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珠光控股
ZHUGUANG HOLDINGS

ZHUGUANG HOLDINGS GROUP COMPANY LIMITED

珠 光 控 股 集 團 有 限 公 司 *

(incorporated in Bermuda with limited liability)

(Stock Code: 1176)

2024 INTERIM RESULTS

The board ("Board") of directors ("Directors") of Zhuguang Holdings Group Company Limited ("Company") announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30 June 2024 ("Period Under Review") together with the comparative figures for the corresponding period in 2023 as follows:

FINANCIAL HIGHLIGHTS

RESULTS

	Six months ended 30 June	
	2024	2023
	HK$'000	*HK$'000*
Revenue by operating segment:		
— Property development	**101,036**	194,540
— Project management services	**514,231**	656,673
— Property investment and hotel operation	**108,399**	115,934
Fair value loss on investment properties, net	**(119,684)**	(49,289)
Loss for the period	**(859,224)**	(91,704)
Loss for the period attributable to owners of the parent	**(833,805)**	(66,923)

	At 30 June 2024	At 31 December 2023
	HK$'000	*HK$'000*
Total assets	**35,974,043**	35,882,100
Total liabilities	**30,550,233**	29,573,689
Total equity	**5,423,810**	6,308,411

** Chinese name is translated for identification purpose only*

MANAGEMENT DISCUSSION AND ANALYSIS

Market and Business Review

In the first half of 2024, the global economy continued to be affected by the uncertainties caused by the stagnant recovery of the economies around the world, high inflation and geopolitical conflicts, and the risks associated with such uncertainties have not improved significantly. Due to the uncertainties faced by the global economy, the economic recovery of mainland China is still subject to the pressure from structural reforms.

During the Period Under Review, the Chinese central government continued to adopt an accommodative policy towards the real estate industry and implemented a series of measures to optimise demand, with a view to boosting market confidence by "boosting demand" and "destocking". During the Period Under Review, Guangzhou became the first first-tier city to lift restrictions on property purchase in the central urban areas, which was expected to lead to the relaxation of restrictions on property purchase in the Greater Bay Area, first-tier cities and core cities, thereby serving as an indicator of positive market trends.

With its expertise and professionalism, the Company's urban renewal team has continued to focus on the implementation of the Group's urban renewal projects across Guangzhou, and to strengthen the Group's future development features and competitive advantages. The Group will continue to promote the cooperation with its strategic partners and explore opportunities in cooperation with financing institutions, government authorities or other industry peers in order to consolidate its industry position as an "urban renewal expert".

The Group will also uphold the spirit of craftsmanship, focus on improving product quality, pay attention to details, and provide buyers with high-quality properties.

Property Development and Sales

During the Period Under Review, the Group continued its focus on the first-tier and key second-tier cities in the People's Republic of China ("PRC") with potential growth in demand for properties. The Group has achieved contracted sales of approximately HK$265,454,000 and contracted gross floor area ("GFA") sold of approximately 8,066 square metres ("sqm") during the Period Under Review, representing decreases of approximately 80.3% and 78.1%, respectively, as compared with those in the corresponding period in 2023. The details of the contracted property sales and the contracted GFA sold during the Period Under Review are set out below:

Projects	**Contracted sales** *(HK$'000)*	**Contracted GFA sold** *(sqm)*
Zhuguang Financial Town One	234,600	4,174
Zhuguang Yujing Scenic Garden ("Yujing Scenic Garden")	16,875	1,905
Pearl Xincheng Yujing ("Xincheng Yujing")	9,021	967
Pearl Yunling Lake	2,219	209
Pearl Tianhu Yujing Garden ("Tianhu Yujing")	1,314	171
Yujing Yayuan	960	109
Pearl Yijing	248	468
	265,237	8,003
Car parks	217	63
	265,454	8,066

As at 30 June 2024, the Group owned the following property development projects, the details of which are as follows:

Zhuguang Financial Town One — 100% interest

"Zhuguang Financial Town One" is located at Huangpu Road East, Tianhe District, Guangzhou City, Guangdong Province, the PRC, which is near the 三溪 (Sanxi*) Station of Guangzhou Metro Line No. 5 and within the scope of the planned 廣州國際金融城 (Guangzhou International Financial Town*) in the Tianhe District. The total site area of this project is approximately 63,637 sqm, which is being developed into office buildings, high-end apartment buildings, shopping malls and a commercial complex including underground car parks over four phases. The total GFA for sale of this project is approximately 391,245 sqm. As at 30 June 2024, the aggregate GFA delivered under this project was approximately 4,768 sqm. During the Period Under Review, contracted sales of approximately HK$234,600,000 with GFA of approximately 4,174 sqm were recorded with respect to "Zhuguang Financial Town One".

Yujing Scenic Garden — 100% interest

"Yujing Scenic Garden" is located at Provincial Highway G105 ("Highway G105") line at Jiulibu District, Jiangpu Town, Conghua, Guangzhou City, Guangdong Province, the PRC, which is well connected via a number of highways to and from Guangzhou City. "Yujing Scenic Garden" is a 20-minute drive from downtown Conghua and a 10-minute drive from Wenquan Town, Conghua, with a site area of approximately 294,684 sqm, which is a commercial and residential complex, comprising residential buildings and a street-level commercial podium and car parks. The total GFA available for sale is approximately 757,633 sqm, which comprises four phases of development. As at 30 June 2024, the aggregate GFA delivered under this project was approximately 708,971 sqm. During the Period Under Review, contracted sales of approximately HK$16,875,000 with GFA of approximately 1,905 sqm were recorded with respect to "Yujing Scenic Garden".

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Xincheng Yujing — 100% interest

"Xincheng Yujing" was acquired by the Group in September 2016. It is located at 種王上圍 (Zhong Su Shang Wei*), 陽光村 (Sunshine Village*), 湯南鎮 (Tang Nan Town*), 豐順縣 (Fengshun County*), Meizhou City, Guangdong Province, the PRC (next to Line G235), a county famous for its hot spring resources which is a major tourism attraction. The project has a site area of approximately 280,836 sqm and a total GFA for sale of approximately 310,716 sqm. The project has been developed into various types of villas, high-rise apartment buildings and an ancillary commercial development. The development of the project is divided into three phases. Phase I commenced pre-sale during 2017 with delivery commencing in 2018. Phase II commenced pre-sale in 2017 which was completed with delivery commencing in 2019. Phase III commenced delivery during 2020. As at 30 June 2024, the aggregate GFA delivered under this project was approximately 260,304 sqm. The Group has designated GFA of approximately 9,482 sqm of this property as investment properties held for long-term investment purpose. The ancillary commercial building plus a basement with a total GFA of approximately 9,482 sqm were leased out during the Period Under Review. During the Period Under Review, contracted sales of approximately HK$9,021,000 with GFA of approximately 967 sqm were recorded with respect to "Xincheng Yujing".

Pearl Yunling Lake — 100% interest

"Pearl Yunling Lake" is located at Provincial Highway S355 line at Jiekou Street, Conghua, Guangzhou City, Guangdong Province, the PRC, which is adjacent to the Fengyunling Forest Park, and is the main transportation link between Conghua and downtown Guangzhou City. The project site area is approximately 200,083 sqm and the total GFA available for sale is approximately 110,417 sqm. The development is divided into two phases, with Phase I comprising 57 villas and 5 apartment buildings, with an aggregate GFA of approximately 42,884 sqm, and Phase II comprising 44 villas, 3 apartment buildings and a hotel, with an aggregate GFA of approximately 83,773 sqm. Phase I with a total GFA available for sale of approximately 39,046 sqm and Phase II with a total GFA available for sale of approximately 29,040 sqm were launched for sale in the first and third quarters of 2017 respectively, whilst the hotel with a GFA of approximately 42,331 sqm has been retained as a long-term asset of the Group. As at 30 June 2024, the aggregate GFA delivered under this project was approximately 43,341 sqm. During the Period Under Review, contracted sales of approximately HK$2,219,000 with GFA of approximately 209 sqm were recorded with respect to "Pearl Yunling Lake".

Tianhu Yujing — 100% interest

"Tianhu Yujing" is located at Shui Di Village, Jiulibu District, Wenquan Town, Conghua, Guangzhou City, Guangdong Province, the PRC, with a site area of approximately 55,031 sqm. The land of this project is located adjacent to "Yujing Scenic Garden", and the Group has developed this land together with "Yujing Scenic Garden" to expand the Group's development and presence in Conghua. The project is developed into 5 blocks of 32-storey modern residential buildings and a street-level commercial podium with total GFA available for sale of approximately 186,894 sqm. The development is divided into two phases. The total GFA available for sale under Phase I and Phase II is approximately 97,183 sqm and 89,711 sqm, respectively. As at 30 June 2024, the aggregate GFA delivered under this project was approximately 139,572 sqm. During the Period Under Review, contracted sales of approximately HK$1,314,000 with GFA of approximately 171 sqm were recorded with respect to "Tianhu Yujing".

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Yujing Yayuan — 50% interest

"Yujing Yayuan" is located at Guoji, Fuyong, Nanqu, Zhongshan City, Guangdong Province, the PRC. The site area and the total GFA available for development of this project are approximately 15,745 sqm and approximately 38,005 sqm, respectively. The development of this project into five blocks of modern residential buildings, a street-level commercial podium and an underground car park was completed in 2020. As at 30 June 2024, the aggregate GFA delivered under this project was approximately 34,713 sqm. During the Period Under Review, contracted sales of approximately HK$960,000 with GFA of approximately 109 sqm were recorded with respect to "Yujing Yayuan".

Pearl Yijing — 100% interest

"Pearl Yijing" is located at No. 168 Xinkai Street, Xianghe County, Hebei Province, the PRC, with a site area of approximately 45,310 sqm and a total GFA available for sale of approximately 164,603 sqm. The project was developed into two phases with several residential buildings and street-level commercial areas. As at 30 June 2024, the aggregate GFA available for sale delivered under this project was approximately 153,328 sqm. During the Period Under Review, contracted sales of approximately HK$248,000 with GFA of approximately 468 sqm were recorded with respect to "Pearl Yijing".

Hua Cheng Yujing Garden — 100% interest

"Hua Cheng Yujing Garden" was acquired by the Group in 2018. It is located at Zhujiang Xincheng, Tianhe District, Guangzhou City, Guangdong Province, the PRC, with a site area of approximately 60,237 sqm. The total GFA available for sale of this project which belongs to the Group is approximately 108,675 sqm. Out of the GFA of approximately 108,675 sqm, a GFA of approximately 48,043 sqm is attributable to a commercial and residential complex which comprises car parks, residential buildings, shopping malls and office premises, and a GFA of approximately 60,632 sqm is attributable to a commercial complex which comprises car parks, shopping malls and office premises. As at 30 June 2024, the aggregate GFA delivered under this project was approximately 87,267 sqm.

Project Tian Ying — 100% interest

"Project Tian Ying" is located in Jiang Pu Street, Conghua, Guangzhou City, Guangdong Province, the PRC, and is next to Highway G105, which is only a 10-minute drive and a one-hour drive from Conghua central business district and Guangzhou City, respectively. The site area of the project is approximately 22,742 sqm and the total GFA available for sale is approximately 59,679 sqm. The project, which was to be developed into a stylish low-density residential complex with a commercial podium and certain public facilities, was completed in 2019. As at 30 June 2024, the aggregate GFA delivered under this project was approximately 52,843 sqm.

Meizhou Chaotang Project — 100% interest

"Meizhou Chaotang Project" is located at Chaotang Village, Chengdong Town, Meixian District, Meizhou City, Guangdong Province, the PRC. The site area and the GFA available for sale under Phase I of the project are approximately 46,793 sqm and approximately 34,202 sqm, respectively. Phase I of the project will be developed into a number of different types of villas in addition to a hotel. The Group has designated the hotel with a GFA of approximately 7,389 sqm as an investment property held for long-term investment purpose.

Central Park — 100% interest

"Central Park" is located at Lot H3-3, Zhujiang New Town, Tianhe District, Guangzhou City, Guangdong Province, the PRC, with a site area of approximately 3,430 sqm, and a total GFA available for sale of approximately 28,909 sqm thereof has been developed into a 30-storey building, including service apartments, a street-level commercial podium and a 4-storey underground car park. As at 30 June 2024, the aggregate GFA available for sale of the service apartments delivered was approximately 24,570 sqm. The Group has designated GFA of approximately 539 sqm of this property as investment properties held for long-term investment purpose.

Zhukong International — 80% interest

"Zhukong International", which is located at Lot A2-1, Zhujiang New Town, Tianhe District, Guangzhou City, Guangdong Province, the PRC, at the junction of 廣州大道 (Guangzhou Avenue*) and 黃埔大道 (Huang Pu Da Dao*), is a 35-storey high-rise commercial complex, including a 6-storey commercial podium, a 29-storey Grade A office building and a 3-storey underground car park. The complex was completed in 2015 with a site area of approximately 10,449 sqm and a total GFA available for sale (including carpark areas) and leasing of approximately 109,824 sqm. As at 30 June 2024, the aggregate GFA of the office building and carparks sold was approximately 43,824 sqm, and GFA of approximately 5,109 sqm of this property was still available for sale or leasing. The Group has designated GFA of approximately 60,891 sqm of this property as investment properties held for long-term investment purpose.

Land Bank

It is the Group's strategy to maintain a sufficient land bank and design accurate urban layout to support the Group's own development pipeline for at least the next three to five years. The Group has actively expanded its land reserves through various channels, including participation in government public auctions, urban redevelopment projects and acquisition of other property development projects. As at 30 June 2024, the Group had a land bank in the PRC, which consisted of total GFA available for sale, total GFA pre-sold pending delivery and total GFA available for lease, of approximately 765,272 sqm in aggregate. The Group will continue to explore new opportunities for investment and development in cities in the PRC in which the Group already has land investments, as well as other cities in the PRC with growth potential and the best investment value.

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Project Management Services

The Group has been using its expertise in project management and urban renewal to provide project management services for property development projects and urban redevelopment projects in the PRC, particularly under the "Three Old" Redevelopment Works regime (「三舊」改造工作) initiated by the Guangzhou Municipal Government, being a regime for the redevelopment of rural land collectively owned by the village residents through a rural collective economic organisation (農村集體經濟聯合社). Projects under the "Three Old" Redevelopment Works regime are subject to specific PRC laws, regulations and policies which, among other things, (1) regulate the various models of property redevelopment for these projects (each a "Redevelopment Model"); and (2) restrict the transfer of ownership of the land use rights in the rural land for redevelopment under these projects.

Under this operating model, the Group has been providing project management services to each of its customers who have entered into cooperation agreements with various rural collective economic organisations for the redevelopment of rural land under the "Three Old" Redevelopment Works regime. Pursuant to each of these cooperation agreements, the relevant rural collective economic organisation has agreed to provide the rural land for redevelopment under the project ("Project Land"), and the relevant customer has obtained the contractual right and responsibility (including the funding responsibility) and management rights to carry out the redevelopment of the project. Pursuant to the "Three Old" Redevelopment Works regime, the Group's customer may, as the contract redeveloper, acquire the land use rights of the relevant Project Land either by way of contract or through a public listing-for-sale process depending on the Redevelopment Model adopted by the relevant rural collective economic organisation.

The Group is not a party to the cooperation agreements with the rural collective economic organisations. Instead, it has entered into project management agreements with each of its customers, pursuant to which the Group has obtained such management rights and undertaken the responsibility (including funding responsibility) to carry out the redevelopment of the project. In carrying out its business in the provision of such project management services for projects under the "Three Old" Redevelopment Works regime, the Group is responsible for preparing redevelopment and resettlement compensation plans, obtaining approvals from village residents with respect to such plans, assisting the rural collective economic organisations to manage land title issues, obtaining government approvals, certificates and permits to carry out the property development works (including development of resettlement properties), funding the operations and development of the project and other project management services. In return for the Group's project management services and contribution:

(a) if the subsidiary of the Group's customer ("Project Company") directly or indirectly acquires the land use rights in the Project Land and to the extent a transfer of the equity interest in the Project Company is permitted under the PRC laws, regulations and policies, the Group is entitled to (i) exercise its pre-emptive rights to acquire the equity interest in the Project Company or (ii) an income from the sale of the equity interest in the Project Land to a third party;

(b) to the extent that the equity interest in the Project Company (which directly or indirectly holds the land use rights in the Project Land) is not capable of being transferred due to regulatory reasons or government policies, the Group is entitled to an income from the sale of saleable properties developed under the project; and

(c) if the Project Company has not directly or indirectly acquired the land use rights in the Project Land, the Group is entitled to an amount equal to (i) the total amount of funds incurred and contributed by the Group under its contractual funding responsibility plus (ii) an income from a fixed rate of return at an agreed percentage of such funds, which represents the minimum consideration receivable by the Group as an assured return on investment for its provision of project management services.

The Group recorded project management services segment revenue of approximately HK$514,231,000 during the Period Under Review, compared with that of approximately HK$656,673,000 for the corresponding period in 2023. The decrease in the revenue generated from this business segment was mainly attributable to the decrease in the number of project management agreements the Group had during the Period Under Review. The Group will continue to utilise its expertise in project management and urban renewal to further develop its project management services business to broaden its source of income.

Property Investment and Hotel Operation

As at 30 June 2024, the Group owned (1) certain floors of Royal Mediterranean Hotel ("RM Hotel") located at 518 Tianhe Road, Tianhe District, Guangzhou City, Guangdong Province, the PRC, with GFA of approximately 18,184 sqm (31 December 2023: 18,184 sqm); (2) Zhukong International with GFA of approximately 60,891 sqm (31 December 2023: 60,891 sqm); (3) certain floors of a commercial complex in "Hua Cheng Yujing Garden" with GFA of approximately 15,918 sqm (31 December 2023: 15,918 sqm); (4) a hotel located at Chaotang Village, Chengdong Town, Meixian District, Meizhou City, Guangdong Province, the PRC, with GFA of approximately 7,389 sqm (31 December 2023: 7,389 sqm); and (5) certain commercial properties in the Guangdong Province, the PRC, with GFA of approximately 12,022 sqm (31 December 2023: 12,022 sqm) as investment properties. During the Period Under Review, RM Hotel, Zhukong International, the hotel located in Meizhou City and certain commercial properties were partially leased out with total rental income of approximately HK$72,706,000 generated, representing an increase of approximately 5.8% as compared with that of approximately HK$68,698,000 for the corresponding period in 2023. The existing investment properties held by the Group are intended to be held for medium-term to long-term investment purposes. The Group will continue to seek high quality properties with potential appreciation in value for investment purposes and build up a portfolio that will generate steady cash flows to the Group in the future.

As at 30 June 2024, the Group operated two hotels, namely, (1) 廣州雲嶺湖酒店 (Guangzhou Vlamhoo Hotel*) ("Vlamhoo Hotel") located at Conghua, Guangzhou City, Guangdong Province, the PRC, which was constructed by the Group, with its operations commenced in December 2021; and (2) 廣東鹿湖溫泉假日酒店 (Guangdong Luhu Hot Spring Holiday Hotel*) ("Luhu Hotel") located at Fengshun County, Meizhou City, Guangdong Province, the PRC, which has been operated by the Group since December 2021. During the Period Under Review, the operation of these hotels generated a total income of approximately HK$35,693,000 (six months ended 30 June 2023: HK$47,236,000) for the Group.

EVENT AFTER THE REPORTING PERIOD

On 17 June 2024, the Company and Rong De Investments Limited (融德投資有限公司) ("Rong De", as the subscriber) entered into a subscription agreement pursuant to which the parties to the subscription agreement have conditionally agreed that Rong De shall subscribe for, and the Company shall allot and issue, 1,625,000,000 subscription shares of the Company at the subscription price of HK$0.20 per subscription share. The aggregate subscription price of all the subscription shares of HK$325,000,000 payable by Rong De shall be settled by way of set-off of a loan with an outstanding principal amount of HK$325,000,000 due by the Company to Rong De. The transaction was approved by the independent shareholders of the Company at the special general meeting of the Company held on 16 August 2024. Further details of the transaction were set out in the announcements of the Company dated 17 June 2024 and 16 August 2024 and the circular of the Company dated 26 July 2024.

Outlook

Looking forward to 2024, it is expected that the global economy will still face various challenges with insignificant improvement in uncertainties. Multiple factors such as inflation and geopolitical conflicts will continue to have an impact on the world economy. In view of the uncertainties in the global economy, China's real estate industry will still face huge and ongoing challenges onwards in 2024.

Under the new market trend, the Group's revenue from the pre-sale of properties will still be mainly generated from the completed property projects of the Group across Guangzhou. The Group will continue to increase its sales efforts in Guangzhou, with Guangzhou remaining as the Group's key sales area in 2024.

The Group will continue to focus on its strategy of "optimising structure, strengthening capabilities and improving quality", and strive to overcome the severe challenges brought about by the current adjustments to the real estate market in China.

FINANCIAL REVIEW

Revenue

During the Period Under Review, the Group's revenue by operating segment included revenue from property development, project management services, and property investment and hotel operation. The total revenue of the Group for the Period Under Review was approximately HK$723,666,000 (six months ended 30 June 2023: HK$967,147,000), which represented a decrease of approximately 25.2% as compared with that for the corresponding period in 2023.

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Revenue from property development for the Period Under Review amounted to approximately HK$101,036,000 (six months ended 30 June 2023: HK$194,540,000). The decrease was mainly due to the decrease in the number of properties delivered during the Period Under Review as compared with that during the corresponding period in 2023.

The income from the project management services segment contributed approximately HK$514,231,000 (six months ended 30 June 2023: HK$656,673,000) to the total revenue of the Group for the Period Under Review. The decrease was mainly due to the decrease in the number of project management agreements the Group had during the Period Under Review.

During the Period Under Review, the Group recorded an aggregate income of approximately HK$108,399,000 (six months ended 30 June 2023: HK$115,934,000) from the property investment and hotel operation segment. The rental income generated by the Group from its investment properties increased from approximately HK$68,698,000 for the six months ended 30 June 2023 to approximately HK$72,706,000 for the Period Under Review, mainly due to the increase in the average effective rent per sqm of the investment properties leased out by the Group during the Period Under Review. During the Period Under Review, the Group generated a total income of approximately HK$35,693,000 (six months ended 30 June 2023: HK$47,236,000) from its operation of two hotels in the Guangdong Province, the PRC, namely, the Vlamhoo Hotel, which was constructed by the Group, with its operations commenced in December 2021, and the Luhu Hotel, which has been operated by the Group since December 2021.

Gross profit

Gross profit of the Group decreased from approximately HK$744,974,000 for the six months ended 30 June 2023 to approximately HK$544,864,000 for the Period Under Review, mainly due to the decrease in the Group's revenue during the Period Under Review.

Fair value loss on investment properties, net

For the Period Under Review, the Group recorded a fair value loss on investment properties, net, of approximately HK$119,684,000 as compared with that of approximately HK$49,289,000 for the corresponding period in 2023. The fair value loss on investment properties, net, for the Period Under Review was mainly due to the decrease in the fair value of Zhukong International, RM Hotel and certain commercial properties held by the Group in the Guangdong Province, the PRC, as at 30 June 2024.

Other income and gains, net

Other income and gains, net, of the Group decreased to approximately HK$4,884,000 for the Period Under Review (six months ended 30 June 2023: HK$74,117,000). The decrease was mainly due to the decrease in the interest income and management service income recorded by the Group for the Period Under Review, as compared with those recorded for the corresponding period in 2023.

Administrative expenses and selling and marketing expenses

Administrative expenses and selling and marketing expenses of the Group decreased from approximately HK$176,949,000 for the six months ended 30 June 2023 to approximately HK$133,323,000 for the Period Under Review. The decrease was mainly due to the decrease in the administrative expenses primarily caused by the decrease in the staff cost incurred for the Period Under Review, as compared with that for the corresponding period in 2023.

Other expenses, net

Other expenses, net, of the Group increased substantially from approximately HK$56,250,000 for the six months ended 30 June 2023 to approximately HK$507,569,000 for the Period Under Review. Other expenses for the Period Under Review mainly comprised provision for interest and related expenses on certain borrowing of the Group of approximately HK$361,576,000 (six months ended 30 June 2023: Nil), impairment of the Group's properties under development and completed properties held for sale of approximately HK$65,000,000 (six months ended 30 June 2023: HK$22,000,000) and the foreign exchange loss of approximately HK$17,074,000 (six months ended 30 June 2023: foreign exchange gain of HK$277,000).

Share of loss of an associate

Share of loss of an associate of the Group was approximately HK$90,559,000 during the Period Under Review (six months ended 30 June 2023: HK$27,863,000), which represented the Group's share of the loss from its associate, Silver Grant International Holdings Group Limited (銀建國際控股集團有限公司) ("Silver Grant"), the shares of which are listed on the Main Board of The Stock Exchange of Hong Kong Limited ("Stock Exchange") with stock code: 0171. Silver Grant and its subsidiaries are principally engaged in property leasing and investments. The Group held approximately 29.50% interest of the issued share capital of Silver Grant as at 30 June 2024.

Finance costs, net

Finance costs, net, of the Group for the Period Under Review were approximately HK$552,572,000 (six months ended 30 June 2023: HK$492,911,000), which were made up of interest expenses incurred by the Group during the Period Under Review after deduction of the interest expenses capitalised into development costs. The increase in finance costs, net, was mainly due to the decrease in the interest capitalisation rate during the Period Under Review, as compared with that for the corresponding period in 2023.

Income tax expense

Income tax expense of the Group comprised corporate income tax ("CIT") and land appreciation tax ("LAT") in the PRC and deferred tax. CIT of approximately HK$54,541,000 (six months ended 30 June 2023: HK$69,159,000), LAT of approximately HK$2,741,000 (six months ended 30 June 2023: HK$11,478,000) and deferred tax credit of approximately HK$63,167,000 (six months ended 30 June 2023: HK$8,390,000) accounted for the Group's total income tax credit of approximately HK$5,885,000 for the Period Under Review (six months ended 30 June 2023: income tax expense of HK$72,247,000). The decrease in total income tax expense for the Period Under Review was mainly due to the increase in the deferred tax credit recorded by the Group during the Period Under Review, as compared with that in the corresponding period in 2023.

Loss for the period

The Group's loss for the Period Under Review was approximately HK$859,224,000 (six months ended 30 June 2023: HK$91,704,000). Such change was mainly attributable to (1) the decrease in the Group's revenue from project management services from that of approximately HK$656,673,000 during the six months ended 30 June 2023 to approximately HK$514,231,000 during the Period Under Review, due to the decrease in the number of project management agreements the Group had during the Period Under Review; (2) the increase in the fair value loss on investment properties, net, recorded by the Group from approximately HK$49,289,000 for the six months ended 30 June 2023 to approximately HK$119,684,000 during the Period Under Review, which was mainly caused by the decrease in the fair value of the Group's investment properties as at 30 June 2024 from that as at 31 December 2023; and (3) the substantial increase in other expenses, net, recorded by the Group from approximately HK$56,250,000 for the six months ended 30 June 2023 to approximately HK$507,569,000 for the Period Under Review, which was mainly caused by the provision for interest and related expenses on certain borrowing of the Group and the impairment of the Group's properties under development and completed properties held for sale recorded by the Group during the Period Under Review.

Treasury and funding policies

The Group has adopted a prudent approach with respect to its treasury and funding policies. The Group's financial and fundraising activities are subject to effective centralised management and supervision, with an emphasis on risk management and transactions that are directly related to the business of the Group. There is in general no material seasonality in relation to the borrowing requirements of the Group.

Cash position

As at 30 June 2024, the Group's cash and bank balances (including restricted cash and term deposits with initial terms over three months) amounted to approximately HK$99,104,000 (31 December 2023: HK$301,264,000). The cash and bank balances of the Group were mainly denominated in RMB, United States dollar ("US$") and HK$.

Borrowings, charges on group assets and gearing ratio

The Group's bank and other borrowings comprised the following:

	30 June 2024 HK$'000	31 December 2023 HK$'000
Bank loans — secured	**7,864,962**	7,938,731
Other borrowings:		
Senior notes — secured	**1,686,981**	1,594,055
Other borrowings — secured	**4,512,325**	4,274,335
Other borrowings — unsecured and guaranteed	**30,000**	30,000
Lease liabilities	**8,851**	11,676
	14,103,119	13,848,797

(a) As at 30 June 2024, the Group's bank and other borrowings amounted to approximately HK$14,103,119,000, of which approximately 74.1%, 3.8%, 12.1% and 10.0% were repayable respectively within one year or on demand, in the second year, in the third to fifth years inclusively and over five years (31 December 2023: HK$13,848,797,000, of which approximately 61.5%, 8.8%, 17.9% and 11.8% were repayable respectively within one year or on demand, in the second year, in the third to fifth years inclusively and over five years). As at 30 June 2024, such borrowings of the Group were made up of financing from (i) bank loans; (ii) senior notes; (iii) other borrowings, including trust loans and term loan facilities; and (iv) lease liabilities. Out of these borrowings, approximately HK$38,851,000 (31 December 2023: HK$80,441,000), approximately HK$12,377,287,000 (31 December 2023: HK$12,042,608,000) and approximately HK$1,686,981,000 (31 December 2023: HK$1,725,748,000) were denominated in HK$, RMB and US$, respectively. The senior notes and other borrowings carried fixed interest rates ranging from 7.00% to 13.00% (31 December 2023: 7.00% to 13.00%). Approximately 10.97% (31 December 2023: 12.36%) of the bank loans carried fixed interest rates ranging from 4.85% to 8.85% (31 December 2023: 4.85% to 9.00%) while the remaining bank loans of approximately 89.03% (31 December 2023: 87.64%) carried floating interest rates.

(b) The gearing ratio of the Group, being the Group's financial key performance indicator, is measured by the net debt (total interest-bearing borrowings net of cash and bank balances) over the total capital (total equity plus net debt) of the Group. As at 30 June 2024, the gearing ratio of the Group was 72% (31 December 2023: 68%).

(c) As at 30 June 2024, the Group had outstanding secured bank loans of approximately HK$7,865 million, which were secured by the following: (i) the Group's investment properties; (ii) the Group's property and equipment; (iii) the Group's properties under development and completed properties held for sale; (iv) the entire equity interest of the Company's subsidiaries, namely, 廣州珠光城市更新集團有限公司 (Guangzhou Zhuguang Urban Renewal Group Company Limited*), 廣州舜吉實業有限公司 (Guangzhou Shunji Industry Company Limited*), 廣東海聯大廈有限公司 (Guangdong Hailian Building Company Limited*) and 廣州發展汽車城有限公司 (Guangzhou Development Automobile City Co., Ltd.*); (v) the corporate guarantees executed by the Company and 廣東珠光集團有限公司 (Guangdong Zhuguang Group Company Limited*) ("Guangdong Zhuguang Group"); and (vi) the personal guarantees executed by the executive Directors, namely, Mr. Chu Hing Tsung and Mr. Liao Tengjia.

(d) As at 30 June 2024, the Group had outstanding senior notes in the aggregate principal amount of US$207.9 million (equivalent to approximately HK$1,687 million), which were secured and guaranteed by (i) 3,000,000,000 shares of the Company ("Shares") owned by Rong De; (ii) the 100% equity interest of the Company's subsidiaries, namely, Ai De Investments Limited (靄德投資有限公司) ("Ai De"), All Flourish Investments Limited (通興投資有限公司) ("All Flourish"), Capital Fame Investments Limited (嘉鋒投資有限公司) ("Capital Fame"), Cheng Chang Holdings Limited (誠昌控股有限公司) ("Cheng Chang"), China Honest International Investments Limited (創豪國際投資有限公司) ("China Honest"), Diamond Crown Limited (毅冠有限公司) ("Diamond Crown"), East Orient Investment Limited (達東投資有限公司) ("East Orient"), Ever Crown Corporation Limited (冠恒興業有限公司) ("Ever Crown"), Fully Wise Investment Limited (惠豐投資有限公司) ("Fully Wise"), Gains Wide Holdings Limited (利博控股有限公司) ("Gains Wide"), Gold Charter Investments Limited (高澤投資有限公司) ("Gold Charter"), Graceful Link Limited (愉興有限公司) ("Graceful Link"), Pacific Win Investments Limited (保鋒投資有限公司) ("Pacifc Win"), Polyhero International Limited (寶豪國際有限公司) ("Polyhero International"), Profaith International Holdings Limited (盈信國際控股有限公司) ("Profaith International"), Sharp Wisdom Holdings Limited (銳智控股有限公司) ("Sharp Wisdom"), South Trend Holdings Limited (南興控股有限公司) ("South Trend"), Speedy Full Limited (速溢有限公司) ("Speedy Full"), Talent Wide Holdings Limited (智博控股有限公司) ("Talent Wide"), Top Asset Development Limited (通利發展有限公司) ("Top Asset"), Top Perfect Development Limited (泰恒發展有限公司) ("Top Perfect"), World Sharp Investments Limited (華聲投資有限公司) ("World Sharp") and Zhuguang Group Limited (珠光集團有限公司) ("ZG Group"); (iii) the corporate guarantees executed by Rong De, ZG Group, South Trend, Ai De, All Flourish, Capital Fame, Cheng Chang, China Honest, Diamond Crown, East Orient, Ever Crown, Fully Wise, Gains Wide, Gold Charter, Graceful Link, Pacific Win, Polyhero International, Profaith International, Talent Wide, Top Asset, Top Perfect, World Sharp, Sharp Wisdom and Speedy Full; and (iv) the personal guarantees executed by the executive Directors, namely, Mr. Liao Tengjia, Mr. Chu Hing Tsung and Mr. Chu Muk Chi.

** English name is translated for identification purpose only*

(e) As at 30 June 2024, the Group had outstanding secured other borrowings of approximately HK$4,512 million, which were secured and guaranteed by (i) the Group's properties under development and completed properties held for sale; (ii) the Group's property and equipment; (iii) the Group's investment properties; (iv) the security provided by Guangdong Zhuguang Group; (v) the entire equity interest of the Company's subsidiaries, namely, 廣州市潤啟房地產有限公司 (Guangzhou City Runqi Property Company Limited*), 廣州東港合眾房地產有限公司 (Guangzhou Dong Gang He Zhong Property Company Limited*), 廣州珠光實業集團有限公司 (Guangzhou Zhuguang Industrial Group Company Limited*), 香河縣逸景房地產開發有限公司 (Xianghe County Yijing Property Development Company Limited*) and 廣州振超房地產開發有限公司 (Guangzhou Zhenchao Property Development Company Limited); (vi) the entire equity interest of a subsidiary of Guangdong Zhuguang Group; (vii) the corporate guarantees executed by the Company and Guangdong Zhuguang Group; and (viii) the personal guarantees executed by the executive Directors, namely, Mr. Chu Hing Tsung and Mr. Liao Tengjia.

(f) As at 30 June 2024, the Group had outstanding unsecured and guaranteed other borrowings of HK$30 million, which were guaranteed by the personal guarantee executed by an executive Director, Mr. Chu Hing Tsung.

FINANCIAL GUARANTEE CONTRACTS

The Group had the following financial guarantees:

	30 June 2024 *HK$'000*	31 December 2023 *HK$'000*
Guarantees given to banks for mortgage facilities granted to purchasers of the Group's properties	**1,625,491**	1,877,249

The Group provided guarantees in respect of mortgage facilities granted by certain banks in connection with the mortgage loans entered into by purchasers of the Group's properties. The Group has arranged bank financing for certain purchasers of the Group's property units and provided guarantees to secure obligations of such purchasers for repayments. Such guarantees terminate upon the earlier of (a) the issuance of the real estate ownership certificate which will generally be available within an average period of two to three years upon the completion of guarantee registration; or (b) the satisfaction of mortgage loan by the purchasers of properties.

** English name is translated for identification purpose only*

Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible for repaying the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted purchasers to the banks and the Group is entitled to take over the legal title and possession of the related properties.

Except for the financial guarantee contracts as disclosed above, the Group had no material contingent liabilities as at 30 June 2024 (31 December 2023: Nil).

FOREIGN EXCHANGE RATE

During the Period Under Review, the Group conducted its business almost exclusively in RMB except that certain transactions were conducted in HK$ and US$. The conversion of RMB into HK$, US$ or other foreign currencies has been based on the rates set by the People's Bank of China. The value of RMB against the HK$, US$ and other foreign currencies may fluctuate and is affected by factors such as changes in the PRC's political and economic conditions. During the Period Under Review, the Group did not adopt any financial instruments for hedging purposes. However, the Group will constantly assess the foreign exchange risk it encounters so as to decide on the hedging policy required against the possible foreign exchange risk that may arise.

EMPLOYEES AND REMUNERATION POLICIES

The Group had in aggregate 510 employees in Hong Kong and the PRC as at 30 June 2024 (31 December 2023: 793). During the Period Under Review, the level of the Group's overall staff cost was approximately HK$71,185,000 (six months ended 30 June 2023: HK$93,576,000). The employees of the Group are remunerated according to their respective job nature, market conditions, individual performance and qualifications. Other staff benefits include annual bonus and retirement benefits. The Directors' remuneration is determined based on their qualifications, experience, duties and responsibilities, the Company's remuneration policy and the prevailing market conditions.

The Group encourages sustainable training of its employees through coaching and further studies. In-house training was provided to eligible employees during the Period Under Review, including training on updates of accounting standards and training on market updates.

During the Period Under Review, the Group did not experience any significant problem with its employees or disruption to its operations due to labour discipline nor did it experience any difficulty in the recruitment and retention of experienced staff. The Group has maintained a good relationship with its employees. Most members of the senior management have been working for the Group for many years.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		Six months ended 30 June	
		2024	2023
		(Unaudited)	(Unaudited)
	Notes	***HK$'000***	*HK$'000*
REVENUE	*5*	**723,666**	967,147
Cost of sales		**(178,802)**	(222,173)
Gross profit		**544,864**	744,974
Other income and gains	*5*	**4,884**	74,117
Selling and marketing expenses		**(12,701)**	(15,115)
Administrative expenses		**(120,622)**	(161,834)
Fair value loss on investment properties, net		**(119,684)**	(49,289)
Impairment loss on financial assets, net		**(11,166)**	(35,287)
Other expenses, net		**(507,569)**	(56,250)
Finance costs, net	*6*	**(552,572)**	(492,911)
Share of loss of an associate		**(90,559)**	(27,863)
Share of profit of joint ventures		**16**	1
LOSS BEFORE TAX	*7*	**(865,109)**	(19,457)
Income tax credit/(expense)	*8*	**5,885**	(72,247)
LOSS FOR THE PERIOD		**(859,224)**	(91,704)
Attributable to:			
Owners of the parent		**(833,805)**	(66,923)
Non-controlling interests		**(25,419)**	(24,781)
		(859,224)	(91,704)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted (HK cents per share)	*10*	**(12.01)**	(1.40)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
LOSS FOR THE PERIOD	**(859,224)**	(91,704)
OTHER COMPREHENSIVE LOSS FOR THE PERIOD		
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(19,388)**	(282,352)
Share of other comprehensive loss of an associate	**(5,989)**	(2,893)
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods	**(25,377)**	(285,245)
OTHER COMPREHENSIVE LOSS FOR THE PERIOD, NET OF TAX	**(25,377)**	(285,245)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	**(884,601)**	(376,949)
Attributable to:		
Owners of the parent	**(859,201)**	(350,491)
Non-controlling interests	**(25,400)**	(26,458)
	(884,601)	(376,949)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**30 June 2024 (Unaudited) *HK$'000***	31 December 2023 *(Note)* *HK$'000*
NON-CURRENT ASSETS			
Property and equipment		**253,971**	267,247
Investment properties		**3,300,509**	3,444,060
Intangible assets		**5,124**	5,747
Investments in joint ventures		**10,881**	10,942
Investments in an associate		**626,242**	723,496
Trade receivables	*11*	**14,618,356**	14,289,043
Other receivables		**901,901**	994,110
Financial assets at fair value through profit or loss		**13,006**	13,098
Deferred tax assets		**11,177**	11,177
Total non-current assets		**19,741,167**	19,758,920
CURRENT ASSETS			
Properties under development		**8,733,404**	8,626,053
Completed properties held for sale		**4,256,840**	4,385,638
Trade receivables	*11*	**1,089,046**	978,694
Prepayments, other receivables and other assets		**1,838,600**	1,611,227
Prepaid income tax		**202,734**	207,062
Financial assets at fair value through profit or loss		**13,148**	13,242
Cash and bank balances		**99,104**	301,264
Total current assets		**16,232,876**	16,123,180
CURRENT LIABILITIES			
Contract liabilities		**3,648,898**	3,526,417
Trade and other payables	*12*	**6,615,697**	6,020,752
Interest-bearing bank and other borrowings		**10,457,426**	8,512,210
Income tax payables		**3,554,100**	3,525,186
Total current liabilities		**24,276,121**	21,584,565
NET CURRENT LIABILITIES		**(8,043,245)**	(5,461,385)
TOTAL ASSETS LESS CURRENT LIABILITIES		**11,697,922**	14,297,535

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

	Note	**30 June 2024 (Unaudited) *HK$'000***	31 December 2023 *(Note)* *HK$'000*
NON-CURRENT LIABILITIES			
Other payables	*12*	**637,672**	582,769
Interest-bearing bank and other borrowings		**3,645,693**	5,336,587
Deferred tax liabilities		**1,990,747**	2,069,768
Total non-current liabilities		**6,274,112**	7,989,124
Net assets		**5,423,810**	6,308,411
EQUITY			
Equity attributable to owners of the parent			
Share capital		**722,564**	722,564
Reserves		**3,473,415**	4,366,616
		4,195,979	5,089,180
Perpetual capital securities		**1,221,753**	1,187,753
		5,417,732	6,276,933
Non-controlling interests		**6,078**	31,478
Total equity		**5,423,810**	6,308,411

Note:

The Company's auditor did not express an opinion on the Group's consolidated financial statements for the year ended 31 December 2023 due to multiple uncertainties relating to going concern. Even had there been no multiple uncertainties relating to going concern which precluded the Company's auditor from expressing an opinion on the consolidated financial statements, the opinion of the Company's auditor would have been qualified due to scope limitations in respect of the Group's investment in an associate with a carrying amount of approximately HK$723 million as at 31 December 2023. Further details are set out in the auditor's report included in the Company's annual report for the year ended 31 December 2023.

Notes:

1. CORPORATE AND GROUP INFORMATION

Zhuguang Holdings Group Company Limited (the "Company") is a limited liability company incorporated in Bermuda. The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.

The Company has its primary listing on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 9 December 1996.

During the period, the Company's principal activity was investment holding and the Company and its subsidiaries (collectively the "Group") were principally engaged in property development, property management, property investment, hotel operation and other property development related services in the mainland of the People's Republic of China (the "PRC" or the "Chinese Mainland").

In the opinion of the Company's directors (the "Directors"), the holding company and the ultimate holding company of the Company is Rong De Investment Limited ("Rong De"), which is incorporated in the British Virgin Islands.

2. BASIS OF PRESENTATION

For the six months ended 30 June 2024, the Group recorded a net loss of approximately HK$859 million and, as at 30 June 2024, the Group had net current liabilities of approximately HK$8,043 million. In addition, as at 30 June 2024, the Group's outstanding interest-bearing bank and other borrowings which are due to be repaid within 12 months from the end of the reporting period amounted to approximately HK$10,457 million, including (1) borrowings of approximately HK$8,547 million which have not been repaid according to the scheduled repayment dates before the end of the reporting period, and (2) borrowings of approximately HK$1,687 million with original maturity date of over one year from the reporting date which have been reclassified to current liabilities. The Group has been in active discussions with the relevant financial institutions for extension of the repayment dates of such borrowings.

In view of these circumstances, the Directors have given careful consideration to the future working capital and performance of the Group and its available sources of financing in assessing whether the Group will have sufficient funds to fulfill its financial obligations and continue as a going concern for at least 12 months from 30 June 2024. The Group has formulated the following plans and measures to mitigate the liquidity pressure and to improve its cash flows:

2. BASIS OF PRESENTATION *(Continued)*

(a) the Group has been proactively communicating with the relevant lenders on the Group's business plan, operations and financial position for the extension of the repayment dates of the Group's borrowings;

(b) the Group will continue to take measures to monitor the collection of the receivables of urban redevelopment projects in accordance with the agreed schedules;

(c) the Group is actively discussing with the lenders of certain bank and other borrowings on the re-financing of the existing borrowings;

(d) the Group will continue to accelerate the pre-sales and sales of its properties under development and completed properties, and collection of outstanding sales proceeds and other receivables;

(e) the Group will continue to take active measures to control its administrative costs and manage its capital expenditure; and

(f) Rong De, the Company's ultimate holding company, has issued a letter of financial support to the Company for a period of 12 months from the end of the reporting period. Rong De has agreed to provide the necessary financial support to enable the Group to meet its liabilities as and when they fall due, to continue carrying on its principal business without a significant curtailment of operations, and not to demand for repayment of any amounts due to Rong De until the Group is in the position to repay without impairing its financial position.

The Directors have reviewed the Group's cash flow forecast, covering a period of at least 12 months from the end of the reporting period, prepared by the management. They are of the opinion that, taking into account the above-mentioned plans and measures, the Group will have sufficient working capital to finance its operations and meet its financial obligations as and when they fall due within 12 months from 30 June 2024. Accordingly, the Directors are satisfied that it is appropriate to prepare the interim financial information on a going concern basis.

Notwithstanding the above, significant uncertainties exist as to whether the Group is 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) the continual support from the existing lenders of the Group such that they will not demand for immediate repayment of the relevant borrowings;

(b) the successful and timely agreement with the lenders on the extension of the repayment dates for existing borrowings subject to the Group's financial and liquidity position, and to obtain additional credit facilities from existing and other lenders as and when needed;

(c) the successful and timely collection of receivables of urban redevelopment projects in accordance with the agreed schedules; and

(d) the successful and timely implementation of the plans to accelerate the pre-sales and sales of properties under development and completed properties held for sale, collection of outstanding sales proceeds and receivables, and to control costs and capital expenditure in order to improve the Group's working capital.

2. BASIS OF PRESENTATION *(Continued)*

Should the Group be unable to achieve the above-mentioned plans and measures and operate as a going concern, adjustments would have to be made to write down the carrying values 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 this interim financial information.

3. BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The interim condensed consolidated financial information for the six months ended 30 June 2024 has been prepared in accordance with HKAS 34 *Interim Financial Reporting*. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2023.

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2023, except for the adoption of the following revised Hong Kong Financial Reporting Standards ("HKFRSs") for the first time for the current period's financial information.

Amendments to HKFRS 16	*Lease Liability in a Sale and Leaseback*
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current (the "2020 Amendments")*
Amendments to HKAS 1	*Non-current Liabilities with Covenants (the "2022 Amendments")*
Amendments to HKAS 7 and HKFRS 7	*Supplier Finance Arrangements*

The nature and impact of the revised HKFRSs are described below:

(a) Amendments to HKFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of HKFRS 16, the amendments did not have any impact on the financial position or performance of the Group.

(b) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

3. **BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES** *(Continued)*

(b) *(Continued)*

The Group has reassessed the terms and conditions of its liabilities as at 1 January 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

(c) Amendments to HKAS 7 and HKFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. The disclosure of relevant information for supplier finance arrangements is not required for any interim reporting period during the first annual reporting period in which an entity applies the amendments. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the interim condensed consolidated financial information.

4. **OPERATING SEGMENT INFORMATION**

For management purposes, the Group is organised into business units based on their products and services and has three reportable operating segments as follows:

(a) the property development segment engages in the development and sale of properties;

(b) the project management services segment engages in the provision of project management services to property development projects and urban redevelopment projects; and

(c) the property investment and hotel operation segment invests in properties for their rental income potential and/or for capital appreciation and engages in hotel operation.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit or loss, which is a measure of adjusted profit or loss before tax. The adjusted profit or loss before tax is measured consistently with the Group's profit or loss before tax except that share of profit/loss of an associate, share of profit/loss of joint ventures, finance costs, net (other than interest on lease liabilities) and income tax expenses as well as head office and corporate expenses are excluded from such measurement.

Segment assets exclude investments in joint ventures and an associate, deferred tax assets, unlisted investments classified as financial assets at fair value through profit or loss and cash and bank balances as these assets are managed on a group basis.

Segment liabilities exclude bank and other borrowings (other than lease liabilities), current income tax payables, deferred tax liabilities and amounts due to the ultimate holding company as these liabilities are managed on a group basis.

4. OPERATING SEGMENT INFORMATION *(Continued)*

For the six months ended 30 June 2024

(Unaudited)	**Property development** *HK$'000*	**Project management services** *HK$'000*	**Property investment and hotel operation** *HK$'000*	**Total** *HK$'000*
Segment revenue: *(note 5)*				
Sales to external customers	**101,036**	**514,231**	**108,399**	**723,666**
Segment results	**(756,536)**	**503,065**	**39,659**	**(213,812)**
Reconciliation:				
Share of loss of an associate				**(90,559)**
Share of profit of joint ventures				**16**
Finance costs, net (other than interest on lease liabilities)				**(552,021)**
Corporate and other unallocated expenses				**(8,733)**
Loss before tax				**(865,109)**
Income tax credit				**5,885**
Loss for the period				**(859,224)**

4. OPERATING SEGMENT INFORMATION *(Continued)*

For the six months ended 30 June 2023

(Unaudited)	Property development *HK$'000*	Project management services *HK$'000*	Property investment and hotel operation *HK$'000*	Total *HK$'000*
Segment revenue: *(note 5)*				
Sales to external customers	194,540	656,673	115,934	967,147
Segment results	(133,898)	621,386	24,450	511,938
Reconciliation:				
Share of loss of an associate				(27,863)
Share of profit of joint ventures				1
Finance costs, net (other than interest on lease liabilities)				(492,080)
Corporate and other unallocated expenses				(11,453)
Loss before tax				(19,457)
Income tax expense				(72,247)
Loss for the period				(91,704)

4. **OPERATING SEGMENT INFORMATION** *(Continued)*

30 June 2024

(Unaudited)	**Property development** *HK$'000*	**Project management services** *HK$'000*	**Property investment and hotel operation** *HK$'000*	**Total** *HK$'000*
Segment assets	**15,070,820**	**16,576,060**	**3,553,605**	**35,200,485**
Reconciliation:				
Corporate and other unallocated assets				**773,558**
Total assets				**35,974,043**
Segment liabilities	**10,248,458**	**8,851**	**16,137**	**10,273,446**
Reconciliation:				
Corporate and other unallocated liabilities				**20,276,787**
Total liabilities				**30,550,233**

30 June 2023

(Unaudited)	Property development *HK$'000*	Project management services *HK$'000*	Property investment and hotel operation *HK$'000*	Total *HK$'000*
Segment assets	14,865,312	15,781,906	3,786,493	34,433,711
Reconciliation:				
Corporate and other unallocated assets				1,528,779
Total assets				35,962,490
Segment liabilities	8,067,479	14,356	185,188	8,267,023
Reconciliation:				
Corporate and other unallocated liabilities				20,720,898
Total liabilities				28,987,921

4. OPERATING SEGMENT INFORMATION *(Continued)*

Geographical information

Geographical information is not presented since over 90% of the Group's revenue from external customers is generated in Chinese Mainland and over 90% of the segment assets of the Group are located in Chinese Mainland. Accordingly, in the opinion of the Directors, the presentation of geographical information would provide no additional useful information to the users of this interim financial information.

Information about major customers

For the six months ended 30 June 2024, revenue of approximately HK$514,231,000 (six months ended 30 June 2023: HK$656,673,000) was derived from a single customer, including revenue derived from a group of entities which are known to be subsidiaries of that customer, and was attributable to the project management services segment.

5. REVENUE, OTHER INCOME AND GAINS

An analysis of the Group's revenue is as follows:

	Six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Revenue from contracts with customers		
Sale of properties	**101,036**	194,540
Hotel operation income	**35,693**	47,236
	136,729	241,776
Revenue from other sources		
Finance component of income from urban redevelopment projects	**514,231**	656,673
Rental income from investment property operating leases:		
— fixed lease payments	**72,706**	68,698
	586,937	725,371
	723,666	967,147

5. REVENUE, OTHER INCOME AND GAINS *(Continued)*

An analysis of the Group's other income and gains is as follows:

	Six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Interest income	**162**	14,254
Management service income	**4,638**	59,435
Others	**84**	428
	4,884	74,117

6. FINANCE COSTS, NET

An analysis of finance costs, net is as follows:

	Six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Interest on bank and other borrowings and senior notes	**581,716**	767,712
Interest expense arising from revenue contracts	**84,027**	82,704
Interest on lease liabilities	**551**	831
Total interest expense	**666,294**	851,247
Less: interest capitalised	**(113,722)**	(358,336)
	552,572	492,911

7. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging/(crediting):

	Six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Cost of properties sold	**153,522**	194,740
Cost of service provided	**25,280**	27,433
Depreciation of property and equipment	**8,330**	16,120
Depreciation of right-of-use assets	**3,859**	3,768
Amortisation of intangible assets	**585**	599
Foreign exchange differences, net	**17,074**	(277)
Lease payments not included in the measurement of lease liabilities	**6,343**	6,870
Employee benefit expense (including directors' remuneration)	**71,185**	93,576
Impairment loss of financial assets, net	**11,166**	35,287
Impairment of properties under development and completed properties held for sale	**65,000**	22,000
Direct operating expenses (including repairs and maintenance) arising on rental-earning investment properties	**9,796**	7,080

8. INCOME TAX

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the six months ended 30 June 2024 and 2023. Taxes on profits assessable in the Chinese Mainland have been calculated at the rates of tax prevailing in the cities in which the majority of the Group's subsidiaries operate.

	Six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Current:		
PRC corporate income tax	**54,541**	69,159
PRC land appreciation tax	**2,741**	11,478
	57,282	80,637
Deferred	**(63,167)**	(8,390)
Total tax (credit)/charge for the period	**(5,885)**	72,247

9. DIVIDENDS

No interim dividend in respect of the six months ended 30 June 2024 (six months ended 30 June 2023: Nil) was proposed by the board of directors of the Company.

10. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic loss per share amounts is based on the loss for the period attributable to ordinary equity holders of the parent, adjusted for the distribution related to perpetual capital securities, and the weighted average number of ordinary shares of 7,225,633,000 (six months ended 30 June 2023: 7,225,633,000) in issue during the period.

No adjustment has been made to the basic loss per share amount presented for the six months ended 30 June 2024 and 2023 as the Group had no potentially dilutive ordinary shares in issue during the period.

The calculations of the basic and diluted loss per share are based on:

	Six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
Loss attributable to equity holders of the parent *(HK$'000)*	**(833,805)**	(66,923)
Distribution related to perpetual capital securities *(HK$'000)*	**(34,000)**	(34,000)
Loss used in the basic and diluted loss per share calculations *(HK$'000)*	**(867,805)**	(100,923)
Weighted average number of ordinary shares in issue during the period *(thousand shares)*	**7,225,633**	7,225,633

11. TRADE RECEIVABLES

	Notes	**30 June 2024** **HK$'000**	31 December 2023 HK$'000
Receivables from sales of properties	(a)	**1,586**	1,390
Receivables from property investment and hotel operation		**257,617**	217,599
Less: Impairment allowance		**(4,226)**	(2,770)
Net receivables from property investment and hotel operation	(a)	**253,391**	214,829
Receivables for urban redevelopment projects:			
Related parties		**15,797,871**	15,363,838
Third parties		**476,226**	479,621
	(b)	**16,274,097**	15,843,459
Less: Impairment allowance		**(821,672)**	(791,941)
Net receivables for urban redevelopment projects		**15,452,425**	15,051,518
Total		**15,707,402**	15,267,737
Portion classified as non-current assets		**(14,618,356)**	(14,289,043)
Current portion		**1,089,046**	978,694

(a) An ageing analysis of the trade receivables from the sales of properties, property investment and hotel operation as at the end of the reporting period, based on the revenue recognition date or invoice date and net of loss allowance, is as follows:

	30 June 2024 **HK$'000**	31 December 2023 HK$'000
Current to 180 days	**174,011**	164,202
181 to 365 days	**47,178**	28,727
Over 365 days	**33,788**	23,290
	254,977	216,219

11. TRADE RECEIVABLES *(Continued)*

(b) An ageing analysis of the trade receivables for urban redevelopment projects as at the end of the reporting period, based on the incurred date, is as follows:

	30 June 2024 *HK$'000*	31 December 2023 *HK$'000*
Within 1 year	**1,042,617**	1,182,430
Over 1 year but within 2 years	**1,716,915**	1,848,015
Over 2 years but within 3 years	**1,781,003**	1,793,698
Over 3 years	**11,733,562**	11,019,316
	16,274,097	15,843,459

12. TRADE AND OTHER PAYABLES

	30 June 2024 *HK$'000*	31 December 2023 *HK$'000*
Trade and bills payables	**3,090,371**	3,199,300
Amounts due to related parties	**616,072**	499,264
Amount due to a joint venture	**5,478**	5,517
Amounts due to the ultimate holding company	**637,672**	577,142
Other payables and accruals	**1,868,054**	1,338,821
Other taxes payables	**1,035,722**	983,477
	7,253,369	6,603,521
Portion classified as current liabilities	**(6,615,697)**	(6,020,752)
Non-current portion	**637,672**	582,769

An ageing analysis of the trade and bills payables as at the end of the reporting period, based on the due date, is as follows:

	30 June 2024 *HK$'000*	31 December 2023 *HK$'000*
Within 1 year	**2,835,307**	2,939,858
Over 1 year	**255,064**	259,442
	3,090,371	3,199,300

OTHER INFORMATION

INTERIM DIVIDEND

No interim dividend in respect of the six months ended 30 June 2024 was proposed by the Board (six months ended 30 June 2023: Nil).

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of its listed securities during the Period Under Review.

CORPORATE GOVERNANCE

The Company has complied with the applicable code provisions set out in Part 2 of the Corporate Governance Code contained in Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules") during the Period Under Review.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Code") as contained in Appendix C3 to the Listing Rules. Specific enquiry has been made of all Directors, who confirmed that they complied with the required standards set out in the Code during the Period Under Review.

AUDIT COMMITTEE

The audit committee of the Board ("Audit Committee") comprises three independent non-executive Directors. The Audit Committee has reviewed with the management, the accounting principles and policies adopted by the Group and discussed with the management regarding auditing, internal controls and financial reporting matters, including the review of the unaudited interim condensed consolidated financial information for the six months ended 30 June 2024 and this announcement, which is of the opinion that they comply with the applicable accounting standards and the Listing Rules and that adequate disclosures have been made.

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

The interim report for the six months ended 30 June 2024 of the Company containing all the information required by the Listing Rules will be published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.zhuguang.com.hk.

APPRECIATION

On behalf of the Board, the chairman of the Board would like to express the Board's gratitude and appreciation to the shareholders of the Company for their support and the employees for their contribution to the Group.

On behalf of the Board
Zhuguang Holdings Group Company Limited
Chu Hing Tsung
Chairman

Hong Kong, 29 August 2024

As at the date of this announcement, the Board comprises (i) six executive Directors, namely Mr. Chu Hing Tsung (alias Mr. Zhu Qing Yi) (Chairman), Mr. Liu Jie (Chief Executive Officer), Mr. Liao Tengjia (Deputy Chairman), Mr. Huang Jiajue (Deputy Chairman), Mr. Chu Muk Chi (alias Mr. Zhu La Yi) and Ms. Ye Lixia; and (ii) three independent non-executive Directors, namely Mr. Leung Wo Ping JP, Mr. Wong Chi Keung and Dr. Feng Ke.

This announcement is published on the website of the Company (www.zhuguang.com.hk) and the designated issuer website of the Stock Exchange (www.hkexnews.hk).