SHANGHAI ZENDAI PROPERTY LIMITED
上海証大房地產有限公司*

(Incorporated in Bermuda with limited liability)
(Stock code: 755)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2024

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

		Unaudited	
		Six months ended 30 June	
		2024	2023
	Notes	***HK$'000***	*HK$'000*
			(Restated)
Continuing operations			
Revenue	*6*	**102,795**	138,551
Cost of revenue		**(62,312)**	(64,506)
Gross profit		**40,483**	74,045
Other income, gains and expenses		**42,341**	106,861
Gain on disposal of a subsidiary		**41,863**	–
Loss on deconsolidation of a subsidiary		**(34,737)**	–
Net reversal of impairment losses on financial assets		**6,422**	–
Provision for financial guarantees	*19*	**(374,885)**	–
Selling and marketing expenses		**(9,948)**	(9,663)
Administrative expenses		**(28,764)**	(41,768)
Change in fair value of investment properties	*11*	**(202,869)**	–
Finance costs	*7*	**(102,645)**	(333,076)
Loss before income tax		**(622,739)**	(203,601)
Income tax credit/(expense)	*8*	**49,765**	(1)
Loss for the period from continuing operations		**(572,974)**	(203,602)

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT (CONTINUED)

		Unaudited	
		Six months ended 30 June	
		2024	2023
	Notes	***HK$'000***	*HK$'000*
			(Restated)
Discontinued operations			
Profit for the period from discontinued operations	*18*	**17,413**	15,665
Loss for the period		**(555,561)**	(187,937)
Loss for the period attributable to:			
– Owners of the Company		**(552,529)**	(187,127)
– Non-controlling interests		**(3,032)**	(810)
		(555,561)	(187,937)
(Loss)/profit attributable to owners of the Company arises from:			
– Continuing operations		**(569,942)**	(202,792)
– Discontinued operations		**17,413**	15,665
		(552,529)	(187,127)
(Loss)/earnings per share attributable to owners of the Company			
Basic and diluted			
– From continuing operations	*10*	**HK$(3.83) cents**	HK$(1.37) cents
– From discontinued operations	*10*	**HK$0.12 cents**	HK$0.11 cents
		HK$(3.71) cents	HK$(1.26) cents

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Unaudited	
		Six months ended 30 June	
		2024	2023
	Notes	***HK$'000***	*HK$'000*
			(Restated)
Loss for the period		**(555,561)**	(187,937)
Other comprehensive (loss)/income:			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**(27,190)**	86,115
Exchange differences arising on translation of discontinued operations	*18*	**1,119**	(2,899)
Release of exchange reserve upon disposal of a subsidiary		**(9,403)**	–
		(35,474)	83,216
Items that will not be reclassified subsequently to profit or loss:			
Change in fair value of financial assets at fair value through other comprehensive income ("FVOCI"), net of tax		**(61,304)**	–
Other comprehensive (loss)/income for the period, net of tax		**(96,778)**	83,216
Total comprehensive loss for the period		**(652,339)**	(104,721)
Total comprehensive loss for the period attributable to:			
– Owners of the Company		**(649,373)**	(94,855)
– Non-controlling interests		**(2,966)**	(9,866)
		(652,339)	(104,721)
Total comprehensive (loss)/income for the period attributable to owners of the Company arises from:			
– Continuing operations		**(667,905)**	(107,621)
– Discontinued operations		**18,532**	12,766
		(649,373)	(94,855)

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

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

	Notes	**Unaudited As at 30 June 2024** *HK$'000*	Audited As at 31 December 2023 *HK$'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**5,528**	565,588
Investment properties	*11*	**391,952**	2,628,284
Financial assets at FVOCI		**–**	67,215
Properties under development	*12*	**113,497**	567,648
Deferred income tax assets		**45,566**	–
Pledged deposits	*14*	**–**	2,698
Total non-current assets		**556,543**	3,831,433
Current assets			
Completed properties held-for-sale	*12*	**108,981**	178,385
Inventories		**154**	1,328
Trade and other receivables and prepayments	*13*	**72,681**	317,569
Deposits for properties under development		**10,515**	14,314
Amounts due from former subsidiaries	*17*	**414,475**	410,683
Tax prepayments		**4,678**	6,547
Pledged deposits	*14*	**–**	7,936
Cash and bank balances		**46,357**	122,665
		657,841	1,059,427
Assets of Disposal Group classified as held-for-sale	*18*	**3,131,215**	–
Total current assets		**3,789,056**	1,059,427
Total assets		**4,345,599**	4,890,860

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET (CONTINUED)

	Notes	**Unaudited As at 30 June 2024 *HK$'000***	Audited As at 31 December 2023 *HK$'000*
EQUITY			
Equity attributable to owners of the Company			
Share capital		**297,587**	297,587
Reserves		**2,288,420**	2,385,264
Accumulated losses		**(2,113,043)**	(1,560,514)
		472,964	1,122,337
Non-controlling interests		**60,650**	126,258
Total equity		**533,614**	1,248,595
LIABILITIES			
Non-current liabilities			
Borrowings	*16*	**–**	594,544
Lease liabilities		**18,178**	23,338
Deferred income tax liabilities		**–**	158,840
Total non-current liabilities		**18,178**	776,722
Current liabilities			
Trade and other payables	*15*	**378,234**	1,174,279
Financial guarantee contracts provision	*19*	**–**	309,866
Amounts due to former subsidiaries	*17*	**16,519**	18,664
Amounts due to minority owners of subsidiaries		**–**	107,742
Borrowings	*16*	**217,694**	1,174,251
Lease liabilities		**24,409**	33,238
Tax payables		**–**	47,503
		636,856	2,865,543
Liabilities of Disposal Group classified as held-for-sale	*18*	**3,156,951**	–
Total current liabilities		**3,793,807**	2,865,543
Total liabilities		**3,811,985**	3,642,265
Total equity and liabilities		**4,345,599**	4,890,860

The above interim condensed consolidated balance sheet should be read in conjunction with the accompanying notes

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

Shanghai Zendai Property Limited (the "**Company**" or "**Shanghai Zendai**") is a public limited company incorporated in Bermuda. Its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). Its registered office is at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and its principal place of business is at Room 2429-2430, 24/F., Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hong Kong.

The Company acts as an investment holding company. Its subsidiaries are principally engaged in property development, property investment and provision of property management and hotel operation. The Company and all its subsidiaries are referred as the Group. The Group has operations mainly in the People's Republic of China (the "**PRC**").

These interim condensed consolidated financial statements are presented in Hong Kong dollars ("**HK$**"), unless otherwise stated. These interim condensed consolidated financial statements were approved for issue on 27 August 2024 by the board (the "**Board**") of directors (the "**Directors**").

These interim condensed consolidated financial statements have not been audited but have been reviewed by the audit committee of the Board (the "**Audit Committee**") of the Company.

2 BASIS OF PREPARATION

These interim condensed consolidated financial statements for the six months ended 30 June 2024 have been prepared in accordance with Hong Kong Accounting Standard ("**HKAS**") 34 "Interim Financial Reporting".

The interim condensed consolidated financial statements do not include all the notes of the type normally included in the annual financial statements and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2023, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**"), and any public announcements made by the Company during the interim reporting period.

2.1 Going concern basis

The Group reported a loss before income tax of HK$623 million from continuing operations during the six months ended 30 June 2024. As at 30 June 2024, the Group's total equity attributable to owners of the Company amounted to HK$473 million and its current liabilities (before reclassification of liabilities of Disposal Group classified as held-for-sale) exceeded its current assets (before reclassification of assets of Disposal Group classified as held-for-sale) by HK$2,211 million. At the same date, the Group's total borrowings (including liabilities of Disposal Group classified as held-for-sale) amounted to HK$1,745 million (including the current portion of HK$1,275 million). Except for the borrowings of HK$218 million and related interest payable of HK$85 million which are unsecured, the Group's remaining borrowings were collaterised by the Group's hotel properties and investment properties recorded at a total carrying amount of HK$1,963 million together with fixed deposits amounting to HK$10 million. As at 30 June 2024, the Group had total cash and bank balances of HK$115 million (including those under assets of Disposal Group classified as held-for-sale).

As at 30 June 2024, the Group was unable to repay borrowings and interest payables from a financial institution according to the repayment schedule (the "**Lender of the Qingdao Defaulted Borrowing**") with total principal amounts of HK$653 million (the "**Qingdao Defaulted Borrowing**") and related interest payable of HK$309 million. In addition to the Qingdao Defaulted Borrowing and related interest payable, borrowing of HK$218 million (the "**Defaulted Restructured Borrowing**") and interest payable of HK$87 million from an associated company of a shareholder (the "**Associated Company**") was defaulted since the Group was unable to repay in accordance with the repayment schedule stated in the debt restructuring agreement (the "**Debt Restructuring Agreement**") entered into with the Associated Company on 31 December 2020. Such non-repayments are collectively referred to as the "Default Events". As a result, the entire outstanding principal and interest payables of these borrowings of HK$1,267 million would be immediately repayable if requested by the Lender of the Qingdao Defaulted Borrowing and the Associated Company. Defaulted borrowings in the sum of HK$871 million were classified as current liabilities as at 30 June 2024.

2 BASIS OF PREPARATION (CONTINUED)

2.1 Going concern basis (Continued)

No repayment was made by the Group between 1 July 2024 and the approval date of these interim condensed consolidated financial statements. As at 30 June 2024, the Group's Qingdao Defaulted Borrowing and Defaulted Restructured Borrowing and related interest payables totalled HK$1,267 million. Taking into account the high interest and refinancing costs expected to be incurred, the management expects that the Group's operating results for the year ending 31 December 2024 might be significantly affected under such circumstances.

In respect of the Qingdao Defaulted Borrowing, Qingdao Zendai Thumb Commercial Development Co., Ltd. (青島証大大拇指商業發展有限公司) ("**Qingdao Zendai**"), an indirect wholly-owned subsidiary of the Group, received an enforcement order (the "**Order**") issued by the Intermediate People's Court of Lanzhou (蘭州市中級人民法院) (the "**Court**") in June 2022 following the Group's failure to reach a mutually acceptable settlement plan on outstanding principal of RMB596 million (equivalent to approximately HK$653 million) and interest and surcharge payables of RMB282 million (equivalent to approximately HK$309 million) as at 30 June 2024 with the Lender of the Qingdao Defaulted Borrowing. According to the Order:

(a) Deposit of HK$8 million of Qingdao Zendai as at 30 June 2024 shall continue to be frozen and allocate to settle the Qingdao Defaulted Borrowing;

(b) The Lender of the Qingdao Defaulted Borrowing has priority right for claim to the proceeds from any discounted disposal or auction or sale of the pledged properties of Qingdao Zendai including investment properties of HK$827 million and property, plant and equipment of HK$105 million as at 30 June 2024;

(c) The Lender of the Qingdao Defaulted Borrowing shall have priority right of claim to the proceeds from 60% pledged equity interest of Hainan Huayi Real Estate Co., Ltd. (海南華意置業有限公司);

(d) Shanghai Zendai Real Estate Co., Ltd. (上海証大置業有限公司), guarantor of the Qingdao Defaulted Borrowing (the "**Guarantor of Qingdao Defaulted Borrowing**"), which is a subsidiary of the Group, shall be jointly and severally liable for the outstanding sum of the Qingdao Defaulted Borrowing; and

(e) the Court shall be entitled to seal, seize, auction and sell the equivalent assets of Qingdao Zendai and the Guarantor of Qingdao Defaulted Borrowing if the balance of bank deposit of Qingdao Zendai is insufficient to settle the outstanding sum of the Qingdao Defaulted Borrowing.

On 14 March 2024, the pledged equity interest mentioned in (c) above was disposed of through a judicial auction process on the network platform by the Court for a transaction price of RMB85 million (equivalent to approximately HK$93 million) to partially settle the Qingdao Defaulted Borrowing.

2 BASIS OF PREPARATION (CONTINUED)

2.1 Going concern basis (Continued)

On 26 July 2024, the Company as seller, Fortunate Omen (HK) Limited ("**Fortunate Omen**") as purchaser and Ample Century Limited ("**Ample Century**"), Auto Win Investments Limited ("**Auto Win**"), Best East Developments Limited ("**Best East**") and Giant Hope Investments Limited ("**Giant Hope**") (collectively as the "**Disposal Targets**") entered into a conditional purchase and sale agreement (the "**Disposal Agreement**"), pursuant to which the Company conditionally agreed to dispose the entire issued share capital of each of the Disposal Targets to Fortunate Omen at cash consideration of RMB10 million (equivalent to approximately HK$11 million) (the "**Disposal**"). The Disposal is subject to the approval of the Company's shareholders in the Special General Meeting that is scheduled on 11 September 2024. Completion of the Disposal (the "**Completion**") is pending for the satisfaction (or waiver) of all the remaining conditions of the Disposal Agreement.

Upon Completion, the Disposal Targets and their respective subsidiaries (the "**Disposal Group**") shall cease to be subsidiaries of the Company. The Group expects an improvement of liquidity as a result of the Disposal, which is mainly attributed to the derecognition of liabilities of the Disposal Group of HK$3,157 million as at 30 June 2024 (including the Qingdao Defaulted Borrowing, interest and surcharge payable totaling HK$962 million).

The Directors have reviewed the Group's cash flow projections prepared by the management (the "**Cash Flow Projections**"), which cover a period of not less than twelve months from 30 June 2024. The Directors are of the opinion that, taking into account the abovementioned plans and measures, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within twelve months from 30 June 2024. Accordingly, the Directors are satisfied that it is appropriate to prepare the interim condensed consolidated financial statements on a going concern basis.

In addition to Completion of the Disposal, significant uncertainties exist as to whether the management will be able to achieve its plans and measures as described above. Whether the Group will be able to continue as a going concern would depend upon the following:

(a) successful negotiations with the lenders of the Defaulted Restructured Borrowing, such that the lender will not take any actions against the Group to exercise their rights to demand immediate payment of the principals and interest payables of these borrowings before the Group is able to secure additional new sources of funding and restructure its existing borrowings, including repayment and extension of the Defaulted Restructured Borrowing;

(b) successfully and timely collecting service fees from the property development projects in Haimen District, Nantong City, Jiangsu Province (the "**Haimen Project**") and Nanjing City, Jiangsu Province (the "**Nanjing Project**") of former subsidiaries. Receiving such service fees depends on (1) the current regulatory environment and the improvement strength of policy adjustment; (2) the construction progress and pre-sale of the Haimen Project; and (3) the intended sales of the Nanjing Project;

(c) successfully accelerating the construction as well as pre-sale and sale of its properties under development, including meeting all of the necessary conditions to launch the pre-sale, and to make these pre-sales at the expected sale prices and in accordance with the timelines projected by management in the Cash Flow Projections; and

(d) the Group's ability to generate operating cash flows and obtain additional sources of financing other than those mentioned above, to meet the Group's ongoing funding needs as well as successfully controlling administrative costs and capital expenditure.

Should the Group fail to achieve the abovementioned plans and measures, it might not be able to continue to operate as a going concern, and adjustments would have to be made to write down the carrying value of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in these interim condensed consolidated financial statements.

3 ACCOUNTING POLICIES

The accounting policies applied in these interim condensed consolidated financial statements are consistent with those of the Group's annual financial statements for the year ended 31 December 2023, as described in those annual financial statements, except for the adoption of new and amended standards as set out below.

Amended standards adopted by the Group

There are a number of amendments to accounting standards that become applicable for annual reporting periods commencing on or after 1 January 2024 and adopted by the Group for the first time in these interim condensed consolidated financial statements:

Amendments to HKFRS 16 – Lease liability in sales and leaseback

Amendments to HKAS 1 – Classification of Liabilities as Current or Non-current and the related amendments to Hong Kong Interpretation 5 (2020) Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

Amendments to HKAS 1 – Non-current liabilities with covenants

Amendments to HKAS 7 and HKFRS 7 – Supplier Finance Arrangements

The adoption of the abovementioned amended standards and interpretation did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current and future periods.

New and amended standards and annual improvements issued but not yet applied by the Group

Certain new and amended standards and annual improvements have been published that are not mandatory for the current reporting period and have not been early adopted by the Group. These new and amended standards and annual improvements are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

4 ESTIMATES

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

In preparing these interim condensed consolidated financial statements, the significant judgements made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Group's consolidated financial statements for the year ended 31 December 2023.

5 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, fair value interest rate risk and cash flow interest rate risk), credit risk and liquidity risk.

The interim condensed consolidated financial statements do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2023.

There have been no significant changes in the risk management policies since the year ended 31 December 2023.

5 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (CONTINUED)

5.2 Liquidity risk

Since the last annual financial report, except for repayment of borrowings as disclosed in Note 16, there was no material change in the contractual undiscounted cash out flows for financial liabilities.

5.3 Fair value of financial assets and liabilities measured at amortised cost

The fair value of the following financial assets and liabilities approximate their carrying amount:

- Trade and other receivables (excluding prepayments)
- Amounts due from former subsidiaries
- Pledged deposits
- Cash and bank balances
- Borrowings
- Trade and other payables (excluding other taxes and payroll payables)
- Amounts due to former subsidiaries
- Amounts due to minority owners of subsidiaries
- Lease liabilities

5.4 Fair value estimation

Since the last annual financial report, there was no material change on the judgements and estimates made by the Group in determining the fair values of the financial instruments and investment properties.

6 SEGMENT INFORMATION

The management has determined the operating segments based on the internal reports reviewed by the Directors, being the major body in making operation decisions, for assessing the operating performance and resources allocation.

The Directors considers the business primarily on the basis of the types of goods and services supplied by the Group. The Group is currently mainly organized into three operating segments which comprise (i) sales of properties; (ii) hotel operations; and (iii) properties rental, management and agency services.

The hotel operation segment was classified as discontinued operation during the six months ended 30 June 2024. Information about the discontinued operations is provided in Note 18. The comparative figures in the interim condensed consolidated income statement and interim condensed consolidated statement of comprehensive income have been restated to present the results of hotel operation segment as discontinued operation.

The Directors assess the performance of the operating segments based on a measure of adjusted profit or loss before income tax. Certain income and expenses are not allocated to the operating segments as they are not included in the measure of the segments' results that are used by the Directors for assessment of segment performance.

Total segment assets mainly exclude pledged deposits, amounts due from former subsidiaries, and unallocated head office and corporate assets, all of which are managed on a centralized basis.

6 SEGMENT INFORMATION (CONTINUED)

Total segment liabilities mainly exclude unallocated borrowings, amounts due to former subsidiaries, financial guarantee contracts provision, and unallocated head office and corporate liabilities, all of which are managed on a centralized basis.

Transactions between segments are carried out at arm's length. The revenue from external parties reported to the Directors is measured in a manner consistent with that in the interim condensed consolidated income statement.

The following table presents financial information regarding the Group's operating segments for the six months ended 30 June 2024 and 2023 respectively.

(a) Information about reportable segment revenue, profit or loss before income tax and other information

	Continuing operations						Discontinued operations			
	Sales of properties		Properties rental, management and agency services		Subtotal		Hotel operations		Total	
	Six months ended 30 June Unaudited		Six months ended 30 June Unaudited		Six months ended 30 June Unaudited		Six months ended 30 June Unaudited		Six months ended 30 June Unaudited	
	2024	2023	**2024**	2023	**2024**	2023	**2024**	2023	**2024**	2023
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Total segment revenue	**918**	1,132	**101,877**	138,370	**102,795**	139,502	**29,493**	56,333	**132,288**	195,835
Inter-segment revenue	**–**	–	**–**	(951)	**–**	(951)	**–**	–	**–**	(951)
Revenue from external customers (i)	**918**	1,132	**101,877**	137,419	**102,795**	138,551	**29,493**	56,333	**132,288**	194,884
(Loss)/profit before income tax	**(67,343)**	7,908	**(150,497)**	19,454	**(217,840)**	27,362	**17,413**	15,665	**(200,427)**	43,027

(i) For the six months ended 30 June 2024, revenue from sales of properties of HK$918,000 (six months ended 30 June 2023: HK$1,132,000) was recognised at a point in time. The revenue from hotel operations, properties management and agency services of HK$85,246,000 (six months ended 30 June 2023: HK$126,207,000) were recognised over time. Rental income of HK$46,124,000 (six months ended 30 June 2023: HK$67,545,000) was recognised on a straight-line basis over the term of respective leases.

6 SEGMENT INFORMATION (CONTINUED)

(a) Information about reportable segment revenue, profit or loss before income tax and other information (Continued)

	Continuing operations						Discontinued operations			
	Sales of properties		Properties rental, management and agency services		Subtotal		Hotel operations		Total	
	Unaudited As at 30 June 2024 HK$'000	Audited As at 31 December 2023 HK$'000	**Unaudited As at 30 June 2024 HK$'000**	Audited As at 31 December 2023 HK$'000	**Unaudited As at 30 June 2024 HK$'000**	Audited As at 31 December 2023 HK$'000	**Unaudited As at 30 June 2024 HK$'000**	Audited As at 31 December 2023 HK$'000	**Unaudited As at 30 June 2024 HK$'000**	Audited As at 31 December 2023 HK$'000
Total segment assets	**505,521**	787,245	**2,851,781**	3,066,855	**3,357,302**	3,854,100	**547,372**	598,311	**3,904,674**	4,452,411
Total segment assets include:										
Additions to non-current assets (ii)	**–**	111	**140**	5,731	**140**	5,842	**–**	1,320	**140**	7,162
Total segment liabilities	**151,788**	167,876	**1,652,944**	1,810,452	**1,804,732**	1,978,328	**94,542**	102,134	**1,899,274**	2,080,462

(ii) Amounts comprise additions to property, plant and equipment.

(b) Reconciliation of reportable segment profit or loss before income tax

	Unaudited	
	Six months ended 30 June	
	2024	2023
	HK$'000	*HK$'000*
(Loss)/profit before income tax for reportable segment	**(200,427)**	43,027
Unallocated interest income	**40,359**	74,163
Guarantee fee income from former subsidiaries	**6,541**	6,614
Impairment loss on amounts due from former subsidiaries	**(2,362)**	–
Provision for financial guarantees	**(374,885)**	–
Finance costs	**(102,645)**	(333,076)
Gain on disposal of a subsidiary	**41,863**	–
Loss on deconsolidation of a subsidiary	**(34,737)**	–
Unallocated head office and corporate income and expenses	**20,967**	21,336
Loss before income tax	**(605,326)**	(187,936)

6 SEGMENT INFORMATION (CONTINUED)

(c) Reconciliation of reportable segment assets and liabilities

	Unaudited As at 30 June 2024 *HK$'000*	Audited As at 31 December 2023 *HK$'000*
Reportable segment assets	**3,904,674**	4,452,411
Pledged deposits	**8,078**	10,634
Amounts due from former subsidiaries	**414,475**	410,683
Unallocated head office and corporate assets	**18,372**	17,132
Total assets	**4,345,599**	4,890,860
Reportable segment liabilities	**1,899,274**	2,080,462
Amounts due to former subsidiaries	**16,519**	18,664
Financial guarantee contracts provision	**688,669**	309,866
Unallocated borrowings	**1,092,220**	1,127,261
Unallocated head office and corporate liabilities	**115,303**	106,012
Total liabilities	**3,811,985**	3,642,265

(d) Geographical information

The Group's revenue are all derived from operations conducted in the PRC and the majority of the Group's non-current assets are also located in the PRC.

The Group has a large number of customers, and there is no significant revenue derived from specific external customers for the six months ended 30 June 2024 and 2023.

7 FINANCE COSTS

	Unaudited	
	Six months ended 30 June	
	2024 *HK$'000*	2023 *HK$'000*
Interest expenses:		
Bank borrowings	**28,595**	35,401
Other borrowings *(Note)*	**68,060**	291,524
Interest and finance charges paid/payable for lease liabilities	**1,565**	2,540
Guarantee fee expense	**4,425**	3,611
	102,645	333,076

Note: Interest expenses on other borrowings include the provision for late payment surcharges in connection with the delay in the repayment of certain other borrowings as mentioned in Note 16(c) of HK$56,458,000 (six months ended 30 June 2023: HK$92,838,000) and interest expense on amounts due to former subsidiaries of HK$509,000 (six months ended 30 June 2023: HK$82,316,000).

8 INCOME TAX (CREDIT)/EXPENSE

Majority of the group's entities are subjected to the PRC Enterprise Income Tax ("**EIT**"), which has been provided for based on the statutory income tax rate of 25% of the assessable income of each of these group entities for the six months ended 30 June 2024 and 2023. Other group entities are subject to rates of taxation prevailing in the countries in which the respective group entities operate.

No provision for Hong Kong profits tax has been made as the Group has no assessable profits in Hong Kong for the six months ended 30 June 2024 and 2023.

In accordance with the Land Appreciation Tax Law of the PRC, Land Appreciation Tax ("**LAT**") is levied at the properties developed by the Group for sale in the PRC. LAT is charged on the appreciated amount at progressive rates ranged from 30% to 60%.

	Unaudited	
	Six months ended 30 June	
	2024	2023
	HK$'000	*HK$'000*
Current income tax:		
– PRC EIT	**–**	1
– PRC LAT	**5,275**	–
	5,275	1
Deferred income tax credit	**(55,040)**	–
Income tax (credit)/expense	**(49,765)**	1

9 DIVIDEND

No dividend was proposed for the six months ended 30 June 2024 and 2023.

10 (LOSS)/EARNINGS PER SHARE

The calculation of basic (loss)/earnings per share is based on the Group's loss from continuing operations and profit from discontinued operations for the period attributable to owners of the Company of HK$569,942,000 and HK$17,413,000 respectively (six months ended 30 June 2023: HK$202,792,000 and HK$15,665,000 respectively) and weighted average number of 14,879,351,515 (six months ended 30 June 2023: 14,879,351,515) ordinary shares in issue during the Period.

Since there was no dilutive ordinary shares during the six months ended 30 June 2024 and 2023, (loss)/earnings per share is equal to basic (loss)/earnings per share.

11 INVESTMENT PROPERTIES

	Unaudited	
	Six months ended 30 June	
	2024	2023
	HK$'000	*HK$'000*
At the beginning of the period	**2,628,284**	2,942,081
Net changes from fair value adjustment	**(202,869)**	–
Reclassification to assets of Disposal Group classified as held-for-sales *(Note 18)*	**(2,075,261)**	–
Exchange differences	**41,798**	(114,886)
At the end of the period	**391,952**	2,827,195

For all investment properties, their current use equates to the highest and best use. The Group's finance department includes a team that reviews the valuations performed by the independent valuer for financial reporting purposes. This team reports directly to the head of finance department. Discussions of valuation processes and results are held between the head of finance department, the valuation team and valuer at least once every year.

12 PROPERTIES UNDER DEVELOPMENT AND COMPLETED PROPERTIES HELD-FOR-SALE

	Unaudited	Audited
	As at	As at
	30 June	31 December
	2024	2023
	HK$'000	*HK$'000*
Properties under development		
– Beyond a normal operating cycle included under non-current assets	**113,497**	567,648
Completed properties held-for-sale	**108,981**	178,385
	222,478	746,033

Properties under development and completed properties held-for-sales with carrying amount of HK$196,301,000 and HK$68,184,000 were reclassified as assets of Disposal Group classified as held-for-sale (Note 18), and properties under development of HK$259,274,000 has been derecognised in relation to the deconsolidation of Hainan Huayi as disclosed in Note 2.1 during the six months ended 30 June 2024.

During the six months ended 30 June 2024, impairment provision of HK$7,674,000 (six months ended 30 June 2023: nil) has been recognised in cost of revenue which is mainly attributable to the change in estimated net realisable value of certain completed properties held-for-sale located in the PRC due to current market condition.

As at 30 June 2024, the accumulated impairment provision on properties under development and completed properties held-for-sale amounted to HK$214,759,000 (As at 31 December 2023: HK$207,085,000).

As at 30 June 2024, there were no properties under development and completed properties held-for-sales (As at 31 December 2023: nil) pledged to banks to secure certain borrowings granted to the Group.

Properties under development and completed properties held-for-sales which are expected to be recovered in more than twelve months after the end of the reporting period are still classified under current assets if they are expected to be realised within the Group's normal operating cycle. As at 30 June 2024, properties under development of HK$113,497,000 (As at 31 December 2023: HK$567,648,000) which are not expected to be developed within the Group's normal business cycle are therefore classified as non-current assets.

13 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	Unaudited As at 30 June 2024 *HK$'000*	Audited As at 31 December 2023 *HK$'000*
Trade receivables	**55,187**	111,219
Less: provision for loss allowance	**(7,073)**	(14,593)
Trade receivables – net	**48,114**	96,626
Other receivables	**29,704**	301,088
Deposits	**8,561**	9,152
	38,265	310,240
Less: provision for loss allowance	**(14,826)**	(93,038)
Other receivables – net	**23,439**	217,202
Prepayments	**1,128**	3,741
	72,681	317,569

The Group generally grants no credit period to its customers on sales of properties, except for certain significant transactions where credit terms or settlement schedules are negotiated on an individual basis.

The aging analysis of trade receivables based on the date of services provided at the end of reporting period is as follows:

	Unaudited As at 30 June 2024 *HK$'000*	Audited As at 31 December 2023 *HK$'000*
Within 3 months	**47,392**	83,213
More than 3 months but less than 12 months	**3,760**	14,365
More than 12 months	**4,035**	13,641
	55,187	111,219

14 PLEDGED DEPOSITS

Pledged deposits represent deposits pledged to banks and a financial institution to secure certain borrowings granted to the Group. Pledged deposits carry interests ranging from 0.15% to 3.45% (As at 31 December 2023: ranging from 0.2% to 3.45%) per annum during the period.

15 TRADE AND OTHER PAYABLES

Included in trade and other payables of the Group as at 30 June 2024 are trade payables of HK$43,933,000 (As at 31 December 2023: HK$219,952,000). The aging analysis of trade payables based on the date of services/goods received at the end of the reporting period is as follows:

	Unaudited As at 30 June 2024 *HK$'000*	Audited As at 31 December 2023 *HK$'000*
Within 3 months	**2,155**	58,458
More than 3 months but less than 12 months	**17,703**	25,476
More than 12 months	**24,075**	90,714
	43,933	174,648
Retention money	**–**	45,304
	43,933	219,952

16 BORROWINGS

	Unaudited As at 30 June 2024 *HK$'000*	Audited As at 31 December 2023 *HK$'000*
Secured or guaranteed *(Note b)*		
Bank borrowings	**874,526**	919,547
Borrowings from other financial institutions	**870,702**	849,248
	1,745,228	1,768,795
Less: bank and other borrowings included in liabilities of Disposal Group classified as held-for-sale	**(1,527,534)**	–
	217,694	1,768,795
Less: amount repayable within one year included in current liabilities *(Note c)*	**(217,694)**	(1,174,251)
Total non-current borrowings	**–**	594,544

16 BORROWINGS (CONTINUED)

At the end of the reporting period, the borrowings were repayable as follows:

	Unaudited As at 30 June 2024 ***HK$'000***	Audited As at 31 December 2023 *HK$'000*
Within 1 year	**1,275,457**	1,174,251
More than 1 year, but not exceeding 2 years	**108,426**	186,287
More than 2 years, but not exceeding 5 years	**269,223**	301,263
After 5 years	**92,122**	106,994
Total borrowings	**1,745,228**	1,768,795

Movements in borrowings (including those under liabilities of Disposal Group classified as held-for-sale) are analysed as follows:

	Unaudited	
	Six months ended 30 June	
	2024 ***HK$'000***	2023 *HK$'000*
At the beginning of the period	**1,768,795**	2,137,575
Repayments of borrowings *(Note d)*	**(14,791)**	(283,521)
Derecognition upon disposal of a subsidiary *(Note e)*	**(46,675)**	–
Exchange differences	**37,899**	(74,682)
Total borrowings	**1,745,228**	1,779,372

(a) As at 30 June 2024, the Group's borrowings bear interests at rates ranged from 6.55% to 18.25% (As at December 2023: 4.15% to 18.25%) per annum.

(b) As at 30 June 2024, borrowings of HK$1,527,533,000 (As at 31 December 2023: HK$1,515,227,000) were secured by certain hotel properties, investment properties (Note 11), pledged deposits (Note 14) and certain equity interests of the subsidiaries of the Group. In addition, borrowings of HK$653,008,000 (As at 31 December 2023: HK$687,389,000) were continued to be guaranteed by former subsidiaries upon the completion of the Myway Disposal (as defined in Note 20).

(c) As at 30 June 2024, the current borrowings were the Defaulted Restructured Borrowing of RMB198,685,000 (equivalent to approximately HK$217,694,000).

(d) The repayments during the six months ended 30 June 2024 were bank borrowings repaid by the Group.

(e) Bank borrowings of HK$46,675,000 was derecognised upon disposal of a subsidiary during the six months ended 30 June 2024.

17 AMOUNTS DUE FROM/TO FORMER SUBSIDIARIES

	Unaudited As at 30 June 2024 ***HK$'000***	Audited As at 31 December 2023 *HK$'000*
Amounts due from former subsidiaries *(Note i)*	**832,367**	821,658
Less: provision for loss allowance	**(417,892)**	(410,975)
Amounts due from former subsidiaries	**414,475**	410,683

	Unaudited As at 30 June 2024 ***HK$'000***	Audited As at 31 December 2023 *HK$'000*
Amounts due to former subsidiaries *(Note i)*	**16,519**	18,664

(i) Prior to completion of the Myway Disposal, the Group and the former subsidiaries had maintained inter-company balances. As these inter-company balances involved many different business entities of the Group and each of them had its own tax, operational and cashflow concerns for the repayment of these balances, it was impracticable for the relevant parties to settle all the outstanding balances before completion. Having considered the liquidity needs of the Group, amounts due from and to former subsidiaries were retained after the Myway Disposal.

According to the Myway Disposal agreement, the amounts due from and to former subsidiaries are unsecured, interest-bearing at the rate of 11.9% per annum and repayable in full on or before 31 December 2024. In the event that the balances have not been repaid in full as at 31 December 2024, the Group has the right to extend the maturity date by not more than three years. As at 30 June 2024, the gross amounts due from and due to the former subsidiaries were HK$832,367,000 and HK$16,519,000 respectively (As at 31 December 2023: HK$821,658,000 and HK$18,664,000, respectively).

18 DISPOSAL GROUP CLASSIFIED AS HELD-FOR-SALE AND DISCONTINUED OPERATION

Following the proposed Disposal by the Company of the entire equity interests in the Disposal Targets to a purchaser, Fortunate Omen, as set out in the Company's memorandum of understanding dated 7 June 2024, and the Disposal Agreement signed on 26 July 2024, the Directors expect it is highly probable that the assets and liabilities attributable to the business will be sold within twelve months and classified them as Disposal Group held-for-sale and accordingly, assets and liabilities of Disposal Group classified as held-for-sale are presented separately in the interim condensed consolidated statement of financial position.

The major classes of assets and liabilities of Disposal Group classified as held-for-sale are as follows: -

	Unaudited As at 30 June 2024 *HK$'000*
Property, plant and equipment	**546,815**
Investment properties	**2,075,261**
Properties under development and completed properties held-for-sale	**264,485**
Inventories	**1,062**
Trade and other receivables and prepayments	**152,126**
Deposits for properties under development	**3,169**
Financial assets at FVOCI	**7,380**
Tax prepayments	**2,375**
Pledged deposits	**10,389**
Cash and bank balances	**68,153**
Total assets of Disposal Group classified as held-for-sale	**3,131,215**
Trade and other payables	**625,280**
Borrowings	**1,527,534**
Lease liabilities	**369**
Deferred income tax liabilities	**152,096**
Financial guarantee contracts provision	**688,669**
Amounts due to minority owners of subsidiaries	**109,669**
Tax payables	**53,334**
Total liabilities of Disposal Group classified as held-for-sale	**3,156,951**

18 DISPOSAL GROUP CLASSIFIED AS HELD-FOR-SALE AND DISCONTINUED OPERATION (CONTINUED)

The Disposal Group contains the core operating subsidiaries of hotel operation segment. As a result, the hotel operation is classified as discontinued operation in accordance with HKFRS 5 and the comparative information relating to the discontinued operation has been restated on a consistent basis accordingly.

The financial performance and cash flow information of the discontinued operations for the six months ended 30 June 2024 and 2023 are as follows: -

	Unaudited Six months ended 30 June	
	2024	2023
	HK$'000	*HK$'000*
Revenue	**29,493**	56,333
Cost of revenue	**(1,266)**	(23,478)
Gross profit	**28,227**	32,855
Other income, loss and expenses	**–**	(78)
Net reversal of impairment losses on financial assets	**4,655**	–
Selling and marketing expenses	**(8,730)**	(10,508)
Administrative expenses	**(6,739)**	(6,604)
Profit before income tax	**17,413**	15,665
Income tax expense	**–**	–
Profit for the discontinued operations	**17,413**	15,665
Exchange differences arising on translation of foreign operations reclassified to profit or loss	**1,119**	(2,899)
Total comprehensive income from discontinued operations	**18,532**	12,766
Cash generated from operating activities	**10,546**	12,308
Cash used in investing activities	**–**	(1,320)
Exchange realignment	**280**	(942)
Net increase in cash and cash equivalents	**10,826**	10,046

19 FINANCIAL GUARANTEES

(a) Financial guarantees in respect of mortgage facilities for certain properties purchasers

	Unaudited As at 30 June 2024 *HK$'000*	Audited As at 31 December 2023 *HK$'000*
Guarantees in respect of mortgage facilities for certain purchasers	**4,134**	4,061

As at 30 June 2024 and 31 December 2023, the Group provided guarantees in respect of mortgage facilities granted by certain banks relating to the mortgage loans arranged for certain properties purchasers of the Group's properties, net of mortgages received and included in receipts in contract liabilities. Pursuant to the terms of the guarantees, upon default in mortgage payments by the respective properties purchasers, the Group is responsible to repay the outstanding mortgage principals together with accrued interests and penalty owed by the defaulted properties purchasers to the banks and the Group is entitled to take over the legal title and possession of the related properties. The Group's guarantee period starts from the dates of grant of the relevant mortgage loans and ends when the properties purchasers obtain the "property title certificate" which is then to be pledged with the banks.

The Group has not recognized any ECL provision in connection with the aforesaid financial guarantee contracts as the Directors of the Company are of the view that it is remote for the Group to suffer from any significant losses on these financial guarantee contracts.

(b) Financial guarantees issued in respect of borrowings and interest payables of former subsidiaries

	Unaudited As at 30 June 2024 *HK$'000*	Audited As at 31 December 2023 *HK$'000*
Financial guarantees issued	**688,669**	309,866
Less: financial guarantees issued included in liabilities of Disposal Group classified as held-for-sale	**(688,669)**	–
	–	309,866

The Group had undertaken to indemnify certain lenders of former subsidiaries for borrowings and related interest payables to the maximum extent of HK$1,056,507,000 and HK$441,166,000 respectively (As at 31 December 2023: HK$861,120,000 and HK$410,148,000 respectively). As at 30 June 2024, provision for these financial guarantees amounted to HK$688,669,000 (As at 31 December 2023: HK$309,866,000) has been recognised.

The Group recognised loss allowance on financial guarantee contracts of HK$374,885,000 (six months ended 30 June 2023: Nil) for the six months ended 30 June 2024.

20 RELATED PARTY TRANSACTIONS

In addition to the related party information and transactions disclosed elsewhere in the interim condensed consolidated financial statements, the following is a summary of significant related party balances and transactions entered into the ordinary course of business between the Group and its related parties.

(a) Key management compensation

	Unaudited	
	Six months ended 30 June	
	2024	2023
	HK$'000	*HK$'000*
Short-term benefits	**5,089**	3,286
Post-employment benefits	**418**	268
	5,507	3,554

(b) Balances and transactions with related parties

(i) At the end of December 2022, the Group completed the disposal of the entire equity interest in Myway Developments Limited, a wholly-owned subsidiary of the Company and its subsidiaries (collectively the "**Former Subsidiaries**") to Power Rider Enterprises Corp., ("**Power Rider**"), an associated company of a substantial Shareholder (the "**Myway Disposal**").The Group charges the former subsidiaries a guarantee fee equivalent to 1% of the guaranteed amount per annum from the date of Myway Disposal until the date of release of these guarantees. Guarantee fee income of HK$6,541,000 was recognised for the six months ended 30 June 2024 (six months ended 30 June 2023: HK$4,320,000).

(ii) As at 30 June 2024, borrowings of HK$653,008,000 (2023: HK$687,389,000) were secured by former subsidiaries. From the date of Myway Disposal until the date of release of these guarantees, the former subsidiaries charge the Group a guarantee fee equivalent to 1% of the guaranteed amount per annum from the date of Myway Disposal until the date of release of these guarantees. Guarantee fee expense of HK$4,406,000 was recognised for the six months ended 30 June 2024 (six months ended 30 June 2023: HK$3,611,000).

(iii) According to the Myway Disposal agreement, amounts due from and to former subsidiaries are interest-bearing at the rate of 11.9% per annum. Interest income (included under "other income, gains and expenses") and interest expenses of HK$40,107,000 and HK$509,000 were recognised for the six months ended 30 June 2024 respectively (six months ended 30 June 2023: HK$76,237,000 and HK$82,316,000 respectively).

21 COMMITMENTS

	Unaudited	Audited
	As at	As at
	30 June	31 December
	2024	2023
	HK$'000	*HK$'000*
Commitments in respect of properties under development and investment properties – contracted for or authorised but not provided	**67,202**	66,022

22 LEASES

As at 30 June 2024 and 31 December 2023 the Group had future aggregate minimum rental receivables under non-cancellable operating leases of self-owned investment properties as follows:

	Unaudited As at 30 June 2024 *HK$'000*	Audited As at 31 December 2023 *HK$'000*
As lessor:		
Rental receivables in respect of investment properties		
Not later than 1 year	**71,846**	78,684
Later than 1 year and not later than 5 years	**142,087**	164,794
Later than 5 years	**5,657**	7,146
	219,590	250,624

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Results

The Board of Directors of Shanghai Zendai Property Limited (the "**Company**" or "**Shanghai Zendai**") hereby presents the interim results of the Company and its subsidiaries (collectively the "**Group**") for the six months ended 30 June 2024 (the "**Period**", the "**reporting period**" or "**Period under Review**").

During the Period under Review, the Group recorded a revenue (including that from continuing operations and a discontinued operation) of approximately HK$132,288,000, representing a decrease of HK$62,596,000 as compared with a revenue of approximately HK$194,884,000 for the same period in 2023. Since the Group's property development projects are mainly at their planning stages, the revenue of the Group for the reporting period was mainly attributed to property rental and management service and hotel operations.

Loss (including that from continuing operations and a discontinued operation) attributable to shareholders of the Company (the "**Shareholders**") was approximately HK$552,529,000, representing an increase of approximately 195% as compared with the same period last year (loss of approximately HK$187,127,000 for the same period last year). Basic loss (including that from continuing operations and a discontinued operation) per share of the Company (the "**Share**") was HK$3.71 cents (basic loss per Share of HK$1.26 cents for the same period last year). During the Period under Review, the Group recorded an increase in loss, mainly attributable to the significant increase in the provision for financial guarantees.

Business Review

Shanghai Zendai developed a domestic business presence with Shanghai as the centre and the Yangtze River Delta as the core sector, radiating nationwide by relying on its complete construction, operation and management capabilities and the independent teams responsible for planning and development, investment promotion programming, operation and property management.

With the development and operation of multiple types of properties including residential, office buildings and complexes, Shanghai Zendai is committed to providing cities with a better living space and high-quality commercial operation services. Shanghai Zendai has developed a product series with the core brands of Himalayas Center, Thumb Plaza and Mandarin Palace, and has created more than 40 industry classics including Shanghai Himalayas Center, Shanghai Mandarin Palace, Nanjing Himalayas Center, Nanjing Thumb Plaza and Nanjing Mandarin Palace.

In the first half of 2024, in terms of property development, the overall new housing market across China continued to adjust. Despite the fact that a basket of new policies focusing on stabilising the market and removing inventories have been implemented, the new housing market as a whole has yet to see significant improvement, and the overall downward pressure on the real estate sector remained considerable. In terms of commercial property, the consumer market and service economy continued to recover, with demand for shop and office rentals moderately rebounded. In the first half of the year, shop rents slightly increased with a narrowed growth rate, while office rents still declined. In terms of property management, revenue and profit growth of property management enterprises continued to decline, with profit margins further tightening.

The Group insisted on strengthening capital and cost management, further optimised its capital structure, and actively negotiated with stakeholders in respect of key debt risks. The Group continued to enhance the operation and management of high-quality assets to improve the profitability of its projects. Thanks to those, the Group achieved stable cash flow and sound operation and development of its various businesses. In the first half of 2024, the Group continued to focus on the development of its three business segments, namely commercial space and hotel management, property management and property development services, and made clear the direction of the operation of its core assets by taking commercial space and hotel management and property management as the key businesses at the current stage. The Group kept integrating its high-quality resources at the Group level, and clarified the renovation and upgrading plans and long-term operation strategies tailored to the needs of the local community based on the characteristics of each commercial project itself. The Group focused on improving the refined property management and stabilising the profitability of its core projects so as to create a sound profit centre to serve the Group's development. Although the Group still took a prudent approach towards the property development business, it still closely monitored market development and put emphasis on the progress of projects under planning. At the same time, the Group further sharpened its core competitiveness in terms of new segments involving property development management and commercial management, and proactively monitored new market opportunities so as to develop new driving force for the profit growth.

Development details of each business segment are set out below:

Operations of Commercial Properties and Hotels Business

Adhering to the commercial operation brands such as "Zendai Thumb Plaza" and "Himalayas Center", the Group continued to strengthen its business management capabilities for enhancing its business brand value. The Group actively adjusted its business layout plan, and strengthened investment attraction and project promotion, which ensured the vitality and popularity of project operations.

During the Period under Review, the operating revenue from commercial property and hotel operations in total amounted to approximately RMB74,327,000 (equivalent to approximately HK$81,791,000). Approximately 63% of the commercial space was leased in average, and the average occupancy rate of the hotel was approximately 58%. Details of the operation of each commercial property and hotel project during the six-month period ended 30 June 2024 are as follows:

Commercial project name	City	Interest attributable to the Group	Leasable area	Occupancy rate during the Period	Revenue during the Period	
			(square metres)		*(RMB'000)*	*(HK$'000)*
Shanghai "Zendai Thumb Plaza"	Shanghai	100%	43,188	38%	24,797	27,287
Qingdao "Zendai Thumb Plaza"	Qingdao	100%	47,025	59%	13,480	14,834
Zendai Nantong Yicheng Thumb Plaza	Nantong	100%	37,399	85%	4,199	4,620
Yangzhou Commercial Project	Yangzhou	80%	14,644	98%	5,050	5,557
Total			**142,256**	**63%**	**47,526**	**52,298**

Hotel project name	City	Business model	Floor area	Number of guest room	Occupancy rate during the Period	Revenue during the Period	
			(Square metres)			*(RMB'000)*	*(HK$'000)*
Grand Mercure Shanghai Century Park	Shanghai	Cooperation	28,952	326	59%	14,490	15,946
Himalayas Qingdao Hotel	Qingdao	Proprietary	27,914	208	56%	12,311	13,547
Total			**56,866**	**534**	**58%**	**26,801**	**29,493**

Property Management Service

In terms of property management service, the Group has extended its business presence to 10 large and medium-sized cities under its service philosophy of "keep pace with the times, serve the best, focus on quality, and create impressions". The projects under management cover a wide range of properties such as high-end business plazas, grade-A office buildings, top-tier villa areas, high-end residences and urban complexes. During the Period under Review, Shanghai Zendai managed more than 30 property management projects with a total area of over 2.6 million square metres.

During the Period under Review, the total area under management of the Group was 1,070,367 square metres, with operating revenue of RMB38,457,000 (equivalent to approximately HK$42,606,000).

	Floor area	**Revenue during the period**	
	(Square metres)	*(RMB'000)*	*(HK$'000)*
Shanghai Headquarters and others	107,292	8,082	8,954
Kunshan Branch	107,625	1,796	1,990
Nanjing Branch	647,008	17,650	19,554
Qingdao Branch	63,298	2,203	2,440
Qingpu Branch	86,774	2,185	2,421
Huamu Branch	58,370	6,541	7,247
Total	**1,070,367**	**38,457**	**42,606**

Property Development Projects

Affected by the macroeconomic environment and the Group's own capital structure, the property development business is being adjusted and optimized. Given that the market was on a sustained downward trajectory following a short recovery attributable to the end of COVID-19 and economic policy adjustments, the Group further adjusted its business plan to respond to the market situation and the national policies. The Group's major projects to be developed are as follows:

Zendai Nantong Yicheng Thumb Plaza

Zendai Nantong Yicheng Thumb Plaza has a total site area of 281,912 square metres. Due to its prime location, the project has been included in the "Key Cultural Industry Projects in Nantong City" and "Key Development Projects in Chongchuan District". The project occupies a total gross floor area of approximately 279,076 square metres (including car-parking space and ancillary facilities of 77,143 square metres). The project will be completed in three phases.

Prospects and Future Plans for Material Investments

In the second half of 2024, Chinese property market will still face adjustment pressure. Consumption incentive policies are expected to be further implemented, and the new housing market may still be in the bottoming stage. The annual investment performance is expected to remain weak. The demand for shop rentals is expected to be steadily released, continuing a moderate recovery trend, with rents being expected to remain stable. Property management will be affected by the slowdown in the incremental market. In this context, industry scale and business are expected to maintain slight growth at a slower rate, and corporate profits will become lower.

Upon Completion of the Disposal, the Group will enter a new stage characterised by asset-light development with team-based development, operation and management services as its core business. By continuing to promote the “Two Assurances”, namely transformation empowered by the management team and the upgrading and improvement of the management mechanism, the Group will proactively summarise its experience in property development and commercial management and extend its operation experience to external parties, aiming to enhance the core competitiveness of the new segments which are characterised by the Group’s unique features and has an effective profit-making capability. The Group will launch new brands in various business segments and cultivate stable profit-contributing centres by revamping key projects and expanding new projects. At the same time, the Group will continue to improve its capital structure, optimise asset allocation, and precisely control local risks, with a view to achieving long-term stable development.

The Group will continue to enhance its commercialisation capabilities under new consumption and new scenarios under the guidance of national policies and new market situations, and strive to explore new opportunities for the next stage of development, so as to continue to contribute positively to the service of urban construction and social development.

Liquidity, Financial Resources, Capital Structure and Gearing

As at 30 June 2024, the Group had a financial position with net assets value of approximately HK$534 million (As at 31 December 2023: approximately HK$1,249 million). Net current liabilities (before reclassification of liabilities of Disposal Group classified as held-for-sale) amounted to approximately HK$2,211 million (As at 31 December 2023: approximately HK$1,806 million) with current ratio decreasing from 0.37 times as at 31 December 2023 to approximately 0.30 times as at 30 June 2024. The capital structure of the Group consists of borrowings (including current and non-current borrowings and assets and liabilities of Disposal Group classified as held-for-sale as shown in the interim condensed consolidated balance sheet), net of cash and bank balances, and equity attributable to owners of the Company. The Group adopted relatively prudent financial policy and closely monitored its cash flow. As at 30 June 2024, the Group had consolidated borrowings of approximately HK$1,745 million, which HK$1,275 million was repayable within one year. As at 30 June 2024, borrowings of the amount of HK$1,745 million (As at 31 December 2023: HK$1,769 million) bear interest at fixed interest rates ranging from 6.55% to 18.25% per annum (As at 31 December 2023: ranging from 4.15% to 18.25% per annum). As at 30 June 2024, the Group’s cash and bank balances and pledged deposits (including those under assets of Disposal Group classified as held-for-sale) were approximately HK$125 million (As at 31 December 2023: HK$133 million). The gearing ratio of the Group increased from 1.60 times as at 31 December 2023 to 3.45 times as at 30 June 2024 (basis: net debt, which is defined as total amounts of borrowings, amounts due to minority owners of subsidiaries and lease liabilities less cash and cash equivalents and pledged deposits, divided by equity attributable to owners of the Company before reclassification of assets and liabilities of Disposal Group classified as held-for-sale).

Mitigation Measures and Uncertainties Related to Going Concern

In order to meet its financial obligations as and when they fall due within the next twelve months and improve the Group's current ratio, the Directors of the Company have been undertaking a number of measures to improve the Group's liquidity and financial position, and to remediate certain delayed repayments to financial institutions. On 26 July 2024, the Company as seller, Fortunate Omen (HK) Limited ("**Fortunate Omen**") as purchaser and Ample Century Limited, Auto Win Investments Limited, Best East Developments Limited and Giant Hope Investments Limited (collectively as the "**Disposal Targets**") entered into a conditional sale and purchase agreement (the "**Disposal Agreement**"), pursuant to which the Company conditionally agreed to dispose the entire issued share capital of each of the Disposal Targets to Fortunate Omen at cash consideration of RMB10 million (equivalent to approximately HK$11 million) (the "**Disposal**").

Upon Completion, the Disposal Targets and their respective subsidiaries (the "**Disposal Group**") shall cease to be subsidiaries of the Company. The Group expects an improvement of liquidity as a result of the Disposal, which is mainly attributed to the derecognition of liabilities of the Disposal Group of HK$3,157 million as at 30 June 2024 (including the Qingdao Defaulted Borrowing, interest and surcharge payable totaling HK$962 million).

On the other hands, the Group will also continue to take active measures to control administrative costs and contain capital expenditures, and to seek other alternative financing to fund the settlement of its existing financial obligations and future operating expenditure.

Significant uncertainties exist as to whether the management will be able to achieve its plans and measures as described above. Whether the Group will be able to continue as a going concern would depend upon the following:

(a) successful negotiations with the lenders of the Defaulted Restructured Borrowing, such that the lender will not take any actions against the Group to exercise their rights to demand immediate payment of the principals and interest payables of these borrowings before the Group is able to secure additional new sources of funding and restructure its existing borrowings, including repayment and extension of the Defaulted Restructured Borrowing;

(b) successfully and timely collecting service fees from the property development projects in Haimen District, Nantong City, Jiangsu Province (the "**Haimen Project**") and Nanjing City, Jiangsu Province (the "**Nanjing Project**") of former subsidiaries. Receiving such service fees depends on (1) the current regulatory environment and the improvement strength of policy adjustment; (2) the construction progress and pre-sale of the Haimen Project; and (3) the intended sales of the Nanjing Project;

(c) successfully accelerating the construction as well as pre-sale and sale of its properties under development, including meeting all of the necessary conditions to launch the pre-sale, and to make these pre-sales at the expected sale prices and in accordance with the timelines projected by management in the Cash Flow Projections; and

(d) the Group's ability to generate operating cash flows and obtain additional sources of financing other than those mentioned above, to meet the Group's ongoing funding needs as well as successfully controlling administrative costs and capital expenditure.

Should the Group fail to achieve the abovementioned plans and measures, it might not be able to continue to operate as a going concern, and adjustments would have to be made to write down the carrying value of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in these interim condensed consolidated financial statements.

* *Capitalised terms used in this section shall have the same meanings as those defined in note 2.1 to the interim condensed consolidated financial information in this announcement.*

Segment Information

Sales of properties

The turnover of this segment for the Period under Review was approximately HK$918,000 (same period in 2023: HK$1,132,000). The decrease was primarily due to weakening demand in property market in the PRC and the Group's shift of focus to the property rental, management and agency services.

Property rental, management and agency services

The turnover of this segment for the Period under Review was approximately HK$101,877,000 (same period in 2023: HK$137,419,000), which was mainly due to the withdrawal of several property rental and property management projects.

Hotel operations

The turnover of this segment for the Period under Review was HK$29,493,000 (same period in 2023: HK$56,333,000). The decrease was due to decrease of revenue of Himalayas Qingdao Hotel during the Period.

Foreign Currency and Interest Rates Exposures and Hedging

The Group undertakes certain transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations arise. The Group's cash and cash equivalents are also exposed to such foreign currency risk. Cash and cash equivalents held by the Group as at 30 June 2024 were mainly denominated in RMB and HK$. Bank borrowings of the Group as at 30 June 2024 were mainly denominated in RMB. The Group currently does not use any financial instruments to hedge against its exposure to currency risk. The Group manages its foreign currency risk by closely monitoring the movement of the foreign currency rate.

The Group's cash flow interest rate risk arises from long-term borrowings with prevailing market interest rates. Such risk is partly offset by cash held at prevailing market interest rates. The Group's fair value interest rate risk relates primarily to its fixed rate borrowings and payables and restricted bank deposits. The Group currently does not utilise any financial instruments to hedge its exposure to interest rate risk. However, the management will consider hedging significant interest rate exposure should the need arise.

Employees

As at 30 June 2024, the Group employed approximately 594 employees (31 December 2023: 485 employees) in Hong Kong and the PRC. They were remunerated with basic salary and bonuses according to the nature of the job and market conditions. Other staff benefits include a mandatory provident fund scheme, local municipal government retirement scheme, training scheme, insurance and medical insurance and share option scheme.

Material Acquisition and Disposals of Subsidiaries, Associates and Joint Ventures

Save as disclosed below and elsewhere in this announcement, there were no material acquisitions and disposals of subsidiaries, associates and joint ventures by the Group during the Period under Review:

On 26 July 2024, the Company as seller, Fortunate Omen as purchaser and the Disposal Targets entered into the Disposal Agreement, pursuant to which the Company conditionally agreed to dispose the entire issued share capital of each of the Disposal Targets to Fortunate Omen at cash consideration of RMB10 million (equivalent to approximately HK$11 million). Details of the Disposal are set out in the Company's announcements dated 7 June 2024 and 26 July 2024 and the circular dated 23 August 2024. The Disposal is subject to the approval of the Company's shareholders in the Special General Meeting that is scheduled on 11 September 2024. Completion of the Disposal is conditional upon the satisfaction or waiver of certain conditions under the Disposal Agreement. As at the date of this announcement, the Disposal has not been completed.

Provision and Contingent Liabilities

	(unaudited) **As at** **30 June** **2024** ***HK$'000***	(audited) As at 31 December 2023 *HK$'000*
Financial guarantee issued in respect of borrowings and interest payables of former subsidiaries	**688,669**	309,866

The Group had undertaken to indemnify certain lenders of the former subsidiaries for borrowings and related interest payables to the extent of HK$876,539,000 and HK$473,068,000 respectively (as at 31 December 2023: HK$861,120,000 and HK$410,148,000). As at 30 June 2024, the provision for these financial guarantee contracts amounted to HK$688,669,000 (as at 31 December 2023: HK$309,866,000).

In addition, as at 30 June 2024, the Group provided guarantees to the extent of approximately HK$4,134,000 (31 December 2023: HK$4,061,000) to banks in respect of mortgage loans provided by the banks to customers for the purchase of the developed properties of the Group, net of mortgages received and included in receipts in advance from customers. These guarantees provided by the Group to the banks would be released upon receiving the property title certificate of the respective properties by the banks from the customers as a pledge for security to the mortgage loans granted.

In the opinion of the Directors, except for the amount of HK$688,669,000 provision for financial guarantee contracts for borrowings and interest payables of a former subsidiary is recognized, the credit risk exposure of these guarantee contracts is insignificant at initial recognition and at the end of the reporting period.

Pledge of Assets

As at 30 June 2024, the carrying amounts of the following assets (including those under assets of Disposal Group classified as held-for-sale) of the Group were pledged to secure certain borrowings:

	(unaudited) *HK$'000*
Property, plant and equipment	**530,615**
Investment properties	**1,938,972**
Pledged deposits	**10,389**
	2,479,976

As at 30 June 2024, certain equity interests of the subsidiaries of the Group were pledged to secure certain borrowings granted to the Group.

Litigation

(i) In June 2022, the Group received an enforcement order (the "**Order**") issued by the Intermediate People's Court of Lanzhou*(蘭州市中級人民法院)against Qingdao Zendai Thumb Commercial Development Co., Ltd.* (青島証大大拇指商業發展有限公司)("**Qingdao Thumb**"), Nanjing Lifang Real Estate Co., Ltd.* (南京立方置業有限公司)("**Nanjing Lifang**"), Shanghai Zendai Real Estate Co., Ltd.*(上海証大置業有限公司)("**Zendai Real Estate**") and Mei Yi International Ltd. (collectively the "**Defendants**"). Except for Nanjing Lifang (one of the former subsidiaries disposed of in the Myway Disposal as defined in the Company's Annual Report for the year ended 31 December 2022), all of the Defendants are indirect wholly-owned subsidiaries of the Company. The Order arose from the event of default of the loan owed by Qingdao Thumb to the Lender of the Qingdao Defaulted Borrowing (the principal and liquidated damages was approximately RMB707 million (equivalent to approximately HK$827 million) in total). As at the date of this announcement, the 60% pledged equity interest of Hainan Huayi Real Estate Co., Ltd.*(海南華意置業有限公司)had already been sold at judicial auction, the Properties of Qingdao Thumb and the equity interests of four subsidiaries of Zendai Real Estate, including Yantai Zendai Thumb Real Estate Co., Ltd.*(煙台証大大拇指置業有限公司),Yangzhou Zendai Commercial Traveling Development Co., Ltd.*(揚州証大商旅發展有限公司), Shanghai Zendai Wu Dao Kou Property Development Co., Ltd.*(上海証大五道口房地產開發有限公司)and another subsidiary of Zendai Real Estate, are subject to seizure order or freezing order. The Company will pay close attention to the subsequent enforcement procedures and seek a resolution through active communications and coordination.

(ii) In April 2024, the Intermediate People's Court of Nanjing ordered that, among others, (a) a member of the former Nanjing Lifang's subsidiaries shall repay a financial institution for a loan owed by such member with principal amount of approximately RMB800 million (equivalent to approximately HK$877 million), overdue interests up to 20 June 2021 of approximately RMB76.54 million (equivalent to approximately HK$83.86 million), and interests accrued on the principal amount at the rate of 12.9% per annum from 21 June 2021 until the repayment date, together with the legal costs; (b) the financial institution shall have first priority to be repaid from the proceeds from any discounted disposal or auction or sale of the pledged assets; and (c) Zendai Real Estate and another member of the former Nanjing Lifang's subsidiaries (both as guarantors) shall be jointly and severally liable for the aforesaid repayment obligations. As the outstanding amount remained unpaid and could not be fully paid off through realising the underlying collaterals, the Company had made provision for such guarantee (i.e. the financial guarantee) of approximately HK$688.67 million as at 30 June 2024.

Material Events Since the End of the Financial Period

Save as disclosed, there were no material events subsequent to the Period under Review which would materially affect the Group's operating and financial performance as at the date of this announcement.

Audit Committee

The Audit Committee of the Company has discussed with the management and reviewed the unaudited condensed consolidated financial information of the Group for the six months ended 30 June 2024 and considered that the Company has complied with all applicable accounting standards and requirements.

Model Code For Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "**Listing Rules**") as its code of conduct for dealing in the securities of the Company by the Directors. Having made specific enquiry of all the Directors, all of them have confirmed that they have complied with the required standard set out in the Model Code during the period ended 30 June 2024.

Corporate Governance

The Company has adopted the Corporate Governance Code contained in Appendix C1 to the Listing Rules (the "**CG Code**") as its own code of corporate governance and has taken careful measures to ensure that the provisions have been duly complied with from time to time. The Board is of the opinion that the Company has met the code provisions in the CG Code during the Period.

Purchase, Sale or Redemption of the Company's Listed Securities

During the Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

Publication of Interim Results Announcement and Interim Report

This announcement is published on the websites of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the Company (www.zendaiproperty.com). The 2024 interim report of the Company containing the information required by the Listing Rules will be dispatched to the Shareholders and made available on the same websites in due course.

By Order of the Board
Shanghai Zendai Property Limited
Huang Yuhui
Chairman

Hong Kong, 27 August 2024

As at the date of this announcement, the executive Directors are Mr. Huang Yuhui, Mr. Wang Letian, Ms. Li Zhen and Mr. Long Tianyu. The non-executive Directors are Ms. Wang Zheng, Mr. Zou Yang and Mr. Guo Haomiao. The independent non-executive Directors are Dr. Guan Huanfei, Mr. Cao Hailiang, Dr. Lin Xinzhu and Mr. Wang Yuzhou.

* *For identification purpose only*