



上海實業城市開發集團有限公司

SHANGHAI INDUSTRIAL URBAN DEVELOPMENT GROUP LIMITED

(Incorporated in Bermuda with limited liability)

Stock Code: 563

## 2021 INTERIM REPORT



Strength *for* Innovation  
Power *for* Growth

# LEGENDARY TREASURE

*with*

# UNIQUENESS

Shanghai Industrial Urban Development Group Limited (“SIUD”) currently has 27 real estate projects in 11 major cities in China, mainly located at Shanghai, Kunshan, Wuxi, Beijing, Shenyang, Tianjin, Xi’an, Chongqing, Wuhan, Yantai and Shenzhen. Most of the projects are mid- to high-end residential projects which are under construction at full steam, presenting the Group with approximately 4.14 million square meters saleable floor areas and building a marvelous foundation for our long term development.





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# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### Executive Directors

Huang Haiping (*Chairman*)

Tang Jun (*President*)

(*appointed on 15 January 2021*)

Lou Jun

Ye Weiqi

Zhong Tao

### Independent Non-Executive Directors

Doo Wai-Hoi, William, *J.P.*

Fan Ren Da, Anthony

Li Ka Fai, David

Qiao Zhigang

## AUTHORIZED REPRESENTATIVES

Huang Haiping

Chan Kin Chu, Harry

## BOARD COMMITTEES

### Audit Committee

Li Ka Fai, David (*Committee Chairman*)

Doo Wai-Hoi, William, *J.P.*

Fan Ren Da, Anthony

### Remuneration Committee

Doo Wai-Hoi, William, *J.P.* (*Committee Chairman*)

Fan Ren Da, Anthony

Ye Weiqi

### Nomination Committee

Huang Haiping (*Committee Chairman*)

Doo Wai-Hoi, William, *J.P.*

Fan Ren Da, Anthony

### Investment Appraisal Committee

Fan Ren Da, Anthony (*Committee Chairman*)

Tang Jun (*appointed on 15 January 2021*)

Zhong Tao

Qiao Zhigang

## COMPANY SECRETARY

Chan Kin Chu, Harry

## PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Corporate Services (Bermuda) Limited

Clarendon House,

2 Church Street, Hamilton, HM11,

Bermuda.

## HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Secretaries Limited

Level 54, Hopewell Centre,

183 Queen's Road East,

Hong Kong.

## REGISTERED OFFICE

Clarendon House,

2 Church Street,

Hamilton, HM11,

Bermuda.

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

11/F, Henley Building,

No. 5 Queen's Road Central, Hong Kong

Telephone: (852) 2544 8000

Facsimile: (852) 2544 8004

## WEBSITE

<http://www.siud.com>

## PRINCIPAL BANKERS

Agricultural Bank of China Limited

China Construction Bank Corporation

China Everbright Bank

Shanghai Pudong Development Bank Company Limited

Bank of China Limited

## AUDITOR

Deloitte Touche Tohmatsu

Registered Public Interest Entity Auditors

35/F., One Pacific Place,

88 Queensway, Hong Kong.

## LISTING INFORMATION

The Stock Exchange of Hong Kong Limited

Ordinary Shares

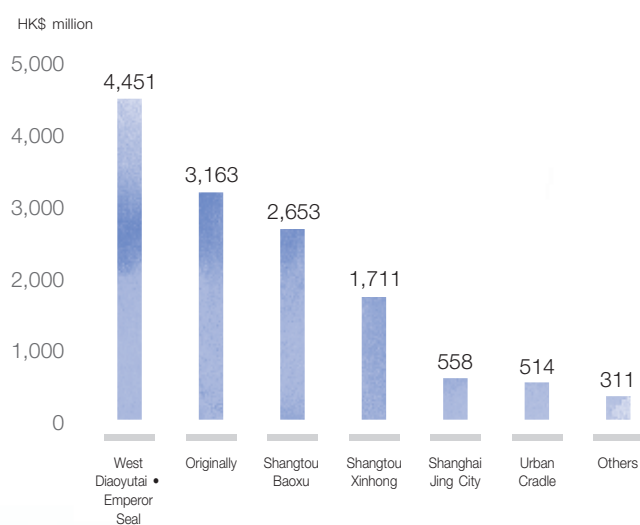
(Stock Code: 563)

## FINANCIAL HIGHLIGHTS

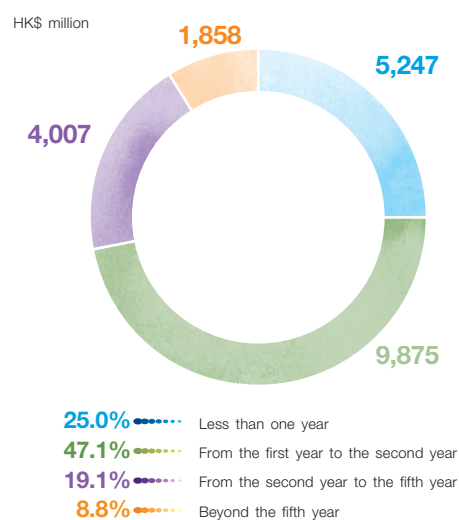
	For the six months ended 30 June 2021	For the six months ended 30 June 2020
Financial Highlights (HK\$'000)		
Revenue	<b>4,577,400</b>	3,172,823
Profit attributable to equity owners of the Company	<b>54,029</b>	151,041
Financial Information per share (HK cent)		
Earnings per share		
– Basic	<b>1.12</b>	3.14
– Diluted	<b>N/A</b>	3.14
	As at 30 June 2021	As at 31 December 2020
Pre-sale proceeds received on sales of properties (HK\$'000)	<b>13,360,925</b>	11,351,177
Financial Ratios		
Net debt to total equity (%)	<b>45.0%</b>	31.9%
Current ratio	<b>1.6</b>	1.7

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

## ANALYSIS ON PRE-SALE PROCEEDS RECEIVED ON SALES OF PROPERTIES



## DEBT MATURITY PROFILE





## CHAIRMAN'S STATEMENT

Looking back to the first half of 2021, amidst the complex and volatile domestic and international arenas, China's economy continued to pick up at a steady pace with continuous rise in production needs and generally stable employment and price levels. An upswing is generally expected in the market, bolstered by the rapid growth of new economy drivers and steady increase in both quality and efficiency. Upon initial calculation, the gross domestic product (GDP) of China increased 12.7% year-on-year for the first half, while all main macro indicators remained within a reasonable range. China's economy witnessed a steady and consolidated growth with a stable and positive outlook.

For the property market in China, sustaining from the development momentum last year, the sale of commodity housing increased tremendously. Consumer sentiment remained buoyant in key urban markets with a particular focus in the Yangtze River Delta region, and the market scale maintained at a high level. Intensive adjustment policies were introduced at the central and local levels in order to stabilise market expectation. In particular, the central government placed further emphasis on supply-side adjustment by launching the "Two Concentration" policy in key cities with a clear objective of increasing the supply of leased housing as well as land supply in those cities. As the financial regulation over properties continued strengthening, local governments also accelerated in establishing a coordinated mechanism between housing and land supply while enhancing the adjustment measures over the second-hand property market. Such control measures have already borne fruits in certain cities.

After 25 years of hard work, SIUD has renewed its corporate vision to becoming a developer specialised in city-industry integration in key metropolises. By staying true to our aspiration, we will continue to strengthen our foothold in Shanghai with a focus on core city clusters in China to engage in high-standard urban renewals, facilitate high-quality development of the industry and create a premium and healthy lifestyle. During the period, flagship projects, including West Diaoyutai • Emperor Seal in Beijing, Contemporary Splendour Villa • Courtyard Villa in Shanghai, Urban Cradle in Shanghai and Originally in Xi'an, continued to contribute impressive sales for the Group. The Tianjin Hedong Polytechnic University Project • 仰山華庭 commenced construction in April 2021. The investment property business also developed in a sound and orderly manner. The U Plaza "欣虹匯" commercial project located at one of the first plots dedicated for village-in-town remodeling projects in Shanghai commenced construction in May 2021, while the commercial centre named U Plaza within Urban Cradle in Shanghai grandly opened in July 2021 will further boost the rental income of the Group in the future.

To align with the strategic deployment of SIIC, SIUD has devoted itself to new business operations in order to facilitate its own restructuring by taking an active part in the comprehensive healthcare management operation. In May 2021, SIUD entered into a project management services agreement with Shanghai Pharmaceuticals for a management fee of RMB4,800,000.



## CHAIRMAN'S STATEMENT

Despite the “Two Concentration” policy introduced throughout the country in April 2021 to regulate the residential land supply in key cities, SIUD enjoys great flexibility and advantages in terms of financing and capital costs underpinned by the strong backing and support of its parent company. Since 2020, SIUD has been actively expanding its residential and other land bank through urban renewal and marketised land auction. A number of premium lands were acquired, including the Guilin Aerospace Project in Shanghai, a commercial land parcel at Xinhong Block, Shanghai, a residential land parcel at the Hedong Polytechnic University Project • 仰山華庭 in Tianjin, a residential land parcel at the Yangluo Project • 香開長龍 in Wuhan and a residential land parcel at Qiyuan Road, Xi'an. In the future, the Group will continue to adopt a prudent and sound land acquisition strategy to acquire suitable land bank at opportune times on the back of its parent company.

Upholding its vision in urban development and embracing its urban aspiration, SIUD is committed to making in-depth plans with its Haipai insight and pursuing for quality with its delicate craftsmanship, which also helped its projects earn several industrial awards during the period. In May 2021, the “U Plaza Meilong Lane” project of SIUD was awarded the Shanghai Metal Structure “Golden Steel Prize”. In July 2021, TODTOWN also received the Excellence Award from RICS in the Urban Regeneration of the Year category, and the Best Landmark Mixed-use Development Award at 2021 The Paper Urban Regeneration Forum.

Looking ahead to the second half, with the persistence of the central government in the principle of “houses are built for inhabitation, not for speculation” and the continual refinement and taking effect of the supply-side policies, it is believed that tight control will remain in place for the property market in China. Under high market demand, SIUD will precisely time its marketing efforts and continue to develop its city-industry integrated operations, with a view to realising stable and quality development for the Group.

All of us at SIUD will pay concerted efforts and rise to the challenges ahead. As this year marks the beginning of the “14th Five-Year Plan”, we will stay true to our aspiration and remain committed to our mission of achieving excellence in our performance to create greater value and returns for our shareholders and customers. Finally, on behalf of the Board, I would like to express my sincere gratitude to all of our shareholders, customers and business partners for their long-standing trust and support.

**Huang Haiping**

*Chairman*

30 August 2021

Note:

The gross domestic product and growth rate data of China for the first half of 2021 is gathered from the information published by the National Bureau of Statistics on 15 July 2021.



# MANAGEMENT DISCUSSION AND ANALYSIS

## PROPERTY MARKET REVIEW

During the first half of 2021, the consistent pandemic control measures imposed in China helped secure the benefits of economic and social development and maintain stable economic recovery. The favourable policies imposed by the central government also further released potential domestic demand. The gross domestic product (“GDP”) of China increased 12.7% year-on-year for the first half, with a gradual increase in production needs and generally stable employment and consumer price levels.

During the period, the central government imposed stringent control over the property financial sector across the country by persisting in the direction that “houses are built to be inhabited, not for speculation”. The “14th Five-Year Plan” promulgated by the Chinese People’s Political Consultative Conference and the National People’s Congress in March placed an emphasis on establishing a long-term mechanism for facilitating the stable and sound development of the property market so as to balance the development between properties and the real economy and to further refine the housing market system and affordable housing system. According to the National Bureau of Statistics, property sales statistics maintained a stable and positive growth. During the first half, the sales of commodity housing grew 38.9% year-on-year to RMB9,293.1 billion and the floor space sold increased 27.7% year-on-year to 886,350,000 sq.m.

## BUSINESS REVIEW

### Overview

In the first half of 2021, in tandem with the improving domestic economic conditions, SIUD stepped up efforts in developing its existing land reserve and engaged in high-standard urban renewals with a focus on the metropolitan areas in Shanghai as well as other core first- and second-tier cities. The continuous strong sales performance of flagship projects, including Contemporary Splendour Villa • Courtyard Villa, Urban Cradle and Contemporary Art Villa • Jade Villa in Shanghai, brought in stable and hefty revenue and profits for SIUD. In March 2021, the Group won the bid for the land use rights to lot CB4-3-225 of the Qiyuan Road Project, which is located to the south of Qiyuan Second Road and to the east of Shangchun North Road in Xi’an, Shaanxi Province. With a site area of approximately 51,208 sq.m., the land is well supported by the rich natural ecological resources along Ba River and the mature ancillary facilities nearby. This valuable solely residential site also fits into the Group’s strategy of developing in the main regions of key metropolitan areas. During the period, the Group attached high importance to identifying potential opportunities for high-return urban renewal projects and promoted the in-depth development of its investment property operation. The Group also facilitated city-industry integration, further diversified its business operations and continued to refine the investment and operation of commercial assets in key urban areas.

### Contract Sales

During the six months ended 30 June 2021, the total contract sales from commodity housing and affordable housing of the Group increased 31.3% year-on-year to RMB4,866,570,000 (six months ended 30 June 2020: RMB3,706,390,000). Total contract sales in terms of G.F.A. were 111,000 sq.m., up 73.4% year-on-year. The average selling price declined 24.4% to approximately RMB43,800 per sq.m. During the period, the contract sales of commodity housing amounted to RMB4,250,320,000, representing 87.3% of the Group’s total contract sales, with a sales area of approximately 83,700 sq.m. Our perfectly designed high-quality projects, including Originally in Xi’an, West Diaoyutai • Emperor Seal in Beijing, Contemporary Splendour Villa • Courtyard Villa and Urban Cradle in Shanghai, were highly sought after by the market and performed well in pre-sale as they were able to satisfy the strong market demand for properties. During the period, each of these projects brought remarkable revenue for the Group by posting sales of RMB1,175,520,000, RMB1,153,410,000, RMB1,008,990,000 and RMB812,600,000 respectively, accounting for approximately 24.2%, 23.7%, 20.7% and 16.7% of the total contract sales respectively. During the period, the contract sales of affordable housing amounted to RMB616,250,000, representing 12.7% of the Group’s total contract sales, with a sales area of approximately 27,300 sq.m. Such contract sales were mainly derived from Shanghai Jing City.



## MANAGEMENT DISCUSSION AND ANALYSIS

In April 2021, the Tianjin Hedong Polytechnic University Project • 仰山華庭, which is a key residential project being developed by SIUD in Tianjin, commenced construction. Located at Chenglin Road, Hedong District near the Inner Ring Line and supplemented by a number of premium facilities, the Tianjin Hedong Polytechnic University Project • 仰山華庭 enjoys clear advantages and receives high attention and full support from the Hedong District Committee and District Government. The high standard construction of the Hedong Polytechnic University Project • 仰山華庭 will play an important role in enhancing the image of Hedong District and the entire Tianjin City, and in improving the local environment generally.

In May 2021, the “U Plaza+欣虹匯” commercial project, which is located at one of the first plots dedicated for village-in-town remodeling projects in Shanghai, commenced construction. Situated at the central business district of Hongqiao with close proximity to the National Exhibition and Convention Center and the Hongqiao International Transportation Hub, “U Plaza+欣虹匯” will provide multiple business functions with a planned area of nearly 80,000 sq.m. It is expected to contribute loads of revenue and profit for the Group in the future. In the same month, the Garden Office Headquarters of Urban Cradle U Center were formally launched, comprising six garden office headquarters, two Grade A office buildings and one small commercial center. The six garden office buildings, each with a GFA of about 3,500 to 6,200 sq.m., and the two Grade A office buildings, totalling about 47,000 sq.m., are expected to roll out to the market early next year.

July 2021 marked the grand opening of U Plaza, a commercial center located within Urban Cradle in Shanghai. It not only added a small but elegant ancillary commercial facility to the residents of Urban Cradle, but also represented a strategic shift of Urban Cradle from residential development to commercial operation.

### Property Development

During the six months ended 30 June 2021, the Group had 15 projects with a total G.F.A. of 3,107,000 sq.m. under construction, which primarily included TODTOWN, Binjiang U Center in Shanghai, Originally in Xi'an and Shangtou Baoxu in Shanghai. The floor space started of the Group was 309,000 sq.m., which mainly came from the Tianjin Hedong Polytechnic University Project, Shangtou Xinhong and Xi'an Qiyuan Road Project. During the period, the Group delivered a total G.F.A. of 96,000 sq.m., which mainly comprised Contemporary Splendour Villa • Courtyard Villa, Urban Cradle and Contemporary Art Villa • Jade Villa in Shanghai.

Through conducting market investment research, the Group precisely took advantage of the market window to improve its project liquidity and further boost the sales volume. Key projects, including Contemporary Splendour Villa • Courtyard Villa, Urban Cradle and Contemporary Art Villa • Jade Villa in Shanghai, posted outstanding sales performance and generated satisfactory revenue for the Group. In particular, Contemporary Splendour Villa • Courtyard Villa in Shanghai achieved impressive sales performance and also became the biggest sales contributor for the Group.

### Investment Properties

As at 30 June 2021, the Group had several completed commercial projects in eight major developed cities, including Shanghai, Beijing, Tianjin, Chongqing, Shenyang, Xi'an, Kunshan and Shenzhen. The investment projects held by the Group had a total G.F.A. of approximately 880,000 sq.m. During the period, the overall rental income of the Group increased 44.2% year-on-year to HK\$418,474,000 (2020: HK\$290,288,000), which was mainly attributable to the increase in general occupancy rate and project average unit rental.

## MANAGEMENT DISCUSSION AND ANALYSIS

The Group persisted in upholding the policy of placing dual focus on leasing and sale, and continued to promote its residential leasing operation. Three of its long-term rental apartment projects, namely Shanghai Jinxiang, Shanghai Shenzhicheng and Shanghai Chenglong, are currently under orderly development, offering a total G.F.A. of 295,000 sq.m. The Shanghai Jinxiang and Shanghai Shenzhicheng projects are expected to be completed by 2022, while the Shanghai Chenglong Project is estimated to be completed by 2023. This business operation will contribute stable rental income for the Group in the future.

Looking forward, the Group will explore more alternative opportunities during the industrial adjustment period. By virtue of its extensive experience in quality project acquisition, the Group will seek to further develop more diversified strategic cooperation initiatives and expand its commercial property portfolio while guaranteeing the long-term operating results and sustainable business development of the Group.

### Comprehensive Health Operation

In October 2020, the Shanghai Industrial International Obstetrics and Gynaecology Hospital project built by the Group together with Shanghai Pharmaceuticals, a subsidiary of SIIC (the Company's parent group), was formally launched to introduce the smart medical industry model into Yantai, Shandong. The Group also formed an associate with Shanghai Lingfeng Medical (a wholly-owned subsidiary of the Company's parent company) and Shanghai Huashi to engage in the development and operation of a medical beauty institution in Shanghai. In May 2021, SIUD entered into a project management services agreement with Shanghai Pharmaceuticals for a management fee of RMB4,800,000.

To proactively align with the deployment of the parent group in the comprehensive health sector, the Group has placed the comprehensive health industry as its key strategy and business. By seizing the valuable opportunity presented by the parent group, SIUD made active deployments in the comprehensive health industry to take advantage of the long-term strategic development opportunities, in order to add new growth impetus to its own development.

## FINANCIAL REVIEW

### Revenue

During the six months ended 30 June 2021, the Group's revenue increased by 44.3% year-on-year to HK\$4,577,400,000 (six months ended 30 June 2020: HK\$3,172,823,000), primarily due to the recovery of property delivery during the period given the effective pandemic control in China, in contrast with the limitation on contract sales and delay in property delivery during the same period last year owing to the implementation of quarantine and social distancing measures in the Mainland China during the COVID-19 pandemic. During the period, property sales remained as the Group's main source of revenue and amounted to HK\$4,031,412,000 (six months ended 30 June 2020: HK\$2,829,760,000), accounting for 88.1% (six months ended 30 June 2020: 89.2%) of the Group's total revenue. The revenue contribution from Contemporary Splendour Villa•Courtyard Villa, Urban Cradle and Contemporary Art Villa•Jade Villa in Shanghai accounted for 76.0%, 20.9% and 2.3% of property sales, respectively.

The Group's revenue from leasing, property management and services, and hotel operations recorded a rise. These three operations contributed a revenue of HK\$418,474,000, HK\$2,835,000 and HK\$124,679,000 (six months ended 30 June 2020: HK\$290,288,000, HK\$2,515,000 and HK\$50,260,000) respectively and accounted for 9.1%, 0.1% and 2.7% (six months ended 30 June 2020: 9.1%, 0.1% and 1.6%) of the total revenue, respectively.



## MANAGEMENT DISCUSSION AND ANALYSIS

**Gross Profit and Gross Profit Margin**

For the six months ended 30 June 2021, the Group's gross profit amounted to HK\$1,847,237,000, up by 29.0% as compared to that of the same period in 2020. The gross profit margin was 40.4%, which was slightly lower than that of the same period last year mainly due to the sale of mostly higher margin projects, such as Urban Cradle and Contemporary Art Villa • Jade Villa in Shanghai, during the same period last year.

**Investment Property Revaluation**

For the six months ended 30 June 2021, the Group recorded a net gain on revaluation of investment properties of approximately HK\$103,938,000, which was mainly attributable to the transfer of certain properties held-for-sale of Originally in Xi'an to investment properties.

**Distribution and Selling Expenses**

For the six months ended 30 June 2021, the Group's distribution and selling expenses increased by 78.2% year-on-year to HK\$176,787,000 (six months ended 30 June 2020: HK\$99,200,000), which was mainly attributable to the increase in promotional and marketing efforts in response to the COVID-19 pandemic in order to promote sales during the period.

**General and Administrative Expenses**

For the six months ended 30 June 2021, the Group's general and administrative expenses decreased by 3.0% year-on-year to HK\$182,026,000 (six months ended 30 June 2020: HK\$187,727,000). This was mainly attributable to the continual implementation of strict cost control measures, which proved effective, during the period.

**Other Expenses, Gains and Losses, Net**

For the six months ended 30 June 2021, the Group recorded a net loss of approximately HK\$1,098,000 in other expenses, gains and losses (six months ended 30 June 2020: net loss of HK\$10,937,000).

**Profit**

During the six months ended 30 June 2021, the Group's profit decreased year-on-year by 41.6% to HK\$207,224,000 (six months ended 30 June 2020: HK\$355,072,000). During the first half of the year, profit attributable to owners of the Company was approximately HK\$54,029,000 (six months ended 30 June 2020: HK\$151,041,000), and the basic earnings per share amounted to 1.12 HK cents (six months ended 30 June 2020: basic and diluted earnings per share of 3.14 HK cents).

**Liquidity and Capital Resources**

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

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

As at 30 June 2021, bank balances and cash of the Group were HK\$9,039,343,000 (31 December 2020: HK\$9,550,663,000). The net debt to total equity of the Group (net debt (total bank and other borrowings less bank balances and cash and restricted and pledged bank deposits) to total equity) was 45.0% as at the period end. The current ratio was 1.6 times.

## MANAGEMENT DISCUSSION AND ANALYSIS

As at 30 June 2021, the total borrowings of the Group including bank borrowings, other borrowings and advanced bonds amounted to approximately HK\$20,986,896,000 (30 June 2020: HK\$17,747,266,000).

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

### Foreign Exchange Risks

During the period, most of the Group's revenue and operating costs were denominated in Renminbi. Except for certain bank deposits and certain bank and other borrowings denominated in foreign currencies, the Group's operating cash flow or liquidity is not directly subject to any other material exchange rate fluctuations. The Group did not enter into any foreign exchange hedging arrangements to control its exposure to exchange rate fluctuations as at 30 June 2021. However, the Group will adopt necessary measures whenever appropriate to minimise the impact arising from exchange rate fluctuations.

## HUMAN RESOURCES AND REMUNERATION POLICIES

As at 30 June 2021, the Group employed 823 employees (including Hong Kong and PRC offices). The remuneration policies for the employees of the Group are determined according to the performance, qualification, experience and competence of the employees. The emoluments of the directors of the Company (the "Directors") are determined by the remuneration committee of the Company, having regard to the operating results of the Group, individual performance and comparable market statistics. Staff benefits include discretionary bonus payments which are linked to the profitability of the Group and individual performances and contributions to the Mandatory Provident Fund Schemes.

The Group had adopted a share option scheme as an incentive to the Directors and eligible employees. During the six months ended 30 June 2021, the Group provided training programs relating to work to employees. Activities aiming at building up team spirit were regularly organized for employees, so as to enhance the human capital of the Group and the sense of belonging of the staff.

## LAND BANK AND NEW PROJECT ACQUISITION

As at 30 June 2021, the Group's land bank was developed into 27 property projects located in 11 major cities in China, including Shanghai, Beijing, Tianjin, Xi'an, Chongqing, Kunshan, Wuxi, Shenyang, Yantai, Wuhan and Shenzhen, and comprised medium to high class residential and commercial properties, most of which were completed or still under development. The Group has a land bank with a future saleable planned G.F.A. of approximately 4,140,000 sq.m. to support its development for the next three to five years.

In March 2021, the Group won the bid for the land use rights to lot CB4-3-225 of the Qiyuan Road Project, which is located to the south of Qiyuan Second Road and to the east of Shangchun North Road in Xi'an, Shaanxi Province, for a land premium of approximately RMB1.525 billion. The land is located in the Chanba Ecological Area in Xi'an and is in close proximity to the Weiyang Lake Station of the Xi'an Metro Line No. 10 in construction and Ba River. With a site area of approximately 51,208 sq.m., the land is for residential use and may be developed into approximately 102,418 sq.m. of residential development with ancillary public and commercial facilities.

The Group will stay on a steadily progressing development path by enhancing the development of its existing premium land bank and optimising resource allocation for boutique development.



## OUTLOOK

During the first half of 2021, thanks to the central policies, the achievements made by China in pandemic control and socio-economic development continued to expand and consolidate, and stable and positive growth was witnessed in property sales. The Group is confident that, under the lead of the “14th Five-Year Plan” of the central government, the property market will maintain stable and robust growth in the second half of the year. In the second half, with a vision of strengthening its operational capability, the Group will take advantage of the sales window period to redouble its product launch and sales efforts and enhance its turnover strategy in a timely manner, in a bid to fulfil the annual performance target.

Looking ahead, the Group will remain focused on the metropolitan areas in Shanghai as well as other first- and second-tier cities and stay on a steadily progressing development path by enhancing the development of its existing premium land bank. By continuing to leverage on urban renewal and redevelopment opportunities and its brand advantage as a state-owned enterprise, the Group will focus its efforts in the redevelopment of old areas and the restructuring and upgrading of industrial plots. The Group will also continue to develop city-industry integrated operations to further diversify its business operations and gain insights into market trends with an aim of expanding into the investment and operation of property and commercial asset sectors, which will drive the sustainable high quality growth of the Group in the future. By adopting the two-pronged approach of asset management and capital operation, the Group targets at restructuring and upgrading its assets while achieving innovative business development. Capitalising on its rich development experience and diversified product strategy, SIUD will keep on creating greater value and returns for the shareholders.

## DETAILS OF PROPERTIES

The Group has 27 projects in 11 cities, comprising mid- to high-end residential units, serviced apartments, commercial and office buildings. As at 30 June 2021, the total GFA of the future saleable land bank of the Group was approximately 4.14 million sq.m.

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

As at 30 June 2021

Project	City	Site area (sq.m.)	Planned G.F.A. (sq.m.)	Saleable G.F.A. (sq.m.)	1H2021 pre-sold G.F.A. (sq.m.)	Accumulated G.F.A. sold (sq.m.)	Future saleable G.F.A. (sq.m.)	Saleable G.F.A. under construction (sq.m.)	Saleable G.F.A. for future development (sq.m.)	Expected Completion Date	Ownership (%)
Urban Cradle	Shanghai	943,000	1,226,298	909,054	12,983	837,027	72,027	49,959	–	Complete by phase from 2007 to 2022	53.1%
Binjiang U Center	Shanghai	77,371	525,888	324,600	–	–	324,600	290,830	–	Complete by phase from 2020 to 2023	35.4%
Shanghai Youth City	Shanghai	57,944	212,130	164,688	–	139,840	24,848	–	–	Completed	100.0%
Shanghai Jing City	Shanghai	301,908	772,885	609,488	27,294	587,703	21,785	–	–	Completed	59.0%
TODTOWN	Shanghai	117,825	605,000	385,300	–	56,205	329,095	220,991	107,904	Complete by phase from 2020 to 2024	20.7%
Contemporary Art Villa • Jade Villa	Shanghai	116,308	78,090	78,090	1,407	71,258	6,832	6,268	–	Complete by phase from 2018 to 2022	100.0%
Contemporary Splendour Villa • Courtyard Villa	Shanghai	120,512	191,636	68,404	15,592	65,854	2,550	–	–	Completed	100.0%
Shangtou Xinhong	Shanghai	89,432	289,271	222,643	–	–	222,643	222,643	–	Complete between 2021 and 2023	90.0%
Shangtou Baoxu	Shanghai	118,880	306,167	230,142	815	110,932	119,210	222,501	7,641	Complete by 2021	71.3%
Chenghang Project	Shanghai	20,572	60,195	60,195	–	–	60,195	60,195	–	Complete by 2021	80.0%
Jinxiang Project	Shanghai	17,161	48,050	48,050	–	–	48,050	48,050	–	Complete by 2022	59.0%
Shenzhicheng Project	Shanghai	47,435	128,075	128,075	–	–	128,075	128,075	–	Complete by 2022	29.5%
Chenglong Project	Shanghai	47,383	118,458	118,458	–	–	118,458	118,458	–	Complete by 2023	59.0%
Guilin Road Aerospace Project	Shanghai	91,160	590,165	590,165	–	–	590,165	–	590,165	Complete between 2025 and 2026	21.2%
Youngman Point	Beijing	112,700	348,664	295,114	–	258,814	36,300	–	–	Complete by phase from 2007 to 2021	100.0%
West Diaoyutai • Emperor Seal	Beijing	42,541	250,930	230,801	9,915	211,181	19,620	50,445	–	Complete by phase from 2007 to 2021	97.5%
Laochengxiang	Tianjin	244,252	752,883	613,357	–	582,737	30,620	–	–	Completed	100.0%
Hedong Polytechnic University Project • 仰山草庭	Tianjin	42,146	122,200	122,200	–	–	122,200	122,200	–	Complete by 2024	100.0%
Yooouu.net	Kunshan	34,223	129,498	112,812	–	63,021	49,791	–	–	Completed	30.7%
Urban Development Int'l Center	Wuxi	24,041	193,368	143,862	–	41,900	101,962	–	–	Completed	59.0%
Originally	Xi'an	2,101,967	3,899,867	3,202,324	42,860	2,545,156	657,168	232,420	381,520	Complete by phase from 2008 to 2023	71.5%
Qiyuan Road Project	Xi'an	51,208	102,418	102,418	–	–	102,418	–	102,418	Complete between 2023 and 2024	100.0%
Shenyang U Center	Shenyang	22,651	228,768	176,315	–	71,660	104,655	–	–	Completed	100.0%
Top City	Chongqing	120,014	786,233	616,122	–	376,424	239,698	–	–	Completed	100.0%
China Phoenix Tower	Shenzhen	11,038	106,190	79,391	–	78,343	1,048	–	–	Completed	91.0%
Yantai Project	Yantai	77,681	159,100	154,300	–	–	154,300	154,300	–	Complete between 2022 and 2024	100.0%
Yangluo Project • 香開長龍	Wuhan	257,600	452,000	452,000	–	–	452,000	87,600	364,400	Complete by phase from 2024 to 2027	49.0%
<b>Total</b>		<b>5,308,953</b>	<b>12,684,427</b>	<b>10,238,368</b>	<b>110,866</b>	<b>6,098,055</b>	<b>4,140,313</b>	<b>2,014,935</b>	<b>1,554,048</b>		

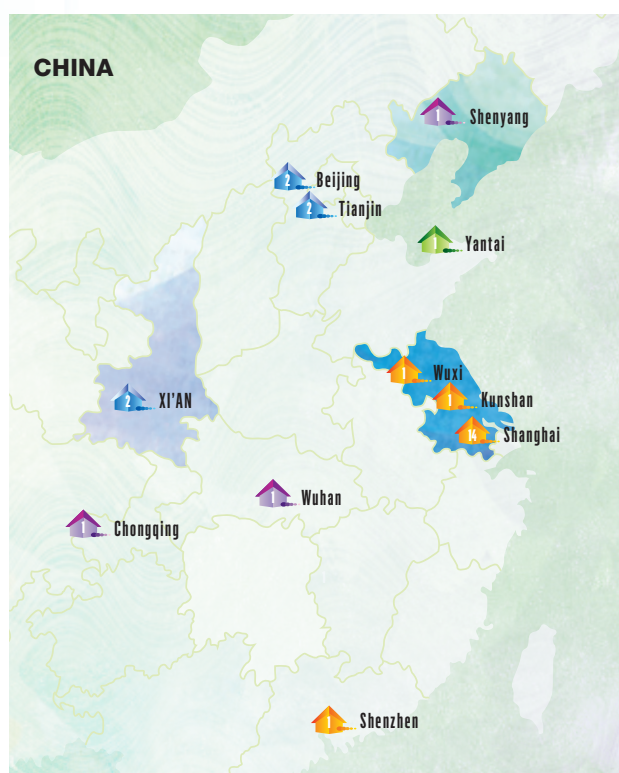


## MAJOR INVESTMENT PROPERTIES

Project	City	Property Category	Lease Term	Planned G.F.A. (sq.m.)
Shanghai Youth City	Shanghai	Commercial	Medium-term lease	16,349 <sup>1</sup>
ShanghaiMart <sup>2</sup>	Shanghai	Exhibition, transaction market, office building and parking lot	Medium-term lease	284,651
Urban Development Int'l Tower <sup>3</sup>	Shanghai	Office building	Medium-term lease	45,239
YOYO Tower <sup>4</sup>	Shanghai	Commercial	Medium-term lease	13,839
Plot No. 1 of Binjiang U Center	Shanghai	Office building	Medium-term lease	25,845 <sup>1</sup>
Top City	Chongqing	Commercial, office building and parking lot	Medium-term lease	285,264 <sup>1</sup>
China Phoenix Tower	Shenzhen	Office building	Medium-term lease	1,048 <sup>1</sup>
Youngman Point	Beijing	Commercial	Medium-term lease	19,768 <sup>1</sup>
Originally	Xi'an	Commercial	Medium-term lease	32,575 <sup>1</sup>
Shenyang U Center	Shenyang	Commercial and office building	Medium-term lease	62,483 <sup>1</sup>
Others	Shanghai, Tianjin and Kunshan	Commercial, office building and parking lot	Medium-term lease	93,196
<b>Total</b>				<b>880,257</b>

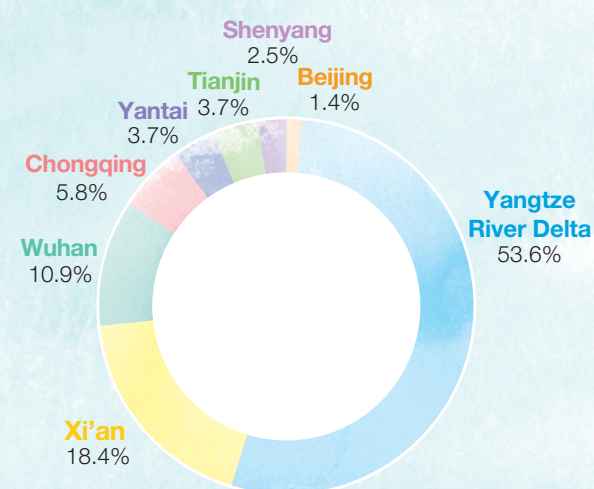
Notes:

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



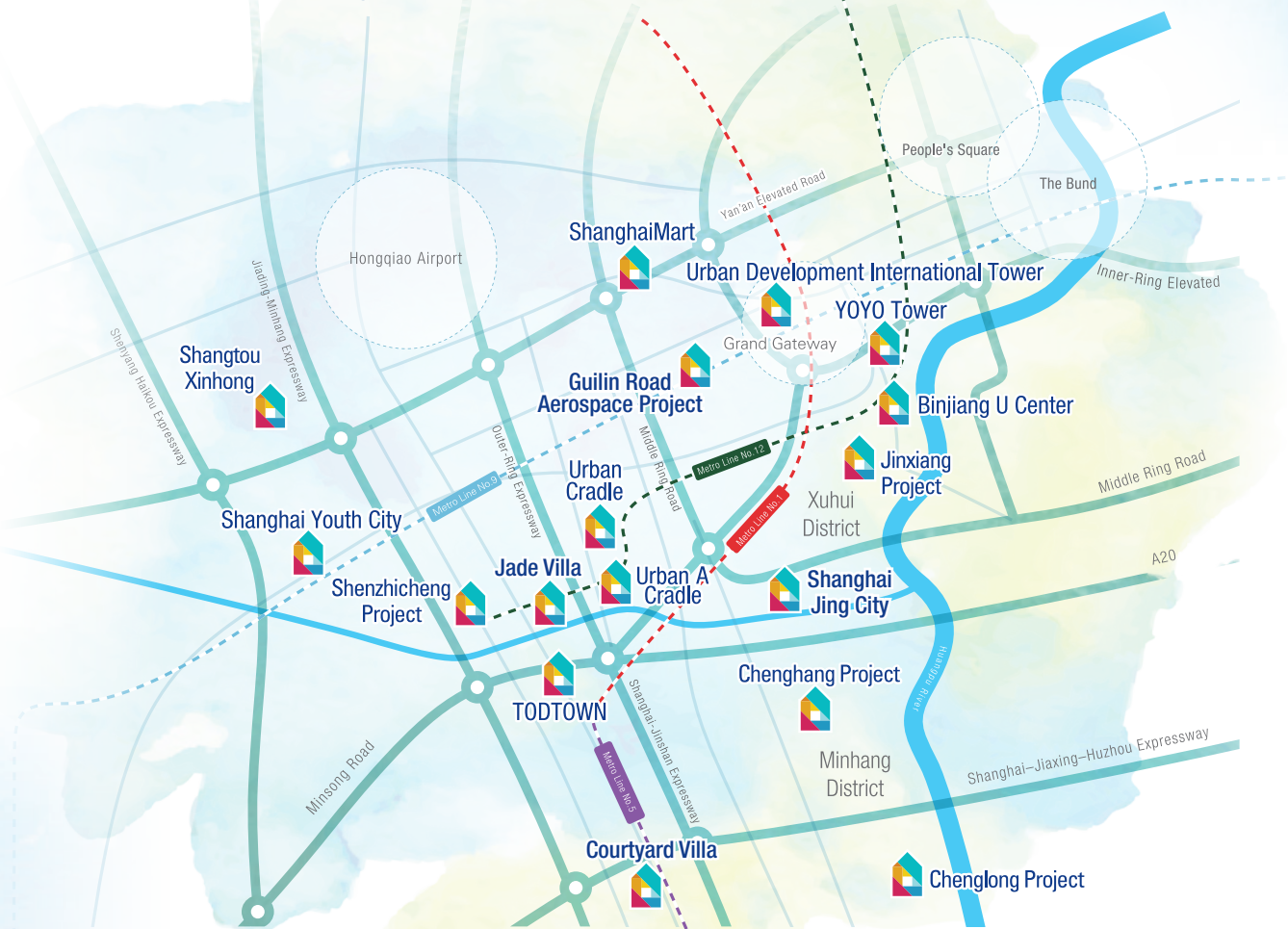
## BREAKDOWN OF G.F.A. FOR FUTURE SALE

AS AT 30 JUNE 2021



# INTRODUCTION OF KEY PROJECTS IN CHINA

## SIUD SHANGHAI PROJECTS



### URBAN CRADLE

**Address:**  
588 Gulong Road,  
Minhang District, Shanghai

**Category:**  
Residence/  
Commerce

**Feature:**

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





INTRODUCTION OF KEY PROJECTS IN CHINA

**BINJIANG U CENTER**

<b>Address:</b> Xuhui Binjiang, Shanghai	<b>Category:</b> Office/ Commerce
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**Feature:**

Facing Huangpu River in Shanghai, Binjiang U Center is situated at the Xuhui Binjiang CBD and is planned for composite commercial purpose. A portion of the properties will be held for sale and for earning rental upon completion. The surrounding view of the project is glorious. Also, the transportation network is well established as the project is adjacent to Longyao Road Tunnel that leads to Pudong, coupled with the Yunjin Road Station of Metro Line No. 11 which is now in use.



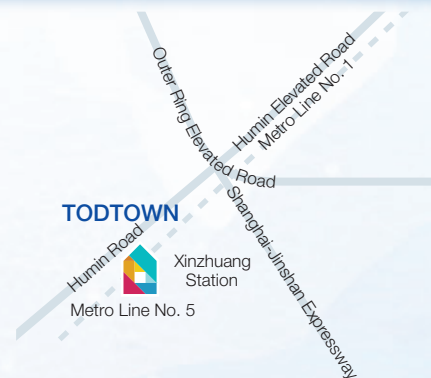
**TODTOWN**

<b>Address:</b> Xinzhuan Town, Minhang District, Shanghai	<b>Category:</b> Residence/ Commerce/Hotel/ Office/Apartment office
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**Feature:**

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

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



INTRODUCTION OF KEY PROJECTS IN CHINA

**CONTEMPORARY ART VILLA • JADE VILLA**

**Address:** Minhang District, Shanghai  
**Category:** Residence

**Feature:**

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



The planned public supporting building of approximately 9,300 sq.m.

**CONTEMPORARY SPLENDOUR VILLA • COURTYARD VILLA**

**Address:** Minhang District, Shanghai  
**Category:** Residence

**Feature:**

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



The project is planned to be built into premium low-density villas.



## INTRODUCTION OF KEY PROJECTS IN CHINA

## SHANGHAIMART

<b>Address:</b> 2299 Yan'an West Road, Shanghai	<b>Category:</b> Exhibition/ Commerce/Office
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**Feature:**

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

With a total G.F.A. of 285,000 sq.m., ShanghaiMart comprises three main buildings: the Mart, Expo and Tower.

As a super trading market integrating exhibition, trading, office and information functions, ShanghaiMart offers excellent world-class facilities and services to domestic and international merchants and professional buyers.



## SHANGHAI JING CITY (Including “晶秀坊”)

<b>Address:</b> Lane 136, Xiujing Road, Shanghai	<b>Category:</b> Residence/Commerce
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**Feature:**

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



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

## INTRODUCTION OF KEY PROJECTS IN CHINA

**CHENGHANG PROJECT****Address:**

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

**Category:**

Commerce/Office

**Feature:**

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

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

**GUILIN ROAD AEROSPACE PROJECT****Address:**

402 Guilin Road,  
Xuhui District, Shanghai

**Category:**

Scientific research and  
design/Residential leasing

**Feature:**

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





## INTRODUCTION OF KEY PROJECTS IN CHINA

## SHANGTOU XINHONG

**Address:**

Lane 255, Hualai Road,  
Minhang District, Shanghai

**Category:**

Residence/Commerce

**Feature:**

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

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

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

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



## YANTAI

## YANTAI PROJECT

**Address:**

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

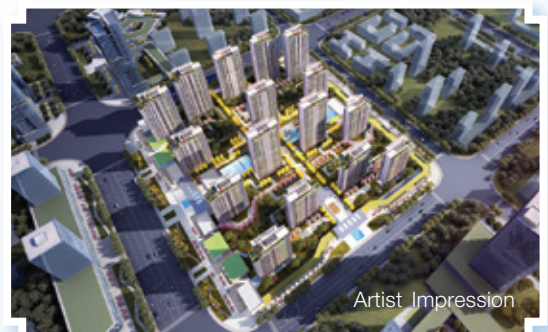
**Category:**

Residence/Commerce

**Feature:**

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

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



## INTRODUCTION OF KEY PROJECTS IN CHINA

## WUHAN

## YANGLUO PROJECT • 香開長龍

**Address:**

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

**Category:**

Residence/Commerce

**Feature:**

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

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

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



## BEIJING

## WEST DIAOYUTAI • EMPEROR SEAL

**Address:**

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

**Category:**

Residence

**Feature:**

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





## INTRODUCTION OF KEY PROJECTS IN CHINA

## TIANJIN

## HEDONG POLYTECHNIC UNIVERSITY PROJECT • 仰山華庭

**Address:** Southeast to the intersection of Residence/Commerce the planned Jinsuo South Road and Shaoshan Road, Hedong District, Tianjin

**Category:**

**Feature:**

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

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



## SHENYANG

## SHENYANG U CENTER

**Address:** South Taiyuan Street, Heping District, Shenyang

**Category:** Commerce/Office/  
Serviced Apartment

**Feature:**

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



## INTRODUCTION OF KEY PROJECTS IN CHINA

## WUXI

## URBAN DEVELOPMENT INTERNATIONAL CENTER

<b>Address:</b>	<b>Category:</b>
Intersection of Yinxiu Road and Taihu Avenue, Binhu District, Wuxi, Jiangsu	Commerce/Hotel/ Office/Service Apartment

**Feature:**

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



## XI'AN

## ORIGINALLY

<b>Address:</b>	<b>Category:</b>
East to Chan River, Chanba Avenue, Chanba Ecotope, Xi'an	Residence/ Commerce/Hotel

**Feature:**

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

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

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





## OTHER INFORMATION

### INTERIM DIVIDEND

The board of Directors (the “**Board**”) does not recommend the payment of any interim dividend for the six months ended 30 June 2021 (for the six months ended 30 June 2020: Nil).

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

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

### PRE-EMPTIVE RIGHTS

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

### CORPORATE GOVERNANCE

During the six months ended 30 June 2021, the Company has complied with the code provisions as set out in the Corporate Governance Code (the “**Code**”) contained in Appendix 14 to the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

### MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted its own code of conduct regarding dealings in the securities of the Company by the Directors and the relevant employees (who are likely to be in possession of inside information relating to the Company or its securities) (the “**Guidelines for Securities Transactions by Relevant Employees**”) on terms no less exacting than the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules. All Directors have confirmed, following specific enquiry by the Company, that they have complied with the required standards as set out in the Model Code and its code of conduct regarding directors’ securities transactions throughout the six months ended 30 June 2021.

In addition, no incident of non-compliance of the Guidelines for Securities Transactions by Relevant Employees by the relevant employees of the Group was noted by the Company throughout the six months ended 30 June 2021.

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

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

## OTHER INFORMATION

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

As disclosed in the Company's announcement dated 4 November 2020, the Company (as the borrower) entered into a facility letter (the "**Facility Letter**") with a bank (as the lender) for a revolving loan facility of up to HK\$500,000,000 with maturity date being the date falling one year from the acceptance date of the Facility Letter (the "**RL Facility**"). The Facility Letter contains an undertaking by the Company that so long as the RL Facility or any sum thereunder are outstanding, SIHL, a controlling and substantial shareholder of the Company and SIIC, being a controlling shareholder of SIHL shall collectively directly or indirectly own not less than 51% of the total share capital of the Company and maintain management control of the Company (the "**Shareholding and Management Covenant**"). A breach of the Shareholding and Management Covenant will constitute a default under the Facility Letter.

As at 30 June 2021, SIHL and SIIC are beneficially interested in approximately 43.93% and 63.77%, respectively, of the total issued share capital of the Company. Other than as disclosed above, there are no other events which are required to be disclosed by the Company under Rule 13.18 of the Listing Rules.

## AUDIT COMMITTEE AND REVIEW OF INTERIM RESULTS

The audit committee of the Company (the "**Audit Committee**") currently consists of three independent non-executive Directors, namely Mr. Li Ka Fai, David (Committee Chairman), Mr. Doo Wai-Hoi, William, *J.P.* and Mr. Fan Ren Da, Anthony. The Audit Committee is primarily responsible for reviewing the accounting principles and practices adopted by the Group; reviewing the financial reporting process, risk management and internal controls system of the Group; and reviewing the independence and objectivity of the external auditor, the scope of audit services and related audit fees payable to the external auditor. The Audit Committee has reviewed the unaudited interim financial statements of the Group for the six months ended 30 June 2021 and discussed with the management and the auditor of the Company on the accounting principles and practices adopted by the Group, risk management and internal controls matter, final results and financial statements and the terms of reference for the Audit Committee.

The Group's external auditor, Messrs. Deloitte Touche Tohmatsu, has reviewed the Company's unaudited condensed consolidated financial statements for the six months ended 30 June 2021 in accordance with the Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.



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

As at 30 June 2021, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) and required to be entered in the register required to be kept by the Company pursuant to Section 352 of the SFO or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange, were as follows:

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

Name of Directors	Capacity	Number of issued ordinary shares held	Number of underlying shares subject to options granted <sup>1</sup>	Approximate % of the issued share capital of the Company
Tang Jun <sup>2</sup>	Beneficial owner	178,000	—	0.00%

Notes:

- These interests represent the interests in the underlying shares of the Company in respect of share options granted by the Company to these Directors as beneficial owners.
- Mr. Tang Jun was appointed as an executive Director with effect from 15 January 2021.

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

#### SIHL

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

Note:

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

Save as disclosed herein, as at 30 June 2021, none of the Directors or chief executives of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or pursuant to the Model Code.

## OTHER INFORMATION

**SHARE OPTION SCHEME**

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

All the share options granted in September 2010 under the Share Option Scheme were lapsed on 24 September 2020. As at 30 June 2021, no share options remained outstanding under the Share Option Scheme. The Share Option Scheme expired on 11 December 2012.

During the six months ended 30 June 2021, there were no movements in the Company’s share options under the Share Option Scheme.

Pursuant to ordinary resolutions passed by the Shareholders at its annual general meeting held on 16 May 2013 (the “**Adoption Date**”), the Company adopted a new share option scheme (the “**New Share Option Scheme**”).

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

The eligible participants include the following classes of participants:

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

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



## OTHER INFORMATION

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

The Company had not granted any share options under the New Share Option Scheme since the Adoption Date up to 30 June 2021.

Save as disclosed herein, the Company had not granted any share options to any persons as required to be disclosed under Rule 17.07 of the Listing Rules during the six months ended 30 June 2021.

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

As at 30 June 2021, substantial shareholders and other persons (other than the Directors and chief executives of the Company) who had interests or short positions in the shares and underlying shares of the Company which were notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO and entered in the register required to be kept by the Company pursuant to Section 336 of the SFO, or otherwise notified to the Company were as follows:

#### Ordinary shares of HK\$0.04 each of the Company

Name of substantial shareholders	Capacity	Number of shares of the Company held	Approximate% of the issued share capital of the Company
SIHL	Held by controlled corporation	2,111,229,080(L) <sup>1,2,3</sup>	43.93%
SIIC	Held by controlled corporation	3,064,869,977(L) <sup>1,2,3,4</sup>	63.77%

Notes:

- L denotes long positions.
- These include 2,061,229,080 shares of the Company held by S.I. Smart Charmer Limited and 50,000,000 shares of the Company that are deemed to be held by Novel Good Limited under the pledge described in note 3 below. As S.I. Smart Charmer Limited and Novel Good Limited are both wholly-owned subsidiaries of SIHL, which is in turn controlled by SIIC, SIHL and SIIC are deemed or taken to be interested in the interests in the shares of the Company held by S.I. Smart Charmer Limited and Novel Good Limited.
- These interests include 50,000,000 shares of the Company (short positions) held by Invest Gain Limited (a company beneficially and wholly owned by Mr. Li Song Xiao who ceased to be a substantial shareholder of the Company during the year ended 31 December 2011) which was pledged to Novel Good Limited. Therefore, SIHL and SIIC are deemed or taken to be interested in these 50,000,000 shares of the Company.
- SIIC, through Shanghai Investment Holdings Limited (a subsidiary of SIIC) held approximately 55.13% of the shares of SIHL. Therefore, SIIC is deemed or taken to be interested in the 2,111,229,080 shares of the Company held by SHIL for the purpose of the SFO. On the other hand, SIIC is also deemed or taken to be interested in the 953,640,897 shares of the Company held by its subsidiaries, namely SIIC Trading Company Limited, Shanghai Industrial Financial Holdings (Hong Kong) Company Limited, SIIC CM Development Limited, SIIC Capital (B.V.I.) Limited and Shanghai Investment Holdings Limited.

## OTHER INFORMATION

Save as disclosed herein, as at 30 June 2021, the Company had not been notified by any persons (other than the Directors and chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

**CHANGES IN INFORMATION OF DIRECTORS**

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

Mr. Tang Jun was appointed as the President, an executive Director and a member of the Investment Appraisal Committee of the Company with effect from 15 January 2021.

Mr. Fan Ren Da, Anthony (“**Mr. Fan**”), an independent non-executive director of the Company, has been re-designated from an independent non-executive director to an executive director and has resigned as the chairman of the remuneration committee and a member of the audit committee and the nomination committee of Tenfu (Cayman) Holdings Company Limited, a company listed on the Stock Exchange with stock code of 6868, with effect from 18 May 2021.

Mr. Fan has retired as an independent non-executive director and ceased to be a member of the audit committee, the remuneration committee and the nomination committee of Raymond Industrial Limited, a company listed on the Stock Exchange with stock code of 229, with effect from 21 May 2021.

Mr. Li Ka Fai, David, an independent non-executive director of the Company, has retired as independent non-executive director and ceased to be a member of the nomination committee, chairman of the audit committee and the remuneration committee of CR Construction Group Holdings Limited, a company listed on the Stock Exchange with stock code of 1582, with effect from 25 June 2021.

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

**APPRECIATION**

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

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

Hong Kong, 30 August 2021



# REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

# Deloitte.

# 德勤

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

## INTRODUCTION

We have reviewed the condensed consolidated financial statements of Shanghai Industrial Urban Development Group Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 30 to 60, which comprise the condensed consolidated statement of financial position as of 30 June 2021 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

## SCOPE OF REVIEW

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

## CONCLUSION

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

**Deloitte Touche Tohmatsu**  
*Certified Public Accountants*  
Hong Kong

30 August 2021



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

For the six months ended 30 June 2021

	NOTES	Six months ended 30 June	
		2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Revenue			
Goods and services	3A	4,158,926	2,882,535
Leases		418,474	290,288
Total revenue		4,577,400	3,172,823
Cost of sales		(2,730,163)	(1,740,645)
Gross profit		1,847,237	1,432,178
Other income		75,265	64,749
Other expenses, gains and losses, net		(1,098)	(10,937)
Fair value gain on investment properties, net		103,938	173,682
Distribution and selling expenses		(176,787)	(99,200)
General and administrative expenses		(182,026)	(187,727)
Finance costs	4	(340,606)	(323,259)
Share of results of associates		(4,308)	889
Share of results of joint ventures		(3,217)	—
Profit before tax		1,318,398	1,050,375
Income tax	5	(1,111,174)	(695,303)
Profit for the period	6	207,224	355,072
<b>Other comprehensive income (expense) for the period</b>			
<i>Items that will not be reclassified to profit or loss:</i>			
Exchange differences on translation from functional currency to presentation currency		324,403	(453,884)
Fair value (loss) gain on equity instruments at fair value through other comprehensive income, net of tax		(9,783)	17,587
Total comprehensive income (expense) for the period		521,844	(81,225)



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

	NOTE	Six months ended 30 June	
		2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Profit for the period attributable to:			
– Owners of the Company		54,029	151,041
– Non-controlling interests		153,195	204,031
		207,224	355,072
Total comprehensive income (expense) attributable to:			
– Owners of the Company		230,525	(87,246)
– Non-controlling interests		291,319	6,021
		521,844	(81,225)
Earnings per share	7		
– Basic (HK cents)		1.12	3.14
– Diluted (HK cents)		N/A	3.14

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

	NOTES	30 June 2021 HK\$'000 (unaudited)	31 December 2020 HK\$'000 (audited)
<b>Non-current assets</b>			
Investment properties	8	19,314,728	17,825,877
Property, plant and equipment		2,469,934	2,286,082
Right-of-use assets		232,838	232,024
Goodwill	18	23,604	—
Intangible assets		61,528	60,584
Interests in associates		2,194,753	1,687,818
Interests in joint ventures		2,714,429	2,506,533
Amount due from a related company	9	270,963	154,713
Equity instruments at fair value through other comprehensive income		107,259	134,224
Pledged bank deposits		11,482	8,704
Other receivables, prepayments and deposit	10	—	1,795,501
Deferred tax assets		156,366	252,246
		<b>27,557,884</b>	26,944,306
<b>Current assets</b>			
Inventories		2,214	2,242
Properties under development for sale and properties held-for-sale		33,724,153	29,238,947
Trade and other receivables	10	797,050	1,414,021
Amounts due from a related company	9	12	12
Prepaid income tax and land appreciation tax		284,056	214,871
Financial assets at fair value through profit or loss		22,186	3,464
Restricted and pledged bank deposits		388,145	57,392
Bank balances and cash		9,039,343	9,550,663
		<b>44,257,159</b>	40,481,612
<b>Current liabilities</b>			
Trade and other payables	11	5,923,383	6,745,691
Amounts due to related companies	9	543,103	528,337
Pre-sale proceeds received on sales of properties		13,360,925	11,351,177
Bank and other borrowings	12	5,247,259	3,668,189
Lease liabilities		67,399	64,811
Income tax and land appreciation tax payables		1,899,455	2,089,637
Dividend payable		27,706	16,234
		<b>27,069,230</b>	24,464,076
<b>Net current assets</b>		<b>17,187,929</b>	16,017,536
<b>Total assets less current liabilities</b>		<b>44,745,813</b>	42,961,842



## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	NOTES	30 June 2021 HK\$'000 (unaudited)	31 December 2020 HK\$'000 (audited)
<b>Non-current liabilities</b>			
Deferred revenue	11	20,180	20,176
Bank and other borrowings	12	15,739,637	14,079,077
Lease liabilities		90,052	110,738
Deferred tax liabilities		3,239,709	3,238,389
		<b>19,089,578</b>	17,448,380
		<b>25,656,235</b>	25,513,462
<b>Capital and reserves</b>			
Share capital	13	192,253	192,253
Reserves		14,197,931	14,174,078
Equity contributable to owners of the Company		14,390,184	14,366,331
Non-controlling interests		11,266,051	11,147,131
		<b>25,656,235</b>	25,513,462

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2021

	Attributable to owners of the Company														
	Share capital HK\$'000	Share premium HK\$'000	Contributed surplus HK\$'000 (note (i))	Share-based payments reserve HK\$'000	Other revaluation reserve HK\$'000 (note (ii))	Property revaluation reserve HK\$'000	Investment revaluation reserve HK\$'000	Statutory surplus reserve HK\$'000 (note (iii))	Shareholder's contribution/merger reserve HK\$'000 (note (iv))	Other reserve HK\$'000 (note (v))	Exchange reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
At 1 January 2021 (audited)	192,253	8,909,949	472,027	–	52,526	(13,813)	27,790	904,577	2,159,430	(77,883)	722,894	1,016,581	14,366,331	11,147,131	25,513,462
Profit for the period	–	–	–	–	–	–	–	–	–	–	–	54,029	54,029	153,195	207,224
Exchange differences on translation from functional currency to presentation currency	–	–	–	–	–	–	–	–	–	–	183,434	–	183,434	140,969	324,403
Fair value loss on equity instruments at fair value through other comprehensive income, net of tax	–	–	–	–	–	–	(6,938)	–	–	–	–	–	(6,938)	(2,845)	(9,783)
Total comprehensive (expense) income for the period	–	–	–	–	–	–	(6,938)	–	–	–	183,434	54,029	230,525	291,319	521,844
Transfer	–	–	–	–	–	–	–	11,686	–	–	–	(11,686)	–	–	–
Addition upon acquisition of a subsidiary (Note 18)	–	–	–	–	–	–	–	–	–	–	–	–	–	8,099	8,099
Dividends recognised as distributions (Note 19)	–	–	(206,672)	–	–	–	–	–	–	–	–	–	(206,672)	–	(206,672)
Dividends declared to non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	–	–	(180,498)	(180,498)
At 30 June 2021 (unaudited)	192,253	8,909,949	265,355	–	52,526	(13,813)	20,852	916,263	2,159,430	(77,883)	906,328	1,056,924	14,390,184	11,266,051	25,656,235
At 1 January 2020 (audited)	192,253	9,509,949	69,086	31,892	52,526	(13,813)	39,401	655,290	2,159,430	(47,317)	(98,347)	699,203	13,249,553	10,532,073	23,781,626
Profit for the period	–	–	–	–	–	–	–	–	–	–	–	151,041	151,041	204,031	355,072
Exchange differences on translation from functional currency to presentation currency	–	–	–	–	–	–	–	–	–	–	(248,663)	–	(248,663)	(205,221)	(453,884)
Fair value gain on equity instruments at fair value through other comprehensive income, net of tax	–	–	–	–	–	–	10,376	–	–	–	–	–	10,376	7,211	17,587
Total comprehensive income (expense) for the period	–	–	–	–	–	–	10,376	–	–	–	(248,663)	151,041	(87,246)	6,021	(81,225)
Transfer to distributable reserve (note (vi))	–	(600,000)	600,000	–	–	–	–	–	–	–	–	–	–	–	–
Release upon liquidation of a subsidiary	–	–	–	–	–	–	–	(2,714)	–	–	–	1,601	(1,113)	1,113	–
Dividends recognised as distributions (Note 19)	–	–	(197,058)	–	–	–	–	–	–	–	–	–	(197,058)	–	(197,058)
Dividends declared to non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	–	–	(264,832)	(264,832)
At 30 June 2020 (unaudited)	192,253	8,909,949	472,028	31,892	52,526	(13,813)	49,777	652,576	2,159,430	(47,317)	(347,010)	851,845	12,964,136	10,274,375	23,238,511



## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

## Notes:

- (i) Contributed surplus, serving as a distributable reserve, represents an amount transferred from the share premium account to contributed surplus account which gives Shanghai Industrial Urban Development Group Limited (the "Company") a greater flexibility in its dividend policy and making distributions to the shareholders.
- (ii) Other revaluation reserve comprises the difference between the fair value, net of deferred tax, and the carrying amount of additional interest in associates being acquired and become subsidiaries of the Company. This reserve will be recognised in the profit or loss upon the earlier of the disposal of the subsidiaries or the disposal by the subsidiaries of the assets to which it relates.
- (iii) Pursuant to the relevant laws in the People's Republic of China (the "PRC"), subsidiaries established in the PRC are required to transfer 10% of its profit after tax to the statutory surplus reserve. Contribution to the statutory surplus reserve is discretionary when the reserve balance reaches 50% of the registered capital of the subsidiaries and can be used to make up for previous years' losses or, expand the existing operations or can be converted into additional capital of the subsidiaries.
- (iv) Merger reserve comprises of (1) the difference in the fair value of the consideration paid to the intermediate holding company of the Company, Shanghai Industrial Holdings Limited ("SIHL"), for the acquisition of subsidiaries controlled by SIHL (the "Acquiree") and the fair value of net assets of the Acquiree at the date of the Company and its subsidiaries (collectively referred to as the "Group") and the Acquiree became under common control in year 2011; and (2) the difference between the consideration paid to Shanghai Shangtou Assets Operation Company Limited 上海上投資產經營有限公司 ("Shangtou Assets"), to which Shanghai Industrial Investment (Holdings) Company Limited ("SIIC"), being the ultimate holding company of the Company, exercises the authority as a state-owned shareholder, for acquisition of Shanghai Shangtou Real Estate Investment Company Limited 上海市上投房地產投資有限公司 ("Shangtou Real Estate") and its subsidiaries (collectively referred to as "Shangtou Real Estate Group") (after carving out certain assets and liabilities upon completion of acquisition) controlled by Shangtou Assets and fair value of net assets of Shangtou Real Estate Group at the date of the Group and Shangtou Real Estate Group became under common control.
- Shareholder's contribution represents capital contribution from SIHL and State-owned Assets Supervision and Administration Commission of Shanghai Xuhui District ("Xuhui SASAC"), being a non-controlling shareholder (based on their respective percentage of equity interest), to a subsidiary of the Company, Shanghai Urban Development (Holdings) Co., Ltd. ("SUD"), as paid-in capital in April 2011. Xuhui SASAC holds 41% interests in SUD.
- (v) Other reserve represents a premium contributed by the owners of the Company on acquiring additional interests in non-wholly owned subsidiaries of the Company. It comprises of (1) the acquisition of the remaining 1.0% interests of 上海世界貿易商城有限公司 ("Shanghai World Trade") from a non-controlling shareholder subsequent to the acquisition of Continental Land Development Limited and its partially owned subsidiary, namely Shanghai World Trade, in the PRC and (2) the acquisition of the remaining 20% interest in 瀋陽向明長益實業有限公司 from a non-controlling shareholder. These acquisitions, without changing the Group's control over these entities, were accounted for as equity transactions. The difference between the cash consideration and the Group's acquired share of fair value of net assets held by the non-controlling shareholders was recognised directly in equity as other reserve and attributable to owners of the Company.
- (vi) Pursuant to the special resolution passed on 18 May 2020, the Company transferred an amount of HK\$600,000,000 from the share premium account to the contributed surplus account which increased the distributable reserve of the Company for making distributions to shareholders.



# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2021

	NOTE	Six months ended 30 June	
		2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
<b>OPERATING ACTIVITIES</b>			
Profit before tax		<b>1,318,398</b>	1,050,375
Adjustments for:			
Finance costs		<b>340,606</b>	323,259
Fair value gain on investment properties, net		<b>(103,938)</b>	(173,682)
Other non-cash items		<b>46,266</b>	77,765
Operating cash flows before movements in working capital		<b>1,601,332</b>	1,277,717
Increase in inventories, properties under development for sale and properties held-for-sale		<b>(3,456,683)</b>	(452,923)
Decrease (increase) in trade and other receivables		<b>103,120</b>	(89,008)
Increase in pre-sale proceeds received on sales of properties		<b>1,866,032</b>	411,507
Decrease in trade and other payables		<b>(1,117,405)</b>	(252,178)
Increase in financial assets at fair value through profit or loss		<b>(19,240)</b>	—
Other working capital items		<b>3,786</b>	(1,545)
Cash (used in) generated from operations		<b>(1,019,058)</b>	893,570
Income tax paid		<b>(1,332,547)</b>	(1,112,437)
Net cash used in operating activities		<b>(2,351,605)</b>	(218,867)
<b>INVESTING ACTIVITIES</b>			
Proceeds from disposal of property, plant and equipment		<b>147</b>	401
Purchase of property, plant and equipment		<b>(6,147)</b>	(34,946)
Proceeds from refund of capital of equity instruments at fair value through other comprehensive income		<b>19,291</b>	—
Development costs paid for investment properties		<b>(89,484)</b>	(85,673)
Net cash inflow from acquisition of a subsidiary	18	<b>196,439</b>	—
Investments in joint ventures		<b>(179,942)</b>	(1,680,104)
(Increase) decrease in restricted and pledged bank deposits		<b>(331,920)</b>	316,850
Advance to a related company		<b>(114,079)</b>	(11)
Repayments from related companies		<b>—</b>	338,541
Dividends received from equity instruments at fair value through other comprehensive income		<b>7,513</b>	—
Interest received		<b>41,615</b>	46,492
Net cash used in investing activities		<b>(456,567)</b>	(1,098,450)



## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 30 June	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
<b>FINANCING ACTIVITIES</b>		
Dividends paid to non-controlling interests	(180,498)	(545,088)
Dividends paid	(195,200)	(187,777)
Proceeds from new bank and other borrowings	3,717,769	6,617,943
Repayments of bank and other borrowings	(688,643)	(5,044,313)
Transaction costs attributable to the issue of medium term corporate bonds	—	(2,276)
Repayments of lease liabilities	(35,551)	(34,106)
Advances from related companies	2,590	56,595
Repayments to related companies	(750)	(297,709)
Interest paid	(338,991)	(467,971)
Net cash from financing activities	2,280,726	95,298
Net decrease in cash and cash equivalents	(527,446)	(1,222,019)
Cash and cash equivalents as at 1 January	9,550,663	9,111,782
Effect of foreign exchange rate changes	16,126	(149,314)
Cash and cash equivalents as at 30 June, represented by bank balances and cash	9,039,343	7,740,449



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 (“HKAS 34”) “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

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

On 22 January 2020, the Group entered into a subscription agreement with, among others, SIIC Financial Leasing Co., Ltd 上實融資租賃有限公司 (“SIIC Financial Leasing”), which is an associate of the Company’s controlling shareholder. Pursuant to the subscription agreement the Group conditionally agreed to subscribe for 20.0% of the enlarged register capital of SIIC Financial Leasing by injecting approximately RMB407,942,000 in cash to SIIC Financial Leasing. SIIC Financial Leasing is an integrated credit provider based in Shanghai. Its business includes providing finance to regional governments and its platform companies to fund their projects in local infrastructure, water supply and construction of rail transportation as well as providing automobile financing to individual customers. In December 2020, the condition precedents for completion of the acquisition as set out in the subscription agreement were fulfilled. Accordingly, the Group made a payment of approximately RMB407,942,000 in late December 2020. As at 31 December 2020, the injection payment made by the Group of approximately HK\$484,607,000 was recognised as a deposit paid for acquisition of an associate. Details of this transaction are set out in the Company’s announcement and circular on 22 January 2020 and 25 August 2020 respectively. On 6 January 2021, the acquisition was completed after SIIC Financial Leasing had received the amount and completed the capital injection verification process.

## 2. PRINCIPAL ACCOUNTING POLICIES

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

Other than additional accounting policies resulting from application of amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) and application of certain accounting policies which became relevant to the Group, the accounting policies and methods of computation used in the preparation of condensed consolidated financial statements for the six months ended 30 June 2021 are the same as those applied in the preparation of the Group’s annual financial statements for the year ended 31 December 2020.



## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

**2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)****2.1 Accounting policies which became relevant to the Group*****Goodwill***

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or group of cash-generating units) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit (or group of cash-generating units).

On disposal of the relevant cash-generating unit or any of the cash-generating unit within the group of cash-generating units, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal. When the Group disposes of an operation within the cash-generating unit (or a cash-generating unit within a group of cash-generating units), the amount of goodwill disposed of is measured on the basis of the relative values of the operation (or the cash-generating unit) disposed of and the portion of the cash-generating unit (or the group of cash-generating units) retained.

***Foreign currencies***

Goodwill and fair value adjustments on identifiable assets acquired arising on the acquisition of a foreign operation are treated as assets and liabilities of that foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

**2.2 Application of amendments to HKFRSs**

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2021 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKFRS 16	Covid-19-Related Rent Concessions
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform — Phase 2

Except as described below, the application of the amendments to HKFRSs in the current interim period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.



## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

**2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)****2.2 Application of amendments to HKFRSs (continued)**

*Impacts and accounting policies on application of Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 “Interest Rate Benchmark Reform – Phase 2”*

**Accounting policies**Financial instruments

*Changes in the basis for determining the contractual cash flows as a result of interest rate benchmark reform*

For changes in the basis for determining the contractual cash flows of a financial asset or financial liability to which the amortised cost measurement applies as a result of interest rate benchmark reform, the Group applies the practical expedient to account for these changes by updating the effective interest rate, such change in effective interest rate normally has no significant effect on the carrying amount of the relevant financial asset or financial liability.

A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if and only if, both these conditions are met:

- the change is necessary as a direct consequence of interest rate benchmark reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the previous basis (i.e. the basis immediately preceding the change).

Leases

The Group as a lessee

*Changes in the basis for determining the future lease payments as a result of interest rate benchmark reform*

For changes in the basis for determining the future lease payments as a result of interest rate benchmark reform, the Group applies the practical expedient to remeasure the lease liabilities by discounting the revised lease payments using the unchanged discount rate and makes a corresponding adjustment to the related right-of-use assets. A lease modification is required by interest rate benchmark reform if, and only if, both of these conditions are met:

- the modification is necessary as a direct consequence of interest rate benchmark reform; and
- the new basis for determining the lease payments is economically equivalent to the previous basis (i.e. the basis immediately preceding the modification).



## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

**2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)****2.2 Application of amendments to HKFRSs (continued)**

*Impacts and accounting policies on application of Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 “Interest Rate Benchmark Reform – Phase 2” (continued)*

**Transition and summary of effects**

As at 1 January 2021, the Group has several financial liabilities, the interest of which are indexed to benchmark rates that will or may be subject to interest rate benchmark reform.

The following table shows the total amounts of outstanding contracts. The amounts of financial liabilities are shown at their carrying amounts.

	<b>HK\$ Hong Kong Interbank Offered Rate HK\$'000</b>
Bank borrowings	<b>300,000</b>

The Group intends to apply the practical expedient in relation to the changes in contractual cash flows resulting from the interest rate benchmark reform for certain bank borrowings measured at amortised cost. The amendments have had no impact on the condensed consolidated financial statements as none of the above contracts has been transitioned to the relevant replacement rates during the six months ended 30 June 2021. The impacts on application of the amendments, if any, including additional disclosures, will be reflected in the Group’s consolidated financial statements for the year ending 31 December 2021.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

**3A. REVENUE FROM GOODS AND SERVICES****Disaggregation of revenue from contracts with customers**

	<b>Six months ended 30 June</b>	
	<b>2021</b>	2020
	<b>HK\$'000</b>	HK\$'000
	<b>(unaudited)</b>	(unaudited)
Types of goods or services		
Sales of properties	<b>4,031,412</b>	2,829,760
Hotel operations	<b>124,679</b>	50,260
Property management	<b>2,835</b>	2,515
<b>Total</b>	<b>4,158,926</b>	2,882,535
Timing of revenue recognition		
A point in time	<b>4,031,412</b>	2,829,760
Over time	<b>127,514</b>	52,775
<b>Total</b>	<b>4,158,926</b>	2,882,535

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

**3B. SEGMENT INFORMATION**

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

The Group's operations are located in the PRC. All revenue and non-current assets, except for certain property and equipment, of the Group are generated from and located in the PRC. No revenue from a single customer contributed 10% or more of the Group's revenue for the six months ended 30 June 2021 and 2020.



## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 4. FINANCE COSTS

	Six months ended 30 June	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Interests on bank and other borrowings	440,837	529,215
Interests on lease liabilities	2,076	2,103
Total finance costs	442,913	531,318
Less: Amount capitalised into properties under development for sale	(102,307)	(208,059)
	340,606	323,259

During the six months ended 30 June 2021, borrowing costs arising from the general borrowing pool are capitalised to the expenditure on qualifying assets by applying a capitalisation rate of 3.71% (six months ended 30 June 2020: 3.33%) per annum.

## 5. INCOME TAX

	Six months ended 30 June	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Current tax:		
PRC Enterprise Income Tax ("EIT")	317,949	318,653
PRC Land Appreciation Tax ("LAT")	721,870	393,717
PRC withholding tax on dividend income	8,253	8,775
	1,048,072	721,145
Deferred tax	63,102	(25,842)
Income tax for the period	1,111,174	695,303

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

**5. INCOME TAX (CONTINUED)**

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

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

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

Pursuant to the rules and regulations of Bermuda and the British Virgin Islands (“BVI”), the Group is not subject to any income tax in Bermuda and the BVI in respect of the six months ended 30 June 2021 and 2020.

**6. PROFIT FOR THE PERIOD**

	<b>Six months ended 30 June</b>	
	<b>2021</b>	2020
	<b>HK\$'000</b>	HK\$'000
	<b>(unaudited)</b>	(unaudited)
Profit for the period has been arrived at after charging (crediting) the following items:		
Depreciation of property, plant and equipment	<b>75,040</b>	98,123
Depreciation of right-of-use assets	<b>15,105</b>	19,591
Interest income on bank deposits (included in other income)	<b>(41,615)</b>	(46,492)
Net foreign exchange loss (included in other expenses, gains and losses, net)	<b>22,132</b>	10,952



## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

**7. EARNINGS PER SHARE**

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

	<b>Six months ended 30 June</b>	
	<b>2021</b>	2020
	<b>HK\$'000</b>	HK\$'000
	<b>(unaudited)</b>	(unaudited)
<b>Earnings:</b>		
Earnings for the purposes of calculating basic and diluted earnings per share		
Profit for the period attributable to owners of the Company	<b>54,029</b>	151,041
	<b>Six months ended 30 June</b>	
	<b>2021</b>	2020
	<b>'000</b>	'000
<b>Number of shares:</b>		
Weighted average number of ordinary shares for the purposes of calculating basic and diluted earnings per share	<b>N/A</b>	4,806,323
Number of ordinary shares for the purposes of calculating basic earnings per share	<b>4,806,323</b>	N/A

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

During the six months ended 30 June 2021, none of the Company's share options were outstanding as all of them had expired on 23 September 2020.



## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

**8. MOVEMENTS IN INVESTMENT PROPERTIES**

The fair values of the Group's investment properties as at 30 June 2021 have been arrived at on the basis of a valuation carried out by Cushman & Wakefield Limited ("CWL"), an independent qualified professional valuer not connected to the Group. CWL has appropriate qualification and recent experience in the valuation of similar properties in the relevant locations. The address of CWL is 27th Floor, One Island East, Taikoo Place, 18 Westland Road, Quarry Bay, Hong Kong. The Group's investment properties are valued individually on market value basis, which conforms to HKIS Valuation Standards 2020 Edition published by Hong Kong Institute of Surveyors. The fair value is arrived at by reference to comparable sales transactions available in the relevant markets and, where appropriate, using investment approach which capitalises the net rental income derived from existing tenancies with due allowance for the reversionary potential of the properties. The resulting net increase in fair values of the Group's investment properties of approximately HK\$103,938,000 (six months ended 30 June 2020: HK\$173,682,000) is recognised directly in profit or loss for the six months ended 30 June 2021.

During the six months ended 30 June 2021, the Group has subsequent expenditures on certain investment properties of approximately HK\$89,484,000 (six months ended 30 June 2020: HK\$85,673,000).

During the six months ended 30 June 2021, the management of the Group changed the intention from selling the apartments and commercial units of several residential property projects to lease them out for rentals. Accordingly, properties held-for-sale with carrying amount of approximately HK\$274,846,000 was transferred to investment properties upon inception of lease agreements with the tenants. A fair value gain of approximately HK\$122,917,000 in respect of these properties is recognised in the profit or loss during the period.

During the six months ended 30 June 2021, the Group obtained the land use right certificate for two parcels of land in Minhang District in Shanghai in the PRC. One of them will be developed into residential properties held for earning rentals and the other one will have a portion to develop commercial building held for earning rentals. Accordingly, the respective prepayments made in prior year of approximately HK\$919,974,000 were transferred to investment properties during the period. Details for these parcels of land are set out in Note 10 (ii).

The Group did not dispose of any investment properties during the six months ended 30 June 2021.



## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

The Group has the following balances with related parties:

	NOTES	<b>30 June 2021 HK\$'000 (unaudited)</b>	31 December 2020 HK\$'000 (audited)
Amount due from a related company recognised in non-current assets:			
— A joint venture	(ii)(a)	<b>270,963</b>	154,713
Amount due from a related company recognised in current assets:			
— A joint venture	(ii)(a)	<b>12</b>	12
Amounts due to related companies recognised in current liabilities:			
— Xuhui SASAC and entities controlled by Xuhui SASAC	(i)(a)	<b>236,803</b>	233,271
— A non-controlling shareholder	(i)(b)	<b>60,211</b>	59,491
— Non-controlling shareholders	(ii)(b)	<b>198,116</b>	191,742
— SIHL	(iii)	<b>28,493</b>	28,148
— Associates	(iv)	<b>19,480</b>	15,685
		<b>543,103</b>	528,337

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

Notes:

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

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

Included in the amount due to a non-controlling shareholder as at 30 June 2021, there is an amount of RMB50,071,000 (equivalent to approximately HK\$60,211,000) (31 December 2020: RMB50,079,000 (equivalent to approximately HK\$59,491,000)), which represents a loan advanced from a non-controlling shareholder. This loan carries a fixed interest at 108% of three year's People's Bank of China Benchmark Lending Rate per annum at the date of borrowing and it is repayable on 12 July 2021.

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

The amount due from a joint venture as at 30 June 2021 of approximately RMB225,333,000 (equivalent to approximately HK\$270,963,000) (31 December 2020: RMB130,127,000 (equivalent to approximately HK\$154,713,000)) represents funds advanced by the Group at a guaranteed return of 8% per annum to a joint venture for its acquisition of parcels of land and subsequent construction in respect of a property development project in Wuhan in the PRC. In the opinion of the management of the Group, the amount will not be repaid in 12 months from the end of the reporting period.

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

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

Included in the amounts due to non-controlling shareholders as at 30 June 2021, there is an amount of RMB151,086,000 (equivalent to approximately HK\$185,406,000) (31 December 2020: RMB150,086,000 (equivalent to approximately HK\$178,292,000)), which represents interest-free loans advanced from a non-controlling shareholder. As at 30 June 2021, these loans are overdue and classified as current liabilities and the Group is in a litigation procedure with this non-controlling shareholder about the repayment arrangement. The management of the Group obtained a legal advice from its external legal adviser and is in the opinion that this event has no material impact to the condensed consolidated financial statements for the six months ended 30 June 2021.

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

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

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



## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 10. TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSIT

	<b>30 June 2021 HK\$'000 (unaudited)</b>	31 December 2020 HK\$'000 (audited)
<b>Other receivables, prepayments and deposit recognised as non-current assets</b>		
Deposit paid for acquisition of an associate (Note 1A)	—	484,607
Prepayments for acquisition of parcels of land (note (ii))	—	1,310,894
	—	1,795,501
<b>Trade and other receivables recognised as current assets</b>		
Trade receivables		
— Contracts with customers	<b>3,706</b>	1,924
— Lease receivables	<b>23,594</b>	13,424
	<b>27,300</b>	15,348
Less: Loss allowance	<b>(291)</b>	(288)
	<b>27,009</b>	15,060
Other receivables (note (i))	<b>347,512</b>	347,281
Advance payments to contractors	<b>14,558</b>	15,205
Prepaid other taxes	<b>384,073</b>	461,630
Guarantee deposit paid for the auction of a parcel of land (note (iii))	—	534,569
Deposits and prepayments	<b>23,898</b>	40,276
	<b>797,050</b>	1,414,021

Notes:

- (i) Other receivables mainly comprise of various warranty deposits placed with the relevant government bodies in respect of properties under development for sale, properties held-for-sale and properties being sold. Included in other receivables as at 30 June 2021, there is an amount of RMB8,260,000 (equivalent to approximately HK\$9,933,000) (31 December 2020: RMB8,260,000 (equivalent to approximately HK\$9,812,000)) which represents loans advanced to a subsidiary of a former tenant of one of the Group's investment properties (the "Borrower") through an entrusted loan agreement administrated by a trust company. The amount is repayable on 31 December 2021. The loan carries fixed interest at a rate of 5% per annum.



## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

Notes: (continued)

- (ii) In previous year, the Group entered into a land use right transfer contract with Shanghai Minhang Land Bureau to acquire a parcel of land in Shanghai in the PRC for the development of residential properties held for earning rentals at a consideration of RMB649,100,000. As at 31 December 2020, an aggregate amount of approximately RMB674,861,000 (equivalent to approximately HK\$801,688,000), which included the consideration of RMB649,100,000 and the deed tax of RMB25,761,000 for the land use right transfer contract, paid by the Group was recognised as a prepayment for the acquisition. During the six months ended 30 June 2021, the Group obtained the land use right certificate and the amount was transferred to investment properties.

On 17 September 2020, the Group entered into a land use right transfer contract with Shanghai Minhang Land Bureau to acquire a parcel of land in Shanghai in the PRC for the development of commercial buildings, hotels and food and beverage businesses at a consideration of RMB428,650,000. As at 31 December 2020, an amount of RMB428,650,000 (equivalent to approximately HK\$509,206,000) paid by the Group was recognised as a prepayment for the acquisition. During the six months ended 30 June 2021, the Group obtained the land use right certificate and the amount was allocated and transferred to properties under development for sale, property, plant and equipment and investment properties respectively.

- (iii) During the year ended 31 December 2020, the Group placed a deposit of RMB450,000,000 (equivalent to approximately HK\$534,569,000) for the auction of a parcel of land in Tianjin in the PRC for a potential residential project. As at 31 December 2020, the Group won the auction but had not entered into the land use right transfer contract yet. During the six months ended 30 June 2021, the Group entered into the land use right transfer contract with the relevant government department in Tianjin at a consideration of RMB2,660,000,000, of which RMB450,000,000 was settled by the aforementioned deposit and the remaining balance was settled by cash. The Group obtained the land use right certificate and the amount was transferred to properties under development for sale.

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

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

	<b>30 June 2021 HK\$'000 (unaudited)</b>	31 December 2020 HK\$'000 (audited)
0-90 days	<b>21,926</b>	11,850
91-180 days	<b>785</b>	133
Over 180 days	<b>4,298</b>	3,077
	<b>27,009</b>	15,060



## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 11. TRADE AND OTHER PAYABLES AND DEFERRED REVENUE

	<b>30 June 2021 HK\$'000 (unaudited)</b>	31 December 2020 HK\$'000 (audited)
<b>Trade and other payables recognised as current liabilities</b>		
Trade payables	<b>1,270,857</b>	1,953,441
Accrued expenditure on properties under development for sale	<b>2,588,985</b>	2,597,353
Amounts due to former shareholders of the Company's former subsidiaries (note (i))	<b>168,606</b>	166,828
Rental deposits and receipt in advance from tenants	<b>228,490</b>	212,231
Interest payable	<b>242,288</b>	138,366
Payables to the Shanghai government department (note (ii))	<b>254,200</b>	502,189
Accrued charges and other payables (note (iii))	<b>476,061</b>	388,836
Other taxes payables (note (iv))	<b>693,896</b>	786,447
	<b>5,923,383</b>	6,745,691
<b>Deferred revenue recognised as non-current liabilities</b>		
Deferred revenue (note (v))	<b>20,180</b>	20,176

## Notes:

- (i) The amounts are non-trade in nature, interest-free and repayable on demand.
- (ii) The amount represents the receipts of approximately HK\$1,479,984,000 (31 December 2020: HK\$1,462,052,000) from the purchasers of affordable housings which were collected on behalf of Shanghai government department, net of receivable of approximately HK\$971,637,000 (31 December 2020: HK\$959,863,000) from Shanghai government department for the construction and other related costs and the agreed profit margin of the affordable housings. The amount is repayable on demand. During the six months ended 30 June 2021, approximately HK\$253,539,000 (31 December 2020: nil) was repaid to Shanghai government department.
- (iii) Included in the balance of accrued charges and other payables, there is an amount of approximately HK\$83,326,000 (31 December 2020: nil) which represents account payable to clients in respect of the newly acquired securities dealing and portfolio management business as set out in Note 18.
- (iv) Other taxes payables comprise urban real estate tax payable, city maintenance, construction tax payable, business tax payable and value-added tax payable.
- (v) The balance mainly represents the deferred portion of the government's subsidies in relation to the development of rental market for residential properties in the PRC.



## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

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

	<b>30 June 2021 HK\$'000 (unaudited)</b>	31 December 2020 HK\$'000 (audited)
0-30 days	<b>473,479</b>	886,849
31-180 days	<b>97,603</b>	395,267
181-365 days	<b>349,404</b>	325,188
Over 365 days	<b>350,371</b>	346,137
	<b>1,270,857</b>	1,953,441

**12. BANK AND OTHER BORROWINGS**

During the six months ended 30 June 2021, the Group obtained new bank and other borrowings of approximately HK\$3,717,769,000, of which HK\$350,000,000 is denominated in foreign currency of the related entity (six months ended 30 June 2020: HK\$6,617,943,000, of which HK\$660,000,000 is denominated in foreign currency of the related entity). As at 30 June 2021, the banks and other borrowings carry variable interest ranging from 2.17% to 6.51% (31 December 2020: 3.8% to 6.51%) per annum and are payable from three months to over five years (31 December 2020: one year to over five years). The borrowings are obtained for the purpose of property development projects and general working capitals of the Group.

During the six months ended 30 June 2021, the Group also repaid the bank and other borrowings of approximately HK\$688,643,000 (six months ended 30 June 2020: HK\$5,044,313,000).

Included in the bank and other borrowings as at 30 June 2021, there is bank borrowing of approximately RMB230,000,000 (equivalent to approximately HK\$276,575,000) and other borrowing of RMB57,600,000 (equivalent to approximately HK\$69,264,000) which are in default and classified as current liabilities due to dispute with a non-controlling shareholder of a group entity in respect of the repayment arrangement. The management of the Group obtained legal advice from its external legal adviser and is in the opinion that these events have no material impact to the condensed consolidated financial statements for the six months ended 30 June 2021.



## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

**13. SHARE CAPITAL**

Ordinary shares of HK\$0.04 each.

**Issued and fully paid**

	Number of shares '000	Share capital HK\$'000
As at 1 January 2020, 30 June 2020, 1 January 2021 and 30 June 2021	<b>4,806,323</b>	<b>192,253</b>

**14. CAPITAL COMMITMENTS**

Capital expenditure in respect of properties under development for sale:

	30 June 2021 HK\$'000 (unaudited)	31 December 2020 HK\$'000 (audited)
Expenditure contracted for but not provided for in the condensed consolidated financial statements		
— additions in properties under development for sale	<b>7,464,222</b>	8,909,476
— capital contribution into joint ventures	<b>74,854</b>	361,861
	<b>7,539,076</b>	9,271,337

**15. CONTINGENT LIABILITIES****Corporate guarantees**

	30 June 2021 HK\$'000 (unaudited)	31 December 2020 HK\$'000 (audited)
Guarantees given to banks in respect of banking facilities utilised by:		
— property buyers	<b>2,994,382</b>	2,746,402
— an associate	<b>429,293</b>	424,091
	<b>3,423,675</b>	3,170,493

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

**15. CONTINGENT LIABILITIES (CONTINUED)****Corporate guarantees (continued)****Guarantees given to banks in respect of banking facilities utilised by property buyers**

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

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

The Group entered into an agreement with a bank to provide a corporate guarantee with respect to the bank loan granted to an associate of the Group. As at 30 June 2021, the maximum liability of the Company under such guarantee was the outstanding amount of the bank loan to the associate of RMB357,000,000 (equivalent to approximately HK\$429,293,000) (31 December 2020: RMB357,000,000 (equivalent to approximately HK\$424,091,000)).

In the opinion of the management of the Group, the fair values of the aforementioned financial guarantee contracts of the Group are insignificant at initial recognition.

**16. RELATED PARTY TRANSACTIONS**

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

Related party	Nature of transactions	Six months ended 30 June	
		2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Entities controlled by SIHL	Property charges	(1,257)	—
	Rental expenses	(1,400)	—
	Sales agency fee	(763)	—
	Management fee	(1,913)	(941)
	Service charges	(36)	—
Associates	Property agency fee	(2,338)	(10,956)
	Rental income	457	463
	Management fee	(334)	(340)
Non-controlling shareholders of a subsidiary	Management fee	(3,715)	(3,132)
Entities controlled by Xuhui SASAC	Interest expenses	—	(10,097)
	Management service income	4,527	—



## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

**16. RELATED PARTY TRANSACTIONS (CONTINUED)****(ii) Compensation of key management personnel**

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

	<b>Six months ended 30 June</b>	
	<b>2021</b>	2020
	<b>HK\$'000</b>	HK\$'000
	<b>(unaudited)</b>	(unaudited)
Short-term employee benefits	<b>2,156</b>	3,836
Post-employment benefits	<b>43</b>	36
	<b>2,199</b>	3,872

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

**(iii) Government-related entities**

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

In addition, the Group has entered into various transactions, including sales, purchases and other operating expenses with other PRC Government Related Entities. In the opinion of the management of the Group, these transactions are considered as individually and collectively insignificant to the operation of the Group during the six months ended 30 June 2021 and 2020.



## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

**17. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS**

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

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

**(i) Fair value of the Group's financial assets that are measured at fair value on a recurring basis**

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

Financial assets	Fair value as at		Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs
	30 June 2021 (unaudited)	31 December 2020 (audited)			
Financial assets at FVTPL	Listed equity securities in the PRC – HK\$2,933,000	Listed equity securities in the PRC – HK\$3,464,000	Level 1	Quoted bid prices in an active market	N/A
	Listed equity securities in Hong Kong – HK\$13,000	N/A	Level 1	Quoted bid prices in an active market	N/A
	Structured deposits in the PRC – HK\$19,240,000	N/A	Level 2	Price quoted from a bank	N/A
Equity instruments at FVTOCI	Listed equity securities in the PRC – HK\$83,848,000	Listed equity securities in the PRC – HK\$91,994,000	Level 1	Quoted bid prices in an active market	N/A
	Unlisted equity securities in the PRC – HK\$23,411,000	Unlisted equity securities in the PRC – HK\$42,230,000	Level 3	Adjusted net asset value method under cost approach	Discount factor of 4% (31 December 2020: 10.6%)



## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

**17. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (CONTINUED)****(ii) Reconciliation of Level 3 fair value measurement**

	<b>Unlisted equity securities classified as equity instruments at FVTOCI HK\$'000</b>
As at 1 January 2021	42,230
Refund of capital	(19,291)
Exchange realignment	472
As at 30 June 2021 (unaudited)	<b>23,411</b>

In the opinion of the management of the Group, there is no material change in fair value of unlisted equity instruments at FVTOCI during the six months ended 30 June 2021 and there is no material impact on the fair value of these instruments given 5% increase or decrease of the discount factor. Therefore, no sensitivity analysis for these Level 3 instruments are presented.

There were no transfer between instruments in Level 1, 2 and 3 during the six months ended 30 June 2021.

**(iii) Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis**

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

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

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

**18. ACQUISITION OF A SUBSIDIARY**

In February 2021, the Group acquired 80% of the equity interest in Chelsea Securities Limited (“CSL”) for a cash consideration of HK\$56,000,000 from independent third parties. This acquisition was accounted for as a business combination. CSL operates in Hong Kong and is principally engaged securities dealing and portfolio management. CSL was acquired to enhance the competitiveness of the Group’s business and explore a new dimension in Hong Kong. However, during the six months ended 30 June 2021, CSL has limited operation and, in the opinion of the directors of the Company, the business of CSL is not regarded as a separate segment of the Group.

	HK\$'000
Consideration transferred:	
Cash	26,000
Deposit paid in previous years	30,000
	56,000

The fair value of the assets acquired and liabilities assumed of CSL recognised at the date of acquisition are as follows:

	HK\$'000
Property, plant and equipment	63
Right-of-use assets	608
Intangible assets	200
Financial assets at fair value through profit or loss	13
Other receivables, deposits and prepayments	4,894
Prepaid income tax	4
Amount due from a shareholder	30,002
Bank balances and cash	222,439
Other payables and accrued charges	(217,107)
Lease liabilities	(621)
	40,495



## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

**18. ACQUISITION OF A SUBSIDIARY (CONTINUED)**

	HK\$'000
Goodwill arising from the acquisition:	
Consideration transferred	56,000
Add: Non-controlling interests	8,099
Less: Fair value of identifiable net assets acquired	(40,495)
	<b>23,604</b>

Goodwill arose from the acquisition of CSL because the consideration paid for the acquisition included amounts paid for the benefits of expected revenue growth, future market development and the assembled workforce brought by CSL. These benefits were not recognised separately from goodwill as they did not meet the recognition criteria for identifiable intangible assets.

The goodwill arising on the acquisition is not expected to be deductible for tax purposes.

Net cash inflow arising from the acquisition during the six months ended 30 June 2021:

	HK\$'000
Cash and cash equivalents acquired	222,439
Cash paid	(26,000)
	<b>196,439</b>

**19. DIVIDENDS**

Dividends recognised as distribution during the period:

	Six months ended 30 June	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
2020 final dividend declared — HK1.9 cents (2020: HK1.8 cents for year 2019)	91,320	86,514
2020 special dividend declared — HK2.4 cents (2020: HK2.3 cents for year 2019)	115,352	110,544
	<b>206,672</b>	197,058

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

**19. DIVIDENDS (CONTINUED)**

A final dividend and a special dividend of HK1.9 cents (2020: HK1.8 cents) per ordinary share and HK2.4 cents (2020: HK2.3 cents) per ordinary share respectively, in an aggregate amount of approximately HK\$206,672,000 (six months ended 30 June 2020: HK\$197,058,000), were declared and an amount of approximately HK\$195,200,000 was paid during the six months ended 30 June 2021 (six months ended 30 June 2020: HK\$187,777,000).

No 2021 interim dividends were proposed during the six months ended 30 June 2021, nor has any dividend been proposed since the end of the reporting period.