted but not yet booked sales amounted to approximately HK\$27.8 billion, which is expected to be booked as contracted sales in years 2024 and 2025.

By geographical location, projects in the Guangdong-Hong Kong-Macao Greater Bay Area accounted for 69% of the contracted sales amount, 30% came from projects in the municipalities and provincial capitals, and 1% came from other cities. 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%.

Breakdown of Contracted Sales in the First Half of 2024*

Project	City	Type	Sales Area (sq.m.)	Sales ** (RMB'000)
Shum Yip Cloud Center	Shenzhen	Residential	29,057	544,868
Shum Yip Upper Coast	Shenzhen	Residential	683	61,590
Shum Yip Tairui Mansion	Shenzhen	Residential	13,506	617,957
UpperHills	Shenzhen	Industrial R&D, office	257	16,654
Tanglang City***	Shenzhen	Apartment	473	33,541
Shum Yip Luxury Mansion	Shenzhen	Residential	9,799	660,044
Shum Yip Taifu Square	Shenzhen	Apartment	2,868	17,458
Shum Yip Park Mansion	Shenzhen	Residential	248	6,920
Natural City	Shenzhen	Residential	6,069	203,199
Shum Yip Sky Park	Shenzhen	Apartment	8,367	569,425
Moon River Palace	Guangzhou	Parking space	793	9,186
Shum Yip Scenery Bay	Guangzhou	Residential	5,927	222,019
Shum Yip Bustling City	Foshan	Residential	2,434	38,024
Shunde Shum Yip City	Foshan	Residential	7,011	92,071
Gaobangshan No. 1	Huizhou	Residential, parking space	8,268	69,066
Garden Hills	Huizhou	Residential	5,964	47,688



Management Discussion and Analysis

Project	City	Type	Sales Area (sq.m.)	Sales ** (RMB'000)
Wanlin Lake	Huizhou	Residential	330	644
Oujing City	Dongguan	Parking space	36	590
Bay Front	Zhongshan	Residential, apartment	17,909	384,190
Parkview Garden	Zhongshan	Residential	24,759	661,260
Shum Yip Upper Mansion	Shanghai	Residential	19,794	699,746
Nanwan Mansion	Nanjing	Residential	4,313	197,835
Longwan Mansion	Nanjing	Commercial, parking space	2,149	83,105
Shum Yip Upper Life	Nanjing	Residential	527	14,670
Shum Yip Heron Mansion	Changsha	Residential	883	13,972
Shum Yip Luxiyunjing	Changsha	Residential	1,057	23,565
Changsha Ruicheng Xihui	Changsha	Commercial	1,422	9,165
Shum Yip Tairong Mansion	Chengdu	Residential	20,873	438,338
Shum Yip Yihu Rose Garden	Chengdu	Commercial	654	10,833
Shum Yip North Shore	Chengdu	Residential	6,304	46,706
Shum Yip Dongyue Mansion	Chengdu	Residential	2,440	38,561
Qingbaijiang Shum Yip Taifu Square	Chengdu	Residential	9,482	68,589
Nanhu Rose Bay	Wuhan	Commercial, parking space	10,104	181,848
Jiangyin Shum Yip Technology Industrial Park	Wuxi	Industrial R&D	3,771	18,826
Changzhou Shum Yip Huafu	Changzhou	Commercial, parking space	138	1,800
Splendid City	Taizhou	Commercial, parking space	97	1,250
Shum Yip Yunqi Garden	Taizhou	Residential	2,535	25,877
Shenma Cihu High-tech Industrial Park	Ma'anshan	Industrial R&D	1,443	4,619
Shenma East China Industrial Technology Industrial Park	Ma'anshan	Industrial R&D	2,186	6,994
Ma'anshan Shum Yip Huafu	Ma'anshan	Commercial, parking space	3,681	35,417
Total			238,610	6,178,112

* 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.

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



Management Discussion and Analysis

III. Project Development and Construction

During the period, the Group’s newly started construction area was approximately 218,000 square meters, representing a decrease of 80% over the same period of last year. The planned completed projects were delivered on schedule with a completed area of approximately 357,000 square meters as compared with no newly completed project in the same period of last year.

New Construction Projects in the First Half of 2024

Project	City	Type	New Construction Area (sq.m. '000)
Changsha Luxiyunjing Phase 2	Changsha	Commercial	43
Zhongshan G29 (Vanke Shum Yip Yiwan Garden (萬科深業頤灣花園)) Phase 2	Zhongshan	Residential	67
Zhongshan Bay Front Phase 2 (F36, 38 Water Street Commercial)	Zhongshan	Commercial	108
Total			218

Newly Completed Projects in the First Half of 2024

Project	City	Type	Newly Completed Area (sq.m. '000)
Guangzhou Shum Yip Scenery Bay Phase 1	Guangzhou	Residential	189
Zhongshan Bay Front Project Phase 1 (F34 Detached Office 4-9#)	Zhongshan	Commercial	9
Zhongshan Bay Front Project Phase 1 (Joint-inspection Building)	Zhongshan	Commercial	159
Total			357

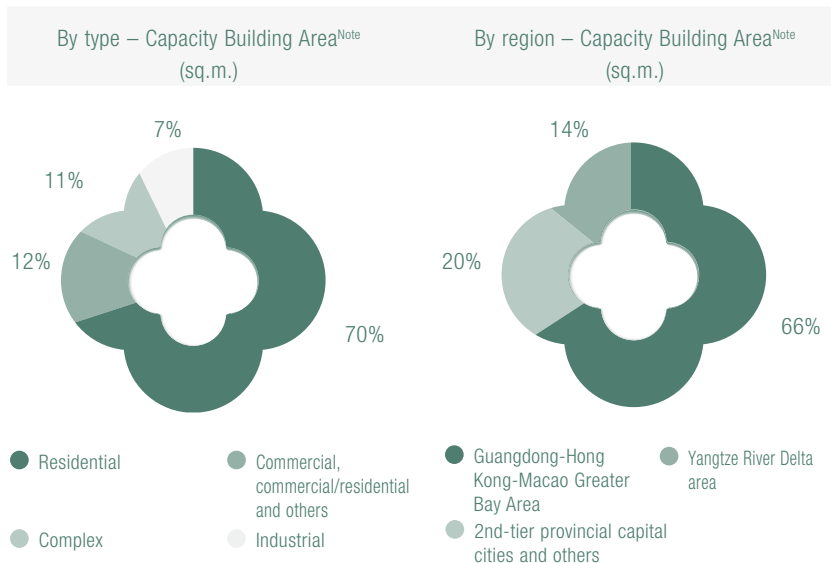
Management Discussion and Analysis



IV. Land Reserves

As of 30 June 2024, the Group had land reserves with a capacity building area of approximately 6.53 million square meters, of which, the projects not yet started had a capacity building area of approximately 1.02 million square meters, the projects under construction had a capacity building area of approximately 4.47 million square meters and the completed but not yet booked projects had a capacity building area of approximately 1.04 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 66%, 14% and 20% of the total capacity buildings area respectively.

Distribution of Land Reserves (As at 30 June 2024)



Note: Capacity building area is the sum of the gross floor area which is used in the calculation of the plot ratio within the land for construction.



Management Discussion and Analysis

Property Investment Business

In the first half of 2024, facing the severe challenges of market downturn and intensified competition, the Group insisted on refined operation and took various measures to enhance tenant sourcing for office buildings, industrial parks, commercial complex and professional markets, upgraded and renovated old and inefficient properties, innovated property leasing model, and the property investment business maintained stable performance. During the period, the Group recorded an income from property investment of approximately HK\$680 million, representing a decrease of 3% over the same period of last year. The gross profit margin of property investment business was approximately 71%. As at 30 June 2024, the Group had investment properties of approximately 1.73 million square meters, with a fair value of approximately HK\$33.30 billion. The Group recorded a decrease in the fair value of its investment property portfolio of HK\$30 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 92.29 million square meters and a total GFA under management of approximately 89.21 million square meters, of which approximately 79% was attributable to independent third-party projects and approximately 68% was attributable to non-residential properties, both indicators are higher than the industry average. During the period, revenue from the property management business amounted to approximately HK\$1.47 billion, representing an increase of 3% over the same period of last year, with gross profit margin of approximately 17%. With its industry-leading comprehensive strength and widely-recognized service, the Group was listed among the "Top 100 Property Service Enterprises China 2024 (No. 15)" (2024 中國物業服務百強企業第 15 位) and "Leading Enterprises in Smart City Services in China" (中國智慧城市服務領先企業) by the China Index Academy, "Top State-Owned Property Management Companies by Comprehensive Strength (No. 9)" (國有物業服務企業綜合實力第 9 名) by the China Property Management Research Institution, etc.



Management Discussion and Analysis

II. Operation Business Expansion

In the first half of 2024, Shum Yip Operations of the Group had net expanded area under management of approximately 9.291 million square meters (including that of joint ventures), of which the net expansion of property management urban and public construction projects accounted for 89%, and the market expansion strength remained strong. Shum Yip Operations expanded its business to Hong Kong for the first time, and commenced a new segment of port management and maintenance by undertaking the port management and maintenance services at the West Kowloon Station of the Guangzhou-Shenzhen-Hong Kong Express Rail Link. It undertook the integrated service of urban management business in Gongming Street, Guangming District, Shenzhen, the management services of Shenzhen Huanggang Park (深圳市皇崗公園) and Children's Paradise (兒童樂園), road cleaning services in Jinping District, Shantou City, the property services of Changsha Third Workers' Cultural Palace (長沙市第三工人文化宮) and the property management services in Anshun area of Guizhou Mobile.

III. Commercial Operation

In the first half of 2024, the operations of all commercial projects were stable, and sales performance grew steadily. The Group further developed its commercial product line. During the period, UpperHills project signed 18 branded first stores to continue to strengthen its competitive advantage and launched UpperHills Shenzhen-Hong Kong direct buses to continue to magnify the first-mover advantages of "Hong Kong people economy". During the period, the customer traffic exceeded 10 million at the shopping mall and the sales amounted to RMB2.1 billion. The "park + business" consumption mode represented by Bijiashan Sports Park, being the linked park of UpperHills, has taken initial shape with synergy between park and business district. The drone delivery route in Shenzhen from UpperHills to Shenzhen Central Park was officially launched, together with the implementation of Bijiashan Sports Park route, which promoted the low-altitude economic development of park + UpperHills business district. The commercial operation of Shenzhen Women and Children Tower project performed well and ranked first on Shenzhen's culture and art hot list. The tenant sourcing efforts were accelerated for Zhongshan Bay Front project by brand signing publicity.



Management Discussion and Analysis

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 194 guest rooms) in Shenzhen Women and Children Tower. During the period, the Group took measures according to the actual situation of each hotel to stabilize their core operating indicators, and the hotels recorded operating income (included under other operating segment) of approximately HK\$210 million, remaining stable as compared to the same period of last year.

In addition to the above six hotels, the Group is entrusted to manage one hotel owned by a controlling shareholder, and another five hotels under construction are under preparation. During the period, hotels in Shenzhen outperformed their counterparts, with Mandarin Oriental Shenzhen continuing to take lead in the luxury hotels in Shenzhen, MUJI Hotel Shenzhen achieving an average annual occupancy rate of 80%, and Jingju Hotel Shenzhen receiving an overwhelming response since the launch of its family suites. Our various hotel brands have gained good reputation and honors: both Mandarin Oriental Shenzhen and Spa (水療中心) were awarded five-star rating by Forbes Travel Guide in 2024, together with 10 awards including China's Top 50 Hotels by Voyage. Shenzhen MUJI Hotel was awarded "2023 Shenzhen Tourism Best Lifestyle Hotel" (2023 年度深圳旅遊最佳生活方式酒店) by Shenzhen Tourism Association, and Shenzhen Jingju Hotel was shortlisted in the "GBE Hotel Design Awards 2024" (GBE 酒店設計大獎 2024) and was awarded the "Best Lifestyle Experience Hotel Award" (最佳生活方式體驗酒店獎).



Management Discussion and Analysis

Advanced Manufacturing Business

The manufacturing business of the Group is mainly from its subsidiary Shenzhen Jinghua Displays Electronics Co., Ltd. ("Jinghua Company"), which is engaged in the research and development, production and sales of products such as IoT intelligent display controllers and LCD devices. With the qualification of national high-tech enterprise and Shenzhen specialized and sophisticated SMEs, it is a high-quality service provider in the field of human-machine interface display and interactive control. In the first half of 2024, Jinghua Company made breakthroughs in technological research and development, and realized mass production of high-difficulty dot matrix displays after obtaining customer recognition. During the period, it achieved significant cost reduction and efficiency enhancement with the gross profit margin of products continuing to increase. Affected by the real estate industry, delivery of orders for home appliances was delayed during the period, and revenue from manufacturing business amounted to HK\$180 million, representing a decrease of 16% period-on-period, and gross profit margin was approximately 24.3%, representing an increase of 3.1 percentage points period-on-period.

High-tech Agriculture Business

The Group's high-tech agriculture business includes sales of agricultural products and flowers and agri-tourism. In the first half of 2024, the industrial scale of the agriculture segment continued to increase. The artichoke output of Xinfeng agricultural industrial park project reached 100,000 catties, which was reported by many media, and it also promoted the construction of farm product processing center and industrial park supporting facilities. Jinnong project transferred land of 310 mu and was successfully awarded "Shenzhen Farm". The agri-tourism projects have been implemented in a steady manner, and a number of parks have opened for trial operation. Dapeng Seasons Coastal Countryside (大鵬四季濱海田園) project was listed in "Millions of Project" (百千萬工程) of Shenzhen, and was initially presented during the period. The construction scheme of Xinfeng • Four Seasons Riverside Garden (新豐•四季濱江田園) was awarded the excellent work award of "YinJiXiangCun Creative Design Competition" (印跡鄉村創意設計大賽) by the Ministry of Agriculture and Rural Affairs. During the period, revenue from agriculture operation (included under other operating segment) was approximately HK\$70 million.



Management Discussion and Analysis

Financial Management

I. Capital and Financing

As at 30 June 2024, in terms of bank loans, the Group's total bank and other borrowings amounted to HK\$38.43 billion (31 December 2023: HK\$39.04 billion). Floating rate loans and fixed-rate loans accounted for 67% and 33%, respectively; long-term loans and short-term loans accounted for 59% and 41%, respectively; borrowings denominated in Hong Kong dollars and Renminbi borrowings accounted for 40% and 60%, respectively.

As at 30 June 2024, the Group's cash balance was HK\$11.06 billion (including restricted cash) (31 December 2023: HK\$14.44 billion), of which approximately 89% were denominated in Renminbi, and the remaining in US dollar and Hong Kong dollar.

As at 30 June 2024, the Group had net assets, excluding non-controlling interests, of HK\$40.09 billion (31 December 2023: HK\$42.34 billion). The asset-liability ratio, excluding advance receipts, was 68.9%, and the net gearing ratio (net debt excluding interest-bearing loans from related parties divided by equity attributable to owners of the Company) was 68.3%.

Due to the prolonged high interest rate environment overseas, the Group's finance costs increased. The Group optimized its capital and debt structure through various means, and the average comprehensive interest rate of the Group's bank and other borrowings was maintained at a low level of 4.4% per annum during the period.

Key Financial Indicators

HK\$100 million	As at 30 June 2024	As at 31 December 2023
Bank and other borrowings	384.3	390.4
– Long-term borrowings	226.2	249.0
– Short-term borrowings	158.1	141.4
Cash (including restricted cash)	110.6	144.4
Net gearing ratio	68.3%	58.1%



Management Discussion and Analysis

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\$450 million loss were included in other comprehensive income.

Performance of Major Joint Ventures and Associates

During the period, affected by the overall real estate downturn and the severe industry environment, the Group's major joint ventures and associates performed poorly.

Taizhou Shum Yip Investment Development Limited (a 51% owned company of the Group) contributed a loss of approximately HK\$9.415 million to the Group. Shenzhen Langtong Property Development Company Limited (a 50% owned company of the Group) contributed a loss of approximately HK\$17.960 million. Tianan Cyber Park Group Co., Ltd. (a 37.5% owned company of the Group) contributed a loss of approximately HK\$21.839 million to the Group. Shum King Company Limited (a 50% owned company of the Group) contributed a loss of approximately HK\$220 million to the Group. Road King Infrastructure Limited (1098.HK) (a 27% owned associate of the Group) contributed a loss of HK\$280 million to the Group.

Progress of the Litigation Involving Shum Yip Terra Company

On 3 January 2024, Chengdu Fengze Investment Co., Ltd (成都豐澤投資有限公司) ("Chengdu Fengze") and Shum Yip Terra (Holdings) Company Limited (深業泰然(集團)股份有限公司) ("Shum Yip Terra Company", together with Chengdu Fengze, the "Subsidiaries"), 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 Chengdu City (成都市中級人民法院) regarding the claims by Sichuan Haofu Industrial Co., Ltd. (四川浩福實業有限公司) (the "Claimant") against the Subsidiaries regarding the disputes in earnings distribution over the investment of "198" Congshu Area ("198"叢樹片區) in Chenghua district, Chengdu, the People's Republic of China, with a claims amount of approximately RMB220 million. On 14 July 2024, the Claimant filed an application to the Intermediate People's Court of Chengdu City for the withdrawal of the litigation, and the Intermediate People's Court of Chengdu City issued a ruling allowing the Claimant to withdraw the litigation on 26 July 2024.



Management Discussion and Analysis

Pledge of Assets and Contingent Liabilities

As at 30 June 2024, the Group had total loans of HK\$8.66 billion (31 December 2023: HK\$8.75 billion) that were pledged with assets (please refer to note 24 to the interim financial information for details).

As at 30 June 2024, the Group has given guarantees amounted to HK\$1.63 billion in respect of bank and other borrowings to three joint ventures of the Group (please refer to note 28 to the interim financial information for details).

Employees and Remuneration Policy

As at 30 June 2024, the Group employed 20,417 employees (30 June 2023: 22,229) of whom 19 were stationed in Hong Kong (mainly managerial and finance related personnel), and the rest were in mainland China. The total remuneration for the six months ended 30 June 2024 (excluding remuneration of the Directors and senior management) amounted to approximately RMB1.255 billion (six months ended 30 June 2023: RMB1.277 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 Company 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 27 to 77, 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 2024 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.



Report on Review of Interim Financial Information

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, 28 August 2024



Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 June 2024

	Note	Unaudited Six months ended 30 June	
		2024 HK\$'000	2023 HK\$'000
Revenue	6	3,756,918	6,057,890
Cost of sales and services	7	(2,671,081)	(3,974,623)
Gross profit		1,085,837	2,083,267
Selling and distribution expenses	7	(168,706)	(183,601)
Administrative expenses	7	(598,568)	(660,781)
Increase/(decrease) in fair value of financial assets at fair value through profit or loss		7,764	(77,557)
(Losses)/gains resulted from changes in fair value of and transfer to investment properties	14	(27,265)	276,216
Net impairment losses on financial assets		(14,393)	(11,673)
Other expenses	7	(155,611)	(176,393)
Other income	8	116,476	80,830
Other gains	9	198	304
Operating profit		245,732	1,330,612
Finance income	10	81,101	84,997
Finance costs	10	(722,250)	(579,376)
Finance costs-net	10	(641,149)	(494,379)
Share of results of joint ventures and associates	16,17	(550,434)	(315,033)
(Loss)/Profit before income tax		(945,851)	521,200
Income tax expenses	11	(196,011)	(557,217)
Loss for the interim period		(1,141,862)	(36,017)
Loss for the interim period attributable to:			
– Owners of the Company		(1,101,144)	(116,615)
– Non-controlling interests		(40,718)	80,598
		(1,141,862)	(36,017)
Losses per share for loss attributable to owners of the Company (expressed in HK cents per share)	12		
– Basic and diluted		(12.37)	(1.31)

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 2024

	Unaudited	
	Six months ended 30 June 2024 HK\$'000	2023 HK\$'000
Loss for the interim period	(1,141,862)	(36,017)
Other comprehensive income		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
– Share of changes of other comprehensive income of an associate	(117,511)	(45,293)
– Exchange differences on translation of foreign operations	(447,105)	(1,805,077)
Other comprehensive income for the interim period, net of tax	(564,616)	(1,850,370)
Total comprehensive income for the interim period	(1,706,478)	(1,886,387)
Total comprehensive income attributable to:		
– Owners of the Company	(1,622,390)	(1,810,892)
– Non-controlling interests	(84,088)	(75,495)
	(1,706,478)	(1,886,387)

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 2024

		Unaudited 30 June 2024 HK\$'000	Audited 31 December 2023 HK\$'000
	Note		
ASSETS			
Non-current assets			
Property, plant and equipment	14	6,451,422	6,181,723
Investment properties	14	33,299,309	33,450,507
Investments in joint ventures	16	8,433,620	8,735,858
Investments in associates	17	4,154,746	4,545,599
Intangible assets		860,707	887,135
Financial assets at fair value through profit or loss	18	138,032	131,365
Financial assets at fair value through other comprehensive income		2,351	2,368
Trade and other receivables	19	30,665	277,026
Deferred income tax assets		3,530,522	3,513,667
		56,901,374	57,725,248
Current assets			
Properties under development	20	72,176,150	70,563,075
Completed properties held for sale	21	20,355,743	19,744,800
Inventories		294,288	266,208
Trade and other receivables	19	12,285,485	11,665,380
Financial assets at fair value through profit or loss	18	1,039	906
Biological assets		4,850	4,512
Restricted cash and bank deposits	22	3,425,518	3,389,371
Cash and cash equivalents	22	7,633,210	11,053,858
		116,176,283	116,688,110
Total assets		173,077,657	174,413,358

Condensed Consolidated Statement of Financial Position (Continued)

As at 30 June 2024

	Note	Unaudited 30 June 2024 HK\$'000	Audited 31 December 2023 HK\$'000
EQUITY			
Equity attributable to owners of the Company			
Share capital	23	22,071,756	22,071,756
Capital reserve	23	59,019	59,019
Other reserves	23	1,848,926	2,370,145
Retained earnings		16,112,626	17,836,686
		40,092,327	42,337,606
Non-controlling interests		5,031,747	5,142,605
Total equity		45,124,074	47,480,211
LIABILITIES			
Non-current liabilities			
Bank and other borrowings	24	22,619,626	24,897,499
Lease liabilities	15	280,190	269,430
Deferred income		18,366	20,219
Due to the immediate holding company	29	696,786	700,651
Deferred income tax liabilities		7,265,904	7,319,668
		30,880,872	33,207,467
Current liabilities			
Bank and other borrowings	24	15,814,106	14,141,603
Contract liabilities		27,819,789	24,303,239
Trade and other payables	25	20,828,590	22,802,440
Lease liabilities	15	100,547	105,488
Due to the immediate holding company	29	3,287,388	3,194,490
Due to the ultimate holding company	29	18,126,614	17,653,750
Tax payable		11,095,677	11,524,670
		97,072,711	93,725,680
Total liabilities		127,953,583	126,933,147
Total equity and liabilities		173,077,657	174,413,358

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

The interim financial information on pages 27 to 77 was approved by the Board of Directors on 28 August 2024 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 2024

	Unaudited						
	Attributable to the owners of the Company					Non-controlling interests	Total equity
	Share capital	Capital reserve	Other reserves	Retained earnings	Total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance at 1 January 2024	22,071,756	59,019	2,370,145	17,836,686	42,337,606	5,142,605	47,480,211
Comprehensive income for the six months ended 30 June 2024							
Loss for the interim period	-	-	-	(1,101,144)	(1,101,144)	(40,718)	(1,141,862)
Other comprehensive income:							
Exchange differences on translation of foreign operations	-	-	(403,735)	-	(403,735)	(43,370)	(447,105)
Share of other comprehensive income of an associate	-	-	(117,511)	-	(117,511)	-	(117,511)
Total comprehensive income for the interim period	-	-	(521,246)	(1,101,144)	(1,622,390)	(84,088)	(1,706,478)
Transactions with owners in their capacity as owners							
Capital injections from non-controlling interests	-	-	-	-	-	6,605	6,605
Dividends provided for or paid	-	-	-	(622,916)	(622,916)	(33,375)	(656,291)
Equity-settled share option expense	-	-	27	-	27	-	27
Total transactions with owners	-	-	27	(622,916)	(622,889)	(26,770)	(649,659)
Balance at 30 June 2024	22,071,756	59,019	1,848,926	16,112,626	40,092,327	5,031,747	45,124,074

Condensed Consolidated Statement of Changes In Equity

For the six months ended 30 June 2024

	Unaudited						
	Attributable to the owners of the Company					Non-controlling interests	Total equity
	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 interim 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 an associate	–	–	(45,293)	–	(45,293)	–	(45,293)
Total comprehensive income for the interim 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

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 2024

	Unaudited	
	Six months ended 30 June	
	2024 HK\$'000	2023 HK\$'000
Cash flows (used in)/from operating activities		
Cash generated from operations	350,442	3,078,394
Interest paid	(1,025,729)	(895,441)
Interest received	81,101	84,997
Income tax paid	(1,021,386)	(1,508,137)
Net cash (used in)/generated from operating activities	(1,615,572)	759,813
Cash flows used in investing activities		
Payments of loans to joint ventures	(280,704)	(123,695)
Repayments of loans to joint ventures	13,210	—
Capital injections to joint ventures and associates	—	(155,315)
Purchases of property, plant and equipment	(108,187)	(127,557)
Purchases of investment properties under development	(81,378)	—
Proceeds from disposals of property, plant and equipment	50	108
Interest received from loans to related parties	10,520	21,969
Dividends received from joint ventures and associates	—	8,021
Dividends received from financial assets at fair value through profit or loss	70	72
Net cash used in investing activities	(446,419)	(376,397)

Condensed Consolidated Cash Flow Statement

For the six months ended 30 June 2024

	Unaudited	
	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
Cash flows used in financing activities		
Proceeds from bank and other borrowings	6,940,448	8,718,274
Repayments of bank and other borrowings	(7,419,466)	(10,849,407)
Proceeds from loans from the ultimate holding company	2,330,394	10,593,915
Repayments of loans from the ultimate holding company	(2,592,384)	(9,020,739)
Proceeds from loans from the immediate holding company	100,000	—
Repayments of loans from the immediate holding company	(100,000)	—
Proceeds from loans from the fellow subsidiaries	—	247,390
Repayments of loans from the fellow subsidiaries	(15,301)	(48,916)
Capital element of lease payments	(52,682)	(50,884)
Capital injection from non-controlling interests	6,605	5,510
Dividends paid to non-controlling interests	(33,375)	—
Proceeds from loans from non-controlling interests	—	126,572
Repayments of loans from non-controlling interests	(444,696)	(259,176)
Net cash used in financing activities	(1,280,457)	(537,461)
Net decrease in cash and cash equivalents	(3,342,448)	(154,045)
Cash and cash equivalents at beginning of the interim period	11,053,858	11,668,267
Exchange difference on cash and cash equivalents	(78,200)	(73,924)
Cash and cash equivalents at end of the interim period	7,633,210	11,440,298

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.

The interim financial information comprises the condensed consolidated statement of financial position as at June 30, 2024, 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 “Interim Financial Information”).

The 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.

The Interim Financial Information was approved for issue by the Board of Directors of the Company on 28 August 2024 and has not been audited.



Notes to the Interim Financial Information

2 Basis of preparation

- 2.1 The Interim Financial Information has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 Interim Financial Reporting.

The interim report should be read in conjunction with the annual consolidated financial statements of the Company for the year ended 31 December 2023 ("2023 Financial Statements"), which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") and disclosure requirements under the Hong Kong Companies Ordinance, and any public announcements made by the Company during the interim reporting period.

The financial information relating to the year ended 31 December 2023 that is included in the Interim Financial Information as comparative information does not constitute the Company's statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

- (i) The Company has delivered the financial statements for the year ended 31 December 2023 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance (Cap. 622).
- (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 Hong Kong Companies Ordinance (Cap. 622).



Notes to the Interim Financial Information

2 Basis of preparation (Continued)

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 standards adopted by the Group

The Group has applied the following amendments for the first time from 1 January 2024:

- Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants – Amendments to HKAS 1;
- Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause – HK Int 5 (Revised); and
- Supplier Finance Arrangements – Amendments to HKAS 7 and HKFRS 7;
- Lease liability in sale and leaseback – Amendments to HKFRS 16.

The amendments listed above did not have any material impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(b) Impact of standards issued but not yet applied by the entity

In September 2023, HKICPA amended HKAS 21 to help entities to determine whether a currency is exchangeable into another currency, and which spot exchange rate to use when it is not. These new requirements will apply for annual reporting periods beginning on or after 1 January 2025. The Group does not expect these amendments to have a material impact on its operations or financial statements.



Notes to the Interim Financial Information

2 Basis of preparation (Continued)

2.2 Going concern basis

Due to the volatility of the property market in the PRC and the unfavourable impact on the pre-sale performance during the period and subsequent to the period end date, the directors of the Company have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern for at least of 12 months from 30 June 2024.

The directors of the Company are of the opinion that, taking into account the anticipated cash flows generated from the Group's operations as well as the possible changes in its operating performance, the Group's plan of land acquisitions; and the continued availability of the Group's bank and other borrowings as well as the Group's ability to raise new financing under the prevailing rules and regulations, and the financial support from the ultimate holding company, the Group will have sufficient working capital to meet its financial obligations as and when they fall due within the coming twelve months from 30 June 2024.

Accordingly, the Interim Financial Information has been prepared on a going concern basis.

3 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.



Notes to the Interim Financial Information

4 Financial risk management

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 market.

The Group's activities expose it to a variety of financial risks: market risk (mainly including currency risk, interest rate risk and price 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 2023 financial statements.

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

4.1 Financial risk factors

(a) 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 2024					
	Less than	Between	Between	Over	Total	Carrying
	1 year	1 and	2 and	3 years		amount
	HK\$'000	2 years	3 years	HK\$'000	HK\$'000	HK\$'000
Interest-bearing bank and other borrowings	17,527,983	9,480,568	5,141,391	9,903,617	42,053,559	38,433,732
Lease liabilities	105,600	70,901	61,363	150,995	388,859	380,737
Trade payables	4,717,135	-	-	-	4,717,135	4,717,135
Other payables	6,130,674	-	-	-	6,130,674	6,130,674
Loans from fellow subsidiaries	2,161,286	-	-	-	2,161,286	2,136,256
Loans from a joint venture	232,437	-	-	-	232,437	226,216
Loans from an other related company	170,161	-	-	-	170,161	167,111
Loans from non-controlling interests	559,329	161,795	2,567,845	-	3,288,969	2,821,481
Due to the immediate holding company	3,359,307	710,429	-	-	4,069,736	3,984,174
Due to the ultimate holding company	18,279,134	-	-	-	18,279,134	18,126,614
	53,243,046	10,423,693	7,770,599	10,054,612	81,491,950	77,124,130



Notes to the Interim Financial Information

4 Financial risk management (Continued)

4.1 Financial risk factors (Continued)

(a) Liquidity risk (Continued)

	As at 31 December 2023					
	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Over 3 years	Total	Carrying amount
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Interest-bearing bank and other borrowings	14,923,046	10,587,032	9,461,379	4,667,051	39,638,508	39,039,102
Lease liabilities	110,436	69,773	73,143	126,996	380,348	374,918
Trade payables	6,047,954	–	–	–	6,047,954	6,047,954
Other payables	7,033,767	–	–	–	7,033,767	7,033,767
Loans from fellow subsidiaries	2,097,254	97,660	–	–	2,194,914	2,134,324
Loans from a joint venture	227,285	–	–	–	227,285	224,479
Loans from an other related company	171,734	–	–	–	171,734	171,533
Loans from non – controlling interests	832,145	170,244	580,686	2,192,564	3,775,639	3,209,714
Due to the immediate holding company	3,243,930	734,963	–	–	3,978,893	3,895,141
Due to the ultimate holding company	18,604,080	–	–	–	18,604,080	17,653,750
	53,291,631	11,659,672	10,115,208	6,986,611	82,053,122	79,784,682

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



Notes to the Interim Financial Information

4 Financial risk management (Continued)

4.2 Fair value estimation

(a) Fair value hierarchy

The group's policy is to recognize transfers into and transfers out of fair value hierarchy levels as at the date of the event or change in circumstances that caused the transfer.

The group did not measure any financial assets or financial liabilities at fair value on a non-recurring basis as at 30 June 2024.

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. The quoted prices already incorporate 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 ("ESG") risks (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). This is the case for unlisted equity securities and for instruments where ESG risk gives rise to a significant unobservable adjustment (level 3).

Notes to the Interim Financial Information

4 Financial risk management (Continued)

4.2 Fair value estimation (Continued)

(a) Fair value hierarchy (Continued)

	At 30 June 2024			
	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	1,039	–	–	1,039
– Listed equity investments in Mainland China*	39,420	–	–	39,420
– Unlisted equity investments in Mainland China	–	–	98,612	98,612
Financial assets at fair value through other comprehensive income ("FVOCI")				
– Unlisted equity investments in Mainland China	–	–	2,351	2,351
	40,459	–	100,963	141,422

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



Notes to the Interim Financial Information

4 Financial risk management (Continued)

4.2 Fair value estimation (Continued)

(a) Fair value hierarchy (Continued)

	At 31 December 2023			Total HK\$'000
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	
Financial assets at FVTPL				
– Listed equity investments in				
Hong Kong	906	–	–	906
– Listed equity investments in				
Mainland China	32,050	–	–	32,050
– Unlisted equity investments in				
Mainland China	–	–	99,315	99,315
Financial assets at FVOCI				
– Unlisted equity investments in				
Mainland China	–	–	2,368	2,368
	32,956	–	101,683	134,639

(b) Fair value measurements using significant unobservable inputs

The following table presents the changes in level 3 instruments for the interim period ended 30 June 2024 and 2023:

	Six months ended 30 June	
	2024 HK\$'000	2023 HK\$'000
At 1 January	101,683	83,006
Fair value changes of financial assets	–	(80,964)
Exchange differences	(720)	285
At 30 June	100,963	2,327



Notes to the Interim Financial Information

4 Financial risk management (Continued)

4.2 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 interim period. There were also no changes made to any of the valuation techniques applied as of 30 June 2024.

4.3 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.

5 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 for the interim 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 2023 financial statements.

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.



Notes to the Interim Financial Information

5 Segment information (Continued)

The segment information provided to executive directors for the reportable segments for the six months ended 30 June 2024 and 2023 are as follows:

	Six months ended 30 June 2024					
	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	1,017,626	–	5,948	182,277	116,514	1,322,365
Recognised over time	–	–	1,547,350	–	311,151	1,858,501
Revenue from other sources						
Rental income	–	687,852	–	–	–	687,852
Total segment revenue	1,017,626	687,852	1,553,298	182,277	427,665	3,868,718
Inter-segment revenue	–	(11,790)	(81,170)	–	(18,840)	(111,800)
Revenue from external customers	1,017,626	676,062	1,472,128	182,277	408,825	3,756,918
Segment results before decrease in fair value of investment properties	25,217	263,581	134,317	6,396	(216,733)	212,778
Losses resulted from changes in fair value of and transfer to investment properties	–	(27,265)	–	–	–	(27,265)
Segment results after decrease in fair value of investment properties	25,217	236,316	134,317	6,396	(216,733)	185,513
Share of results of joint ventures and associates	(436,069)	(68,324)	7,879	–	(53,920)	(550,434)
Other income						116,476
Other gains						198
Fair value gains of financial assets measured at fair value through profit or loss, net						7,764
Corporate and other unallocated expenses						(64,219)
Finance costs, net						(641,149)
Loss before income tax						(945,851)

Notes to the Interim Financial Information

5 Segment information (Continued)

	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 income tax						521,200



Notes to the Interim Financial Information

5 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.

6 Revenue

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

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

	Six months ended 30 June	
	2024 HK\$'000	2023 HK\$'000
Revenue from contracts with customers		
Sales of properties	1,017,626	2,946,867
Property management service income	1,472,128	1,423,074
Sales of industrial goods	182,277	218,160
Others	408,825	776,081
	3,080,856	5,364,182
Revenue from other sources		
Rental income	676,062	693,708
	3,756,918	6,057,890

No single customer contributed 10% or more of the Group's total revenue during the six months ended 30 June 2024 and 2023.

Notes to the Interim Financial Information

7 Expenses by nature

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
Cost of properties and inventories sold	641,072	1,887,982
Cost of services provided	1,841,918	2,086,641
Employee benefit expenses	441,525	482,959
Write-down of properties under development and completed properties held for sale	188,091	16,633
Advertising and promotion costs	51,787	60,317
Depreciation of property, plant and equipment	61,903	63,965
Other taxes and levies	86,906	93,604
Others	280,764	303,297
Total cost of sales and services, selling and distribution expenses, administrative expenses and other expenses	3,593,966	4,995,398

8 Other income

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
Government grant	21,238	23,409
Interest income from loans to joint ventures and a non-controlling interest	82,140	42,625
Compensation income	5,846	7,170
Dividend income from financial asset at FVTPL	70	72
Others	7,182	7,554
	116,476	80,830



Notes to the Interim Financial Information

9 Other gains

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
Net gains on disposal of property, plant and equipment	198	304

10 Finance costs – net

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
Finance income:		
– Interest income from bank deposits	(81,101)	(84,997)
Finance costs:		
– Interest expenses of bank loans	745,010	672,059
– Interest expenses of other borrowings	142,757	223,136
– Lease liabilities	10,988	8,067
– Loans from the ultimate holding company	377,150	280,452
– Loans from the immediate holding company	96,972	56,612
– Loans from fellow subsidiaries	32,399	29,793
– Loans from a joint venture	3,339	2,218
– Loans from an other related company	2,886	3,118
– Loans from non-controlling interests	79,971	331,828
	1,491,472	1,607,283
Less: amounts capitalised on qualifying assets	(769,222)	(1,027,907)
	722,250	579,376
Finance costs – net	641,149	494,379

Finance costs have been capitalised on qualifying assets at average rate of 3.66% for the six months ended 30 June 2024 (six months ended 30 June 2023: 4.31%).



Notes to the Interim Financial Information

11 Income tax expenses

	Six months ended 30 June	
	2024 HK\$'000	2023 HK\$'000
Current income tax		
– Mainland China CIT	110,938	371,248
– LAT in Mainland China	129,434	295,917
	240,372	667,165
Deferred income tax		
– Mainland China CIT	(40,895)	(73,601)
– Withholding tax on dividend	(711)	25,457
– LAT in Mainland China	(2,755)	(61,804)
	(44,361)	(109,948)
Total	196,011	557,217

The provision for Hong Kong Profits Tax for the six months ended 30 June 2024 is calculated at 16.5% (six months ended 30 June 2023: 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 2024 (six months ended 30 June 2023: 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 2024 (six months ended 30 June 2023: 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 interim 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.



Notes to the Interim Financial Information

11 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.

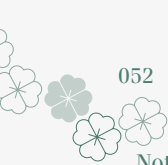
During the six months ended 30 June 2024 and 2023, deferred income tax liabilities had been recognised for the withholding tax that would be payable on the unremitted earnings of certain subsidiaries in the PRC, as these earnings are expected to be distributed by the PRC subsidiaries and would be remitted to their overseas holding companies in the foreseeable future.

12 Losses per share

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

	Six months ended 30 June	
	2024	2023
Loss attributable to the owners of the Company (HK\$'000)	(1,101,144)	(116,615)
Weighted average number of ordinary shares in issue	8,898,793,115	8,898,793,115

For the six months ended 30 June 2024 and 2023, the effect of conversion of share option scheme (note 26) were anti-dilutive and the diluted losses per share for the interim period is therefore equal to the basic losses per share.



Notes to the Interim Financial Information

13 Dividends

	Six months ended 30 June	
	2024 HK\$'000	2023 HK\$'000
Dividends recognised as distribution during the period:		
Final dividend declared for 2023 – HK7 cents per share (six months ended 30 June 2023: declared for 2022 final dividend – HK12 cents per share) (a)		
Cash	622,916	1,067,855
Dividend declared in respect of current period:		
Interim dividend for 2024 – nil (interim dividend for 2023: HK2 cents per share) (b)	–	177,976

- (a) The Company declared a final dividend of HK7.00 cents per share in respect of year ended 31 December 2023 amounted to approximately HK\$622,916,000. The final dividend has been paid in cash on 8 July 2024.

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.

- (b) On 28 August 2024, the board of Directors has resolved not to declare the payment of any interim dividends for the six months ended 30 June 2024 (six months ended 30 June 2023: HK\$177,976,000).



Notes to the Interim Financial Information

14 Property, plant and equipment and investment properties

	Property, plant and equipment HK\$'000	Investment properties HK\$'000
Six months ended 30 June 2024		
At 1 January 2024	6,181,723	33,450,507
Additions	189,020	112,384
Transfer from properties under development	354,915	—
Derecognition of right-of-use assets	(1,830)	—
Fair value changes	—	(27,265)
Other decreases	(2,079)	—
Depreciation	(211,588)	—
Exchange differences	(58,739)	(236,317)
At 30 June 2024	6,451,422	33,299,309

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 2024 based on valuation performed by Jones Lang LaSalle Corporate Appraisal and Advisory Limited ("JLL"), an independent, professionally qualified valuation firm.



Notes to the Interim Financial Information

14 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	3% – 20% (31 December 2023: 3% – 20 %)
		Capitalisation rate	3% – 7% (31 December 2023: 3% – 7%)
		Monthly rental (RMB/square meter/month)	18 – 443 (31 December 2023: 18 – 425)
	Residual method	Vacancy rate	5% – 15% (31 December 2023: 5% – 15%)
		Capitalisation rate	3% – 6% (31 December 2023: 3% – 6%)
		Monthly rental (RMB/square meter/month)	30 – 200 (31 December 2023: 30 – 200)
		Estimated developer's profit margins	5% – 8% (31 December 2023: 6% – 8%)



Notes to the Interim Financial Information

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

	Valuation technique	Significant unobservable inputs	Range
Investment properties – car parking space	Income capitalisation method	Vacancy rate	5% – 25% (31 December 2023: 5% – 25%)
		Capitalisation rate	4% (31 December 2023: 4%)
		Monthly rental (RMB per car parking spaces per month)	295 – 850 (31 December 2023: 295 – 850)
	Residual method	Vacancy rate	20% – 25% (31 December 2023: 20% – 25%)
		Capitalisation rate	4% (31 December 2023: 3% – 4%)
		Monthly rental (RMB/square meter/month)	250 – 300 (31 December 2023: 250 – 300)
		Estimated developer's profit margins	5% – 8% (31 December 2023: 6% – 8%)



Notes to the Interim Financial Information

14 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.

Fair value of completed investment properties for commercial, residential and carparks is generally derived using the income capitalisation method which 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.

Fair value of commercial properties and carparks under development is generally derived using the residual method which 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\$2,308,904,000 as at 30 June 2024 (31 December 2023: HK\$4,200,362,000) 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 2024, the Group's plant, property and equipment and investment properties with a net carrying amount of HK\$1,049,000 and HK\$10,691,231,000 respectively (31 December 2023: HK\$1,074,000 and HK\$7,119,481,000) were pledged to secure certain bank loans granted to the Group (note 24(a)).



Notes to the Interim Financial Information

15 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 2024 HK\$'000	31 December 2023 HK\$'000
Right-of-use assets		
Buildings	292,391	288,287
Lease liabilities		
Current	100,547	105,488
Non-current	280,190	269,430
	380,737	374,918

Additions to the right-of-use assets during the interim period were HK\$62,980,000 (six months ended 30 June 2023: HK\$117,600,000).

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

Depreciation charge of right-of-use assets during the interim period was HK\$54,325,000 (six months ended 30 June 2023: HK\$35,195,000). Expenses relating to short-term leases and low-value assets was HK\$12,727,000 (six months ended 30 June 2023: HK\$12,828,000) and HK\$1,352,000 (six months ended 30 June 2023: HK\$1,020,000) respectively.

The total cash outflow for leases during the interim period was HK\$52,682,000 (six months ended 30 June 2023: HK\$50,884,000).

Notes to the Interim Financial Information

16 Investments in joint ventures

	Six months ended 30 June	
	2024 HK\$'000	2023 HK\$'000
At 1 January	8,735,858	8,836,242
Additions	34,481	168,567
Share of results	(279,296)	14,240
Exchange differences	(57,423)	(214,851)
At 30 June	8,433,620	8,804,198

As at 30 June 2024, the Group had an outstanding capital commitment to Shum King Company Limited ("Shum King") (note 27).

17 Investments in associates

	Six months ended 30 June	
	2024 HK\$'000	2023 HK\$'000
At 1 January	4,545,599	5,610,595
Additions	—	10,629
Dividends	—	(8,021)
Share of results	(271,138)	(329,273)
Share of other comprehensive income	(117,511)	(45,293)
Exchange differences	(2,204)	(4,609)
At 30 June	4,154,746	5,234,028



Notes to the Interim Financial Information

18 Financial assets at fair value through profit or loss

	30 June 2024 HK\$'000	31 December 2023 HK\$'000
Non-current:		
Financial assets measured at FVTPL		
– Listed equity investments in Mainland China	39,420	32,050
– Unlisted equity investments in Mainland China	98,612	99,315
	138,032	131,365
Current:		
Financial assets measured at FVTPL		
– Listed equity investments in Hong Kong	1,039	906

19 Trade and other receivables

	30 June 2024 HK\$'000	31 December 2023 HK\$'000
Included in non-current assets		
– Other receivables – net	30,665	277,026
Included in current assets		
– Trade receivables – net (a)	1,595,072	2,263,251
– Other receivables – net (b)	9,246,575	7,944,492
– Prepayments (c)	1,443,838	1,457,637
	12,285,485	11,665,380



Notes to the Interim Financial Information

19 Trade and other receivables (Continued)

(a) Details of trade receivables are as follows:

	30 June 2024 HK\$'000	31 December 2023 HK\$'000
Trade receivables	1,778,972	2,433,697
Less: provision for loss allowance	(183,900)	(170,446)
Trade receivables – net	1,595,072	2,263,251

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 2024, the Group's trade receivables with a net carrying value of approximately HK\$42,096,000 (31 December 2023: HK\$40,116,000) was pledged to secure other borrowings granted to the Group (note 24(a)).

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

	30 June 2024 HK\$'000	31 December 2023 HK\$'000
Within 1 year	943,312	2,130,418
1 to 2 years	671,285	144,633
2 to 3 years	44,329	22,246
Over 3 years	120,046	136,400
	1,778,972	2,433,697



Notes to the Interim Financial Information

19 Trade and other receivables (Continued)

(b) Details of other receivables are as follows:

	30 June 2024 HK\$'000	31 December 2023 HK\$'000
Prepaid tax	4,156,005	3,436,714
Due from joint ventures	1,904,630	1,589,468
Due from non-controlling interests	509,377	511,296
Due from the ultimate holding company	32,612	39,124
Due from the immediate holding company	1,160	9,364
Others (i)	2,996,166	2,687,877
	9,599,950	8,273,843
Less: allowance for impairment	(353,375)	(329,351)
Other receivables – net	9,246,575	7,944,492

(i) Others mainly included deposits, dividends receivable and current amounts due from fellow subsidiaries of the Group.

(c) Details of prepayments are as follows:

	30 June 2024 HK\$'000	31 December 2023 HK\$'000
For acquisitions of land	1,284,002	1,293,142
For construction costs and construction materials	88,364	120,134
Others	71,472	44,361
	1,443,838	1,457,637

Notes to the Interim Financial Information

20 Properties under development

	30 June 2024 HK\$'000	31 December 2023 HK\$'000
Construction costs	17,068,051	13,164,210
Land costs	55,419,507	57,596,861
Less: write-down	(311,408)	(197,996)
	72,176,150	70,563,075

During the interim period, the write-down of properties under development located in Mainland China of HK\$114,812,000 was recognised in the Group's condensed consolidated statement of profit or loss due to the decrease in the estimated net realisable value of certain properties under development.

As at 30 June 2024, the Group's properties under development with a net carrying amount of HK\$4,176,099,000 (31 December 2023: HK\$4,529,724,000) were pledged to secure certain bank loans granted to the Group (note 24(a)).

21 Completed properties held for sale

	30 June 2024 HK\$'000	31 December 2023 HK\$'000
Completed properties held for sale	20,618,563	19,949,310
Less: write-down	(262,820)	(204,510)
	20,355,743	19,744,800

During the interim period, the write-down of completed properties held for sale located in Mainland China of HK\$73,279,000 was recognised in the Group's condensed consolidated statement of profit or loss.

As at 30 June 2024, the Group's completed properties held for sale with a net carrying amount of HK\$256,608,000 were pledged to secure certain bank loans granted to the Group (note 24(a)).



Notes to the Interim Financial Information

22 Cash and cash equivalents

	30 June 2024 HK\$'000	31 December 2023 HK\$'000
Cash and bank balances	11,058,728	14,443,229
Less: restricted cash (a)	(3,389,360)	(3,340,931)
bank deposits (b)	(36,158)	(48,440)
Cash and cash equivalents	7,633,210	11,053,858

As at 30 June 2024, cash and cash equivalents did not include housing maintenance funds of HK\$58,676,000 (31 December 2023: HK\$58,417,000) 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 mainly represented unreleased guarantee deposits for construction of pre-sale properties denominated in RMB placed in designated bank accounts as at 30 June 2024, and will be released in accordance with certain construction progress milestones.
- (b) These bank deposits were with original maturity over three months. The effective interest rate of these deposits as at 30 June 2024 was 3.67% per annum (31 December 2023: 3.18% per annum).

Notes to the Interim Financial Information

23 Share capital and reserves

(a) Share capital

	30 June 2024 HK\$'000	31 December 2023 HK\$'000
Issued and fully paid:		
8,898,793,115 (31 December 2023:		
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.

24 Bank and other borrowings

	30 June 2024 HK\$'000	31 December 2023 HK\$'000
Non-current		
Bank loans – secured (a)	575,461	718,369
Bank loans – unsecured	18,149,273	20,186,326
Other borrowings – secured CMBS (a)	3,894,892	3,992,804
	22,619,626	24,897,499
Current		
Bank loans – secured (a)	587,099	434,530
Bank loans – unsecured	11,629,285	10,104,577
Other borrowings – secured CMBS (a)	3,597,722	3,602,496
	15,814,106	14,141,603
	38,433,732	39,039,102

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

The Group has complied with the financial covenants of its borrowing facilities during the interim period.



Notes to the Interim Financial Information

24 Bank and other borrowings (Continued)

- (a) At 30 June 2024, loans amounting to approximately HK\$8,655,174,000 (31 December 2023: HK\$8,748,199,000) were secured by certain of the Group's assets with carrying amounts as below:

	Carrying Amount	
	30 June 2024 HK\$'000	31 December 2023 HK\$'000
Plant, property and equipment (included land and buildings) (note 14)	1,049	1,074
Properties under development (note 20)	4,176,099	4,529,724
Completed properties held for sale (note 21)	256,608	—
Trade receivables (note 19)	42,096	40,116
Investment properties (note 14)	10,691,231	7,119,481
	15,167,083	11,690,395

- (b) At 30 June 2024, bank borrowings of approximately HK\$25,860,494,000 (31 December 2023: HK\$25,413,309,000) were bearing floating rates.
- (c) Except for the bank borrowings equivalent to approximately HK\$15,447,037,000 (31 December 2023: HK\$15,708,478,000), which are denominated in Hong Kong dollars, all other borrowings as at 30 June 2024 are denominated in RMB.
- (d) For the six months ended 30 June 2024, the average effective interest rate of the bank and other borrowings was 4.40% per annum (six months ended 30 June 2023: 4.15% per annum).



Notes to the Interim Financial Information

25 Trade and other payables

	30 June 2024 HK\$'000	31 December 2023 HK\$'000
Trade payables (a)	4,717,135	6,047,954
Other payables and accruals (b)	15,962,939	16,482,215
Other taxes payables	148,516	272,271
	20,828,590	22,802,440

(a) Trade payables

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

	30 June 2024 HK\$'000	31 December 2023 HK\$'000
Within 1 year	3,840,137	5,134,335
1 to 2 years	489,310	438,086
2 to 3 years	68,751	319,905
Over 3 years	318,937	155,628
	4,717,135	6,047,954



Notes to the Interim Financial Information

25 Trade and other payables (Continued)

(b) Other payables and accruals

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

	30 June 2024 HK\$'000	31 December 2023 HK\$'000
Accruals and other payables	10,611,875	10,742,165
Loans from a joint venture	226,216	224,479
Loans from fellow subsidiaries	2,136,256	2,134,324
Loans from an other related party	167,111	171,533
Loans from non-controlling interests	2,821,481	3,209,714
	15,962,939	16,482,215

The relevant terms of the loans for the interim period are disclosed in note 29.

26 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 remain in full force and effect.



Notes to the Interim Financial Information

26 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 2024					
Options granted to employees:					
– on 28 September 2021	2,064,000	2.00	2022-1-18	2025-1-17	0.33
– on 28 September 2021	1,548,000	2.00	2023-1-18	2025-1-17	1.33
– on 28 September 2021	1,548,000	2.00	2024-1-18	2025-1-17	2.33
Options granted to employees:					
– on 28 September 2021	988,000	2.00	2022-9-28	2025-9-27	1.00
– on 28 September 2021	741,000	2.00	2023-9-28	2025-9-27	2.00
– on 28 September 2021	741,000	2.00	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.



Notes to the Interim Financial Information

26 Share option scheme (Continued)

(b) Share options movement during the interim period

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

	30 June 2024		30 June 2023	
	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	2.0000	7,630,000
Lapsed during the period	–	–	–	–
At 30 June	2.0000	7,630,000	2.0000	7,630,000
Exercisable at the end of the period	2.0000	6,889,000	2.0000	4,600,000

The options outstanding at 30 June 2024 had an exercise price of HK\$2.0000 (six months ended 30 June 2023: HK\$2.0000) and a weighted average remaining contractual life of 0.78 years (six months ended 30 June 2023: 1.78 years).

- (i) The Group recognised a share option expense of HK\$27,000 during the six months ended 30 June 2024 (six months ended 30 June 2023: HK\$129,000).



Notes to the Interim Financial Information

27 Commitments

Commitments outstanding at 30 June 2024 not provided for in the interim financial report were as follows:

	30 June 2024 HK\$'000	31 December 2023 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	12,109,797	12,313,696

The Group agreed a maximum capital contribution to a related party, Shum King, of HK\$3,000,000,000 for its development of a piece of land in Hong Kong. As at 30 June 2024, the Group had an outstanding capital commitment to Shum King of HK\$1,562,500,000 (31 December 2023: HK\$1,562,500,000).

28 Financial guarantees

	30 June 2024 HK\$'000	31 December 2023 HK\$'000
Financial guarantees		
– to the mortgage of purchasers of the Group's properties (a)	12,059,214	12,778,057
– to related parties of the Group (b)	1,626,419	1,938,357
– to the parties affected by the urban renewal project, using their demolished properties as collateral for the loan (c)	334,057	282,139



Notes to the Interim Financial Information

28 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 2024, the Group has given guarantees amounted to HK\$1,626,419,000 (31 December 2023: HK\$1,938,357,000) in respect of bank loans and other borrowings to Guangzhou Pik Zeon Real Estate Development Company Limited, Taizhou Shum Yip Investment Development Limited and Shum King, all of which are joint ventures of the Group.
- (c) During the interim period, the Group provided loan guarantees to the parties affected by the urban renewal project, using their demolished properties as collateral for the loan.

Pursuant to the terms of the guarantees, if there is default on repayment by these affected parties, the Group is responsible for repaying the outstanding bank loans with any accrued interest and penalties owed to the bank. The group is then entitled to take over the legal ownership of the repossessed properties. The Group's guarantee period extends from the date of signing the guarantee contract until the affected parties obtain the ownership certificate of the repossessed properties.

The directors consider that in case of default in payment, the net realizable value of the related properties is sufficient to repay the outstanding loans along with any accrued interest and penalties, and therefore no provisions have been made in connection with the guarantees.

Notes to the Interim Financial Information

29 Related-party transactions

In addition to the financial guarantees provided to joint ventures disclosed in note 28(b) and the capital commitments provided to a joint venture disclosed in note 27, the Group had the following significant related party transactions:

(a) Financing arrangements

(i) The Group entered certain financing arrangements with its related parties, as follows:

	30 June 2024 HK\$'000	31 December 2023 HK\$'000
Loans from the ultimate holding company	17,363,740	15,889,902
Loans from the immediate holding company	3,246,786	3,250,651
Loans from non-controlling interests	2,821,481	3,209,714
Loans from fellow subsidiaries	2,136,256	2,134,324
Loans from a joint venture	226,216	224,479
Loans from an other related company	167,111	171,533
	25,961,590	24,880,603

Except for balances of HK\$108,591,000, which are interest-free (31 December 2023: HK\$109,364,000), the remaining balances bear interests at rates ranging from 2.30% to 6.65% per annum (31 December 2023: 2.50% to 6.65% per annum). The relevant finance costs for the interim period are disclosed in note 10.



Notes to the Interim Financial Information

29 Related-party transactions (Continued)

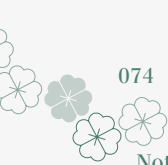
(a) Financing arrangements (Continued)

(ii) The Group had provided loans to its related parties, as follows:

	30 June 2024 HK\$'000	31 December 2023 HK\$'000
Loans to joint ventures	1,865,112	1,546,522
Loans to non-controlling interests	504,923	459,465
	2,370,035	2,005,987

	Six months ended 30 June 2024 HK\$'000	2023 HK\$'000
Interest income from joint ventures	76,412	36,823
Interest income from non-controlling interests	5,728	5,802
	82,140	42,625

The balances are interest bearing at rates ranging from 3.5% to 8.0% per annum (six months ended 30 June 2023: from 3.5% to 8.0% per annum).



Notes to the Interim Financial Information

29 Related-party transactions (Continued)

(b) Leasing arrangements

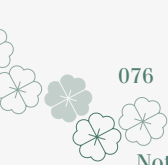
- (i) The Group entered into leases in respect of certain leasehold properties from its related parties, with lease terms ranging from 1 year to 3 years. During the six months ended 30 June 2024, the amounts of rent payable by the Group under these leases to its ultimate holding company, immediate holding company and associate were HK\$3,790,000 (six months ended 30 June 2023: HK\$1,291,000), HK\$2,667,000 (six months ended 30 June 2023: HK\$5,231,000) and HK\$12,624,000 (six months ended 30 June 2023: HK\$13,745,000) respectively. The related interest expenses from its ultimate holding company, immediate holding company and associate for the six months ended 30 June 2024 were HK\$172,000 (six months ended 30 June 2023: HK\$104,000), nil (six months ended 30 June 2023: HK\$14,000) and HK\$325,000 (six months ended 30 June 2023: HK\$335,000) respectively.
- (ii) The Group also entered into lease arrangements with its ultimate holding company as a lessor. For the six months ended 30 June 2024, the rental income in respect of the lease arrangement was HK\$3,543,000 (six months ended 30 June 2023: HK\$4,953,000).
- (iii) The prices for the above transactions were determined based on mutual agreement between the parties.



Notes to the Interim Financial Information

29 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 2024, the management fee income in respect of the management services provided to the ultimate holding company and fellow subsidiaries were HK\$2,014,000 and HK\$16,033,000 respectively (six months ended 30 June 2023: HK\$2,846,000 and HK\$3,351,000).
- (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 2024, the management fee income in respect of these management services was HK\$75,000 (six months ended 30 June 2023: HK\$80,000).
- (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 2024, the cost in respect of these services was HK\$69,970,000, included value-added tax (six months ended 30 June 2023: HK\$106,371,000).



Notes to the Interim Financial Information

29 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, fellow subsidiaries and a joint venture for the provision of services of development and maintenance of digital platforms and systems. For the six months ended 30 June 2024, the service fee income in respect of the development and maintenance services provided to the ultimate holding company, fellow subsidiaries and a joint venture were HK\$141,000, HK\$871,000 and HK\$189,000 respectively (six months ended 30 June 2023: HK\$2,852,000, HK\$3,485,000 and HK\$193,000).
 - (v) During the six months ended 30 June 2024, 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\$12,671,000 (six months ended 30 June 2023: HK\$43,823,000).
 - (vi) The prices for the above mentioned transactions with related parties were determined based on mutual agreement between the parties.



Notes to the Interim Financial Information

29 Related-party transactions (Continued)

(d) Compensation of key management personnel of the Group

	Six months ended 30 June	
	2024 HK\$'000	2023 HK\$'000
Short term employee benefits	5,873	16,711
Post-employment benefits	1,249	2,102
Share-based payments	27	129
Total compensation paid to key management personnel	7,149	18,942

30 Contingencies

On 3 January 2024, Chengdu Fengze Investment Co., Ltd and Shum Yip Terra (Holdings) Company Limited, both being non-wholly-owned subsidiaries of the Group received a statement of claim from the Intermediate People's Court of Chengdu City regarding the claims by Sichuan Haofu Industrial Co., Ltd. (the "Litigation") regarding the disputes in earnings distribution over the investment of "198" Congshu Area in Chenghua district, Chengdu, with a claims amount of approximately RMB220 million. On 14 July 2024, the Claimant filed an application to the Intermediate People's Court of Chengdu City for the withdrawal of the litigation, and the Intermediate People's Court of Chengdu City issued a ruling allowing the Claimant to withdraw the litigation on 26 July 2024.

31 Subsequent events after the reporting period

There have been no material subsequent events except for the declaration of interim dividend (note 13).



Disclosure of Interests

Directors' Interests in Shares

As at 30 June 2024, 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 2024.



Disclosure of Interests

Save as disclosed above, none of the directors and chief executive of the Company had, as at 30 June 2024, 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 2024, 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		Percentage of Shares in issue (Note 1)
		Long Position	Short Position	
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 2024.
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 2024, 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 2024, 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:

Name/ Categories of grantee	As at 1 January 2024				Movements during the period				As at 30 June 2024			
	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			



Other Information

* 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 resolved not to declare an interim dividend for the six months ended 30 June 2024 (interim dividend for 2023: HK2.00 cents).



Other Information

Corporate Governance

The Company has applied the principles and complied with all code provisions of the Corporate Governance Code as set out in Appendix C1 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 2024.

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 2024 and this report.

Compliance with Model Code

The Company has adopted the Model Code set out in Appendix C3 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 2024 to 30 June 2024.

Update On Directors’ Information

Mr. Li Wai Keung was re-designated from an independent non-executive director to an executive director of Hans Energy Company Limited (554. HK) with effect from 31 July 2024.

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.



Other Information

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 2019, the Company as borrower accepted the facility letter ("1st Facility Agreement") relating to a revolving loan facility of up to RMB1,000,000,000 ("1st Facility") offered by a bank as lender. The 1st Facility is subject to annual review by the lender.

On 14 September 2020, the Company as borrower accepted the facility letter ("2nd Facility Agreement") relating to an uncommitted term loan facility of up to US\$185,000,000 (or its equivalent in Hong Kong dollars) ("2nd Facility") offered by a bank as lender. The last repayment date of the borrowing under the 2nd Facility is 48 months from the date of the first drawdown under the 2nd Facility Agreement.

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

On 29 June 2021, the Company as borrower accepted the facility letter ("4th Facility Agreement") relating to an uncommitted term loan facility of up to HK\$600,000,000 (or its equivalent in United States dollars) ("4th Facility") offered by a bank as lender. The term of the 4th Facility is 3 years commencing from the signing date of the 4th Facility Agreement.

On 19 August 2021, the Company as borrower accepted the facility letter ("5th Facility Agreement") relating to a term loan facility of up to HK\$1,000,000,000 ("5th Facility") offered by a bank as lender. The term of the 5th Facility is 36 months commencing from the date of acceptance of the 5th Facility Agreement.

On 30 August 2021, the Company as borrower accepted the facility letter ("6th Facility Agreement") relating to a term loan facility of up to HK\$600,000,000 ("6th Facility") offered by a bank as lender. The term of the 6th Facility is 36 months commencing from the first drawdown date of the 6th Facility Agreement.



Other Information

On 9 December 2021, the Company as borrower accepted the facility letter ("7th Facility Agreement") relating to a term loan facility of up to HK\$1,000,000,000 ("7th Facility") offered by a bank as lender. The term of the 7th Facility is 36 months commencing from the date of acceptance of the 7th Facility Agreement.

On 14 June 2022, the Company as borrower entered into a facility agreement ("8th Facility Agreement") with certain banks as lenders relating to a term loan facility of HK\$5,000,000,000 ("8th Facility") for a term of up to 3 years.

On 11 May 2023, the Company as borrower accepted a facility letter ("9th Facility Agreement") relating to a revolving loan facility of up to HK\$500,000,000 (or its equivalent amount in RMB) ("9th Facility") offered by a bank as lender. The term of the 9th Facility is 3 years.

On 12 May 2023, the Company as borrower accepted a facility letter ("10th Facility Agreement") relating to a term loan facility of HK\$1,000,000,000 ("10th Facility") offered by a bank as lender. The term of the 10th Facility is 3 years.

On 16 May 2023, the Company as borrower entered into a facility agreement ("11th Facility Agreement") with certain banks as lenders relating to a term loan facility of HK\$3,500,000,000 ("11th Facility"). The term of the 11th Facility is 3 years.

On 5 February 2024, the Company as borrower accepted a facility letter ("12th Facility Agreement") relating to a term loan facility of HK\$1,000,000,000 (or its equivalent in USD) ("12th Facility") offered by a bank as lender. The term of the 12th Facility is 3 years.

On 6 February 2024, the Company as borrower accepted a facility letter ("13th Facility Agreement") relating to a term loan facility of HK\$300,000,000 (or its equivalent in RMB) ("13th Facility") offered by a bank as lender. The term of the 13th Facility is 3 years.



Other Information

On 24 April 2024, the Company as borrower accepted a facility letter ("14th Facility Agreement") relating to a term loan facility of USD100,000,000 (or its equivalent in HKD) (the "14th Facility") offered by a bank as lender. The term of the 14th Facility is 3 years.

On 3 July 2024, the Company as borrower accepted a facility letter ("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") relating to a revolving loan facility of HKD1,000,000,000 ("15th Facility") offered by a bank as lender. 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 sum payable under the facilities may become immediately due and payable.

As at 30 June 2024, all advances made under the 3rd Facility Agreement and 4th Facility Agreement had been fully repaid.



深圳控股有限公司
SHENZHEN INVESTMENT LIMITED

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