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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)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2024

The board of directors (the “**Board**”) of Shanghai Industrial Urban Development Group Limited (the “**Company**”) is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2024 (the “**Period**”), together with the comparative figures for the corresponding period in 2023, as follows:

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

FOR THE SIX MONTHS ENDED 30 JUNE 2024

		Six months ended 30 June	
		2024	2023
	<i>NOTES</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(unaudited)	(unaudited)
Revenue			
Goods and services	3	2,599,495	1,422,098
Leases		<u>381,338</u>	<u>375,736</u>
Total revenue		2,980,833	1,797,834
Cost of sales		<u>(2,360,312)</u>	<u>(1,025,771)</u>
Gross profit		620,521	772,063
Other income		43,447	87,018
Other expenses, gains and losses, net		(19,850)	(106,081)
Fair value loss on investment properties, net		(210,465)	(2,263)
Distribution and selling expenses		(107,098)	(94,605)
General and administrative expenses		(216,773)	(215,984)
Finance costs	5	(282,266)	(363,847)
Share of results of associates		95,859	(3,201)
Share of results of joint ventures		<u>10,693</u>	<u>(15,759)</u>
(Loss) profit before tax		(65,932)	57,341
Income tax	6	<u>(122,369)</u>	<u>(380,521)</u>
Loss for the period	7	<u>(188,301)</u>	<u>(323,180)</u>
Other comprehensive expense for the period			
<i>Items that will not be reclassified to profit or loss:</i>			
Exchange differences on translation from functional currency to presentation currency		(465,037)	(878,007)
Fair value loss on equity instruments at fair value through other comprehensive income, net of tax		(12,290)	(6,390)
Revaluation of properties upon transfer of property, plant and equipment to investment properties, net of tax		<u>10,541</u>	—
Other comprehensive expense for the period		<u>(466,786)</u>	<u>(884,397)</u>
Total comprehensive expense for the period		<u>(655,087)</u>	<u>(1,207,577)</u>

		Six months ended 30 June	
		2024	2023
	<i>NOTE</i>	HK\$'000	HK\$'000
		(unaudited)	(unaudited)
(Loss) profit for the period attributable to:			
Owners of the Company		(231,564)	(302,936)
Non-controlling interests		43,263	(20,244)
		<u>(188,301)</u>	<u>(323,180)</u>
Total comprehensive expense for the period attributable to:			
Owners of the Company		(574,499)	(943,168)
Non-controlling interests		(80,588)	(264,409)
		<u>(655,087)</u>	<u>(1,207,577)</u>
Loss per share	8		
Basic (<i>HK cents</i>)		<u>(4.84)</u>	<u>(6.32)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2024

		30 June	31 December
		2024	2023
	<i>NOTES</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(unaudited)	(audited)
Non-current assets			
Investment properties	9	21,284,571	21,437,687
Property, plant and equipment		1,973,044	2,181,543
Right-of-use assets		559,562	452,299
Goodwill		23,604	23,604
Intangible assets		55,219	56,306
Interests in associates		1,637,396	1,576,836
Interests in joint ventures		2,522,928	2,568,694
Amount due from a related company		265,091	271,041
Equity instruments at fair value through other comprehensive income		26,244	43,565
Pledged bank deposits		26,962	25,375
Deferred tax assets		111,968	136,686
		<u>28,486,589</u>	<u>28,773,636</u>
Current assets			
Inventories		891	1,001
Properties under development for sale and properties held-for-sale		21,087,539	22,615,376
Trade and other receivables	10	1,147,078	1,225,545
Amounts due from related companies		1,551	1,883
Prepaid income tax and land appreciation tax		420,122	393,435
Restricted and pledged bank deposits		22,707	19,433
Bank balances and cash		5,362,707	5,985,911
		<u>28,042,595</u>	<u>30,242,584</u>

		30 June	31 December
		2024	2023
	<i>NOTES</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(unaudited)	(audited)
Current liabilities			
Trade and other payables	<i>11</i>	5,668,565	6,722,859
Amounts due to related companies		715,467	392,258
Pre-sale proceeds received on sales of properties		8,226,972	8,256,091
Bank and other borrowings	<i>12</i>	4,995,229	3,588,828
Lease liabilities		22,514	20,821
Income tax and land appreciation tax payables		1,200,251	1,954,741
Dividend payable		29,769	22,182
		<u>20,858,767</u>	<u>20,957,780</u>
Net current assets		<u>7,183,828</u>	<u>9,284,804</u>
Total assets less current liabilities		<u>35,670,417</u>	<u>38,058,440</u>
Non-current liabilities			
Amounts due to a related company		—	388,626
Deferred revenue	<i>11</i>	35,920	37,026
Bank and other borrowings	<i>12</i>	13,234,515	14,413,588
Lease liabilities		147,294	30,921
Deferred tax liabilities		2,578,152	2,679,785
		<u>15,995,881</u>	<u>17,549,946</u>
		<u>19,674,536</u>	<u>20,508,494</u>
Capital and reserves			
Share capital		191,217	191,659
Reserves		13,102,698	13,819,310
Equity attributable to owners of the Company		<u>13,293,915</u>	<u>14,010,969</u>
Non-controlling interests		<u>6,380,621</u>	<u>6,497,525</u>
		<u>19,674,536</u>	<u>20,508,494</u>

NOTES TO THE FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2024

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard (“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 the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

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.

The accounting policies and methods of computation used in the preparation of condensed consolidated financial statements for the six months ended 30 June 2024 are the same as those presented in the Group’s annual financial statements for the year ended 31 December 2023.

Application of amendments to Hong Kong Financial Reporting Standards (“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 Group’s annual period beginning on 1 January 2024 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

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.

3. REVENUE FROM CONTRACTS WITH CUSTOMERS

Disaggregation of revenue from contracts with customers

	Six months ended 30 June	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Types of goods or services		
Sales of properties	2,453,892	1,271,776
Hotel operations	138,461	146,288
Property management	7,142	4,034
Total	<u>2,599,495</u>	<u>1,422,098</u>

4. 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 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 People's Republic of China (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 single customer contributed 10% or more of the Group's revenue for the six months ended 30 June 2024 and 2023.

5. FINANCE COSTS

	Six months ended 30 June	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Interests on bank and other borrowings	315,098	426,769
Interests on lease liabilities	152	2,482
Total finance costs	<u>315,250</u>	<u>429,251</u>
Less: Amount capitalised into properties under development for sale	<u>(32,984)</u>	<u>(65,404)</u>
	<u>282,266</u>	<u>363,847</u>

6. INCOME TAX

	Six months ended 30 June	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Current tax:		
PRC Enterprise Income Tax	101,811	123,949
PRC Land Appreciation Tax	42,538	256,199
PRC withholding tax on dividend income	—	2,988
	<u>144,349</u>	<u>383,136</u>
Deferred tax	<u>(21,980)</u>	<u>(2,615)</u>
Income tax for the period	<u><u>122,369</u></u>	<u><u>380,521</u></u>

7. LOSS FOR THE PERIOD

	Six months ended 30 June	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Loss for the period has been arrived at after charging (crediting) the following items:		
Depreciation of property, plant and equipment	50,578	69,764
Depreciation of right-of-use assets	32,933	13,181
Interest income on bank deposits (included in other income)	(18,938)	(15,531)
Net foreign exchange loss (included in other expenses, gains and losses, net)	<u>19,010</u>	<u>85,424</u>

8. LOSS PER SHARE

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

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Loss:		
Loss for the purpose of calculating basic loss per share		
Loss for the period attributable to owners of the Company	<u>(231,564)</u>	<u>(302,936)</u>
	Six months ended 30 June	
	2024	2023
	'000	'000
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic loss per share	<u>4,780,908</u>	<u>4,792,186</u>

9. MOVEMENTS IN INVESTMENT PROPERTIES

The fair values of the Group's investment properties as at 30 June 2024 have been arrived at on the basis of a valuation carried out by Cushman & Wakefield Limited, an independent qualified professional valuer not connected to the Group. 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 decrease in fair values of the Group's investment properties of HK\$210,465,000 (six months ended 30 June 2023: HK\$2,263,000) is recognised directly in profit or loss for the six months ended 30 June 2024.

During the six months ended 30 June 2024, the Group has expenditures on certain investment properties under development of HK\$280,060,000 (six months ended 30 June 2023: HK\$190,531,000).

During the six months ended 30 June 2024, the management of the Group changed the intention from selling the commercial units of several residential property projects to lease them out for rentals. Accordingly, properties held-for-sale with carrying amount of HK\$10,854,000 (six months ended 30 June 2023: HK\$211,911,000) was transferred to investment properties upon inception of lease agreements with the tenants.

During the six months ended 30 June 2024, the management of the Group changed the intention from occupying properties for own use to lease them out for rentals. Accordingly, the owner-occupied properties included in property, plant and equipment with fair value of HK\$234,990,000 were transferred to investment properties upon the date of change of use.

The Group did not dispose of any investment properties during the six months ended 30 June 2024 and 2023.

10. TRADE AND OTHER RECEIVABLES

	30 June 2024 HK\$'000 (unaudited)	31 December 2023 HK\$'000 (audited)
Trade and other receivables		
Trade receivables		
— Contracts with customers		
Sales of properties	249,805	250,494
Hotel operations and others	382	971
— Lease receivables	<u>15,957</u>	<u>14,223</u>
	266,144	265,688
Less: Expected credit loss (“ECL”) allowance	<u>(227)</u>	<u>(232)</u>
	265,917	265,456
Other receivables	259,800	285,595
Secured deposits held by Shanghai government department	240,784	246,018
Receivable from a former subsidiary	130,615	133,547
Advance payments to contractors	21,708	32,132
Prepaid other taxes	225,948	260,328
Deposits and prepayments	<u>2,306</u>	<u>2,469</u>
	<u>1,147,078</u>	<u>1,225,545</u>

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

	30 June 2024 HK\$'000 (unaudited)	31 December 2023 HK\$'000 (audited)
Within 90 days	13,823	11,868
Within 91–180 days	457	—
Over 180 days	<u>251,637</u>	<u>253,588</u>
	<u>265,917</u>	<u>265,456</u>

11. TRADE AND OTHER PAYABLES AND DEFERRED REVENUE

	30 June 2024	31 December 2023
	HK\$'000	HK\$'000
	(unaudited)	(audited)
Trade and other payables recognised as current liabilities		
Trade payables	1,180,947	1,007,357
Accrued expenditure on properties under development for sale	3,011,192	3,979,465
Amounts due to former shareholders of the Company's former subsidiaries	153,325	155,712
Rental deposits and receipt in advance from tenants	170,419	179,082
Interest payable	127,377	90,369
Payables to the Shanghai government department	150,510	153,888
Accrued charges and other payables	357,984	412,839
Other taxes payables	516,811	744,147
	<u>5,668,565</u>	<u>6,722,859</u>
Deferred revenue recognised as non-current liabilities		
Deferred revenue	<u>35,920</u>	<u>37,026</u>

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:

	30 June 2024	31 December 2023
	HK\$'000	HK\$'000
	(unaudited)	(audited)
Within 30 days	471,255	402,857
Within 31–180 days	22,919	12,144
Within 181–365 days	95,433	73,760
Over 365 days	591,340	518,596
	<u>1,180,947</u>	<u>1,007,357</u>

12. BANK AND OTHER BORROWINGS

During the six months ended 30 June 2024, the Group obtained new bank and other borrowings of HK\$2,192,743,000 (six months ended 30 June 2023: HK\$4,210,359,000). As at 30 June 2024, the bank and other borrowings carry variable interest ranging from 3.00% to 4.01% (31 December 2023: 2.90% to 7.67%) per annum and are payable from three months to over five years (31 December 2023: three months 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 2024, the Group also repaid the bank and other borrowings of HK\$1,590,738,000 (six months ended 30 June 2023: HK\$2,548,115,000).

MANAGEMENT DISCUSSION AND ANALYSIS

PROPERTY MARKET REVIEW

In the first half of 2024, the Chinese economy experienced a continuous rebound despite several challenges including insufficient effective demand and high operating pressure on enterprises. A trend of slow recovery generally sustained in the property sector. The overall market still faced immense downward pressure in the first half, evidenced by cautious investment outlook, weak new property transactions and an accelerating downward trend in property prices. During the period, positive signs continued to show on the policy front. In its April meeting, the Politburo of China set the policy direction for the property market. The meeting proposed to continuously prevent and mitigate property risks, and coordinate efforts to research policy measures for reducing housing inventories and optimising new housing. The policy focus shifted towards destocking and market stabilisation. According to statistics, a number of provincial and municipal easing policies on property purchases were implemented in the first half. These included the new property policy issued in May in Shanghai, which optimised purchase limits on residential housing and credit policies, and the cancellation of purchase limits within the Second Ring, along with the introduction of detailed rules on “trade-ins” in Xi’an. The continuous relaxation of purchase limits and favourable credit policies have restored market expectations to a certain extent. With the implementation of these policies, subsequent policy changes are expected to inject new impetus for recovery in the industry.

In the first half of 2024, property developers remained cautious in land acquisition, with a continued decline in financing scale. Both liquidity and credit risks persisted on the market. According to statistics, the total bond financing amount for property developers was approximately RMB282.29 billion, down 26.1% year-on-year. 2024 remains a peak period for debt repayment among property developers. The amount of bonds maturing in the first half amounted to RMB279.9 billion, with more than RMB130.0 billion due in each of the first and second quarter. Given the significant cash flow pressure, property developers will require some time to restore their financing capabilities in the future.

BUSINESS REVIEW

Overview

In the first half of 2024, the Group remained steadfast and pragmatic in pursuing progress while maintaining stability amidst a complicated external environment. With a focus on premium projects in core cities, the Group timely adjusted our operating strategies and ensured the smooth delivery of numerous projects. During the period, the continuing sales of our flagship projects, including Originally in Xi'an, Summitopia in Tianjin, Felicity Mansion in Yantai and Ocean One in Shanghai, brought in stable revenue and profits for the Group. Meanwhile, the Group was committed to expanding to the first- and second-tier core cities, with a focus on Shanghai. In support of the call for “guaranteeing project delivery”, the Group upheld the policy of placing dual focus on leasing and sale. The Group diversified into new industry formats while ensuring steady operation in order to expand our development opportunities in a multi-faceted manner.

Contract Sales

During the six months ended 30 June 2024, the contract sales of the Group decreased 54.4% year-on-year to RMB2,283,730,000 (six months ended 30 June 2023: RMB5,009,840,000). Total contract sales in terms of G.F.A. were 98,000 sq.m., down 42.0% year-on-year, while the total average selling price dropped to approximately RMB23,300 per sq.m. This was mainly attributable to the higher proportion of sales in second-tier cities during the period. Originally in Xi'an, Summitopia in Tianjin, Felicity Mansion in Yantai and Ocean One in Shanghai were the Group's principal projects for sale, which accounted for approximately 39.7%, 35.9%, 6.8% and 6.4% respectively of the total contract sales during the period.

Property Development

During the six months ended 30 June 2024, the Group had nine projects with a total G.F.A. of 1,933,000 sq.m. under construction, which primarily included TODTOWN and Ocean Times in Shanghai, Felicity Mansion in Yantai and Summitopia in Tianjin. The Group delivered a total G.F.A. of 78,600 sq.m., which mainly comprised Cloud Vision in Shanghai, Felicity Mansion in Yantai, Originally in Xi'an and Urban Cradle in Shanghai.

In the first half of 2024, with the consecutive introduction of key supportive property policies, several of the Group's residential projects achieved good presales performance with total contract sales reaching approximately RMB2.284 billion. In particular, Originally in Xi'an reaped a contract sales revenue of approximately RMB910 million and became the largest sales contributor for the Group. Besides, Summitopia in Tianjin, Felicity Mansion in Yantai and Ocean One in Shanghai also performed well in sales.

Investment Properties

During the six months ended 30 June 2024, the Group had a number of completed commercial projects in seven major developed cities, namely Shanghai, Beijing, Tianjin, Chongqing, Shenyang, Xi'an and Shenzhen. The investment projects held by the Group had a total G.F.A. of approximately 1,126,000 sq.m. During the period, the overall rental income of the Group increased 1.5% year-on-year to HK\$381,338,000 (first half of 2023: HK\$375,736,000).

The Group stayed in line with the central policy of quickening the “Three Major Projects”. By maintaining a dual focus on leasing and sale, the Group continued to promote the development of our residential leasing operation. Our long-term rental apartment projects in Shanghai, namely Utime XuHui, Utime Xinzhuang and Cheng Kai Chuanxinqu, formed part of our key assets. The Jinxiang Project in Shanghai (Utime XuHui) commenced operations in 2022, while our benchmark project, Utime Xinzhuang, which was completed in 2023 with a G.F.A. of 125,879 sq.m., achieved a 97% occupancy rate. Cheng Kai Chuanxinqu in Shanghai, with a G.F.A. of 118,458 sq.m., will be completed in 2024 and is expected to contribute stable rental income for the Group.

Land Bank

During the six months ended 30 June 2024, the Group's land bank was developed into 28 property projects located in ten major cities in China, including Shanghai, Beijing, Tianjin, Xi'an, Chongqing, Wuxi, Shenyang, Yantai, Shenzhen and Wuhan, 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 3,406,000 sq.m. to support its development for the next three to five years.

In the first half of 2024, faced with significant debt repayment pressure, most property developers adopted a conservative investment strategy and were prudent in land acquisition, focusing on prime land parcels in core cities, particularly those with a high price-performance ratio in Shanghai, Hangzhou and Beijing. The Group remained cautiously open-minded and persisted in the strategy of focusing on the metropolitan areas in Shanghai as well as other first- and second-tier core cities. The Group aimed to strengthen our existing land reserves and timely expand our premium land bank based on development needs while consolidating our business fundamentals, enhancing financial management and optimising our debt structure.

Repurchase of Shares

During the six months ended 30 June 2024, the Group made 12 share repurchases and a total of 9,368,000 shares were repurchased, all of which were cancelled on 26 March 2024, at an aggregate purchase price of HK\$3,317,670. The number of repurchased shares accounted for 0.20% of the total issued shares of the Company.

FINANCIAL REVIEW

Revenue

During the six months ended 30 June 2024, the Group's revenue increased by 65.8% year-on-year to HK\$2,980,833,000 (six months ended 30 June 2023: HK\$1,797,834,000), chiefly due to higher sales of several projects delivered compared to the same period last year and the revenue contribution of approximately HK\$1,570,000,000 from Cloud Vision in Shanghai upon its successful delivery. During the period, property sales remained as the Group's main source of revenue and amounted to HK\$2,453,892,000 (six months ended 30 June 2023: HK\$1,271,776,000), accounting for 82.3% (six months ended 30 June 2023: 70.7%) of the Group's total revenue. The revenue contribution from Cloud Vision in Shanghai, Felicity Mansion in Yantai, Originally in Xi'an and Urban Cradle in Shanghai accounted for 63.8%, 16.9%, 13.1% and 3.3%, of property sales, respectively.

Revenue from leasing, property management and hotel operations continued to provide stable revenue sources for the Group, contributing HK\$381,338,000, HK\$7,142,000 and HK\$138,461,000 (six months ended 30 June 2023: HK\$375,736,000, HK\$4,034,000 and HK\$146,288,000) respectively and accounting for 12.8%, 0.2% and 4.7% (six months ended 30 June 2023: 20.9%, 0.2% and 8.2%) of the total revenue, respectively.

Gross Profit and Gross Profit Margin

For the six months ended 30 June 2024, the Group's gross profit amounted to HK\$620,521,000, representing a decrease of 19.6% as compared to that of the same period in 2023. The gross profit margin was 20.8%, down by 22.1 percentage points year-on-year. This was mainly attributable to the lower proportion of high-margin projects delivered during the period compared to last year and a drop in selling prices due to market conditions during the period.

Investment Property Revaluation

For the six months ended 30 June 2024, the Group recorded a net loss on the revaluation of investment properties amounting to HK\$210,465,000, mainly due to the decrease in fair value of ShanghaiMart and Urban Development International Tower in Shanghai.

Distribution and Selling Expenses

For the six months ended 30 June 2024, the Group's distribution and selling expenses increased by 13.2% year-on-year to HK\$107,098,000 (six months ended 30 June 2023: HK\$94,605,000), which was mainly attributable to strengthened promotional sales efforts during the period.

General and Administrative Expenses

For the six months ended 30 June 2024, the Group's general and administrative expenses increased by 0.4% year-on-year to HK\$216,773,000 (six months ended 30 June 2023: HK\$215,984,000), which was generally stable compared to the same period last year.

Other Expenses, Gains and Losses, Net

For the six months ended 30 June 2024, the Group recorded a net loss of HK\$19,850,000 in other expenses, gains and losses (six months ended 30 June 2023: net loss of HK\$106,081,000) primarily due to foreign exchange losses on foreign currency denominated bank and other borrowings arising from the depreciation of RMB against HKD during the period.

Loss for the Period

During the six months ended 30 June 2024, owing to a reduction of gross profits and fair value loss on investment properties, the Group recorded a loss of HK\$188,301,000, representing a significant improvement of 41.7% as compared to that of the last year (six months ended 30 June 2023: HK\$323,180,000). The loss attributable to owners of the Company amounted to approximately HK\$231,564,000 (six months ended 30 June 2023: HK\$302,936,000), and the basic losses per share amounted to 4.84 HK cents (six months ended 30 June 2023: losses of 6.32 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 2024, bank balances and cash of the Group were HK\$5,362,707,000 (31 December 2023: HK\$5,985,911,000). The net debt to total equity of the Group (net debt (total bank and other borrowings less bank balances and cash and restricted and pledged bank deposits) to total equity) increased from 58.4% as at the end of last year to 65.1%. The current ratio was 1.3 times (31 December 2023: 1.4 times).

As at 30 June 2024, the total borrowings of the Group including bank borrowings, other borrowings and advanced bonds amounted to HK\$18,229,744,000 (31 December 2023: HK\$18,002,416,000), which included the borrowings of Shanghai Industrial Investment (Holdings) Company Limited of HK\$250,000,000 and the shareholders' borrowings of Shanghai Industrial Holdings Limited of HK\$569,814,000 (31 December 2023: shareholders' borrowings of Shanghai Industrial Holdings Limited of HK\$1,068,454,000). The Group will continue to optimise HKD denominated borrowings based on our business needs.

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 bank deposits and borrowings denominated in foreign currencies of certain companies under the Group, 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 2024. 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 2024, the Group employed 751 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.

During the six months ended 30 June 2024, 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.

OUTLOOK

Government support for the property market has continued to strengthen in recent years. Nevertheless, the market generally believes the industry is still undergoing a period of bottom adjustment. Looking ahead to the second half of 2024, the anticipated insignificant improvement in housing price adjustments and uncertain increases in residents' income will exert downward pressure on the property industry. Operating and financing risks among property developers will persist. In July, the third plenary session of the 20th Central Committee of the Communist Party of China set the reform pathway and future direction for property development. It reiterated the previous lenient policy approach and made important deployments on several fronts, including structuring a new property development model and protecting diversified residential demands through multiple channels. On the other hand, the market expects the “destocking” and “market stabilisation” policies of the central government will further work their way through the market and effectively revive the industry and encourage the stable recovery of the property market, thereby accelerating the creation of a new property development model.

The Group is well aware of the challenges posed by the current economic environment and property market conditions to property developers. Under this context, the Group will remain committed to development, strengthen our foundation, pursue progress while maintaining stability, and proactively address challenges. With a continuous focus on the metropolitan areas in Shanghai while expanding to the Yangtze River Delta and other first- and second-tier core cities, the Group will conduct periodic reviews to increase our land reserve while cautiously expanding our investment projects to strive for the stable development of our business operations. As we move into the second half of 2024, the Group is confident in achieving a general improvement in our annual results, driven by steady progress in project delivery. Furthermore, the Group will strengthen our financial management, maintain a healthy and sustainable cash flow, continuously optimise the debt profile of the Company, and collaborate with local governments to facilitate the stable and robust development of the property market by leveraging on our background as a state-owned enterprise. The Group will stay attuned to changes in the capital market and adopt timely solutions that are beneficial to the long-term robust development of the Company, so as to maximise returns for the shareholders.

INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2024 (for the six months ended 30 June 2023: Nil).

SHARE CAPITAL

The Company's issued and fully paid share capital as at 30 June 2024 amounted to HK\$191,216,607.56 divided into 4,780,415,189 ordinary shares of HK\$0.04 each.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Repurchase of Shares

During the six months ended 30 June 2024, the Company repurchased a total of 9,368,000 ordinary shares of the Company of HK\$0.04 each on the Stock Exchange at an aggregate consideration paid (excluding transaction costs) of HK\$3,317,670.

Details of the repurchase of such ordinary shares were as follows:

Date of repurchase	Number of ordinary shares repurchased	Price per ordinary share		Aggregate purchase price HK\$
		Highest HK\$	Lowest HK\$	
02 January 2024	1,250,000	0.36	0.355	446,750
03 January 2024	320,000	0.365	0.365	116,800
04 January 2024	1,144,000	0.375	0.365	418,460
05 January 2024	902,000	0.365	0.36	327,730
08 January 2024	264,000	0.355	0.355	93,720
09 January 2024	352,000	0.355	0.345	122,520
10 January 2024	592,000	0.345	0.33	198,980
11 January 2024	438,000	0.34	0.33	145,530
12 January 2024	1,148,000	0.36	0.345	401,130
15 January 2024	706,000	0.365	0.35	252,350
16 January 2024	1,612,000	0.365	0.35	576,520
17 January 2024	640,000	0.345	0.335	217,180
Total	<u>9,368,000</u>			<u>3,317,670</u>

The ordinary shares repurchased on 02 January 2024, 03 January 2024, 04 January 2024, 05 January 2024, 08 January 2024, 09 January 2024, 10 January 2024, 11 January 2024, 12 January 2024, 15 January 2024, 16 January 2024 and 17 January 2024 were cancelled on 26 March 2024. The issued share capital of the Company was accordingly reduced by the par value of the repurchased ordinary shares so cancelled. The above repurchase was effected by the Directors pursuant to the repurchase mandate granted at the annual general meeting of the Company held on 22 May 2023. Save as disclosed above, there was no purchase, sale or redemption by the Company, or any of its subsidiaries, of any listed securities of the Company during the six months ended 30 June 2024.

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 2024, the Company has complied with the code provisions as set out in the Corporate Governance Code (the "**Code**") contained in Appendix C1 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 C3 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 2024.

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 2024.

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, *M.H.* (Committee Chairman), Mr. Doo Wai-Hoi, William, *B.B.S., J.P.* and Dr. Fan Ren Da, Anthony. The Audit Committee is primarily responsible for reviewing the accounting principles and practices adopted by the Group; reviewing the financial reporting process, risk management and internal controls system of the Group; and reviewing the independence and objectivity of the external auditor, the scope of audit services and related audit fees payable to the external auditor. During the six months ended 30 June 2024, the Audit Committee has reviewed the independence and objectivity of the external auditor, the scope of audit services and related audit fees payable to the external auditor for the Board's approval. The Audit Committee has also reviewed the unaudited interim financial statements of the Group for the six months ended 30 June 2024 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 2024 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.

CHANGES IN INFORMATION OF DIRECTORS

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

- (a) Mr. Doo Wai Hoi, William was appointed as an executive Director, a chairman of the board and the chairman of the executive committee of FSE Lifestyle Services Limited ("**FSE Lifestyle**") (stock code: 331) with effect from 18 March 2024 and ceased to be an alternate director to non-executive director, Dr. CHENG Kar Shun, Henry of FSE Lifestyle with effect from 19 March 2024;
- (b) Dr. Fan Ren Da, Anthony resigned as an independent non-executive director, a member of the audit committee, remuneration committee and nomination committee of China Development Bank International Investment Limited (stock code: 1062) with effect from 20 March 2024;
- (c) Mr. Lou Jun resigned as an executive Director of the Company with effect from 15 July 2024 due to deployment of work arrangement;
- (d) Ms. Zhou Yadong was appointed as an executive Director of the Company with effect from 15 July 2024; and
- (e) Dr. Chan Ho Wah Terence was appointed as an independent non-executive Director of the Company with effect from 15 July 2024.

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

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This results announcement is published on the websites of the Stock Exchange (www.hkex.com.hk) and the Company (www.siud.com). The interim report of the Company for the six months ended 30 June 2024 containing all the applicable information required by the Listing Rules will be despatched to the Shareholders as well as published on the above websites in due course.

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, 28 August 2024

As at the date of this announcement, the Board comprises Mr. Huang Haiping, Mr. Tang Jun and Ms. Zhou Yadong as executive directors and Mr. Doo Wai-Hoi, William, B.B.S., J.P., Dr. Fan Ren Da, Anthony, Mr. Li Ka Fai, David, M.H. and Dr. Chan Ho Wah Terence as independent non-executive directors.