



(Incorporated in Hong Kong with limited liability)

Stock Code 00604

**Improving Management for Prudent Growth
Shenzhen Investment Announces 2022 Interim Results**

Summary of 2022 interim results

- The Group achieved a turnover of HK\$15.53 billion, representing a decrease of 20% over the same period of last year;
- Overall gross profit margin was 45%, representing an increase of 7 percentage points over the same period of last year;
- Profit attributable to equity shareholders of the company was HK\$2.36 billion, representing an increase of 69% over the same period of last year;
- Core profit was HK\$ 2.65 billion, representing an increase of 24% over the same period of last year;
- Finance cost was 3.2%, being controlled at a low level in the industry;
- The Board proposed to pay interim dividend of HK\$3.0 cents per share.

(August 26 , 2022 - Hong Kong) - Shenzhen Investment Limited (“Shenzhen Investment” or the “Group”, HKEx stock code: 604.HK) is pleased to announce the interim results of the Group for the six months ended 30 June 2022 (“reporting period”).

Since the beginning of this year, Uncertainty of economic growth and the sporadic COVID-19 outbreak have posed downward pressure on the “troika” of investment, consumption and trade. Despite the frequent policies to support housing demand, the scale of housing market in the first half of the year still showed a decline trend, and the investment in real estate development showed a negative growth for the first time. Shenzhen Investment has always adhered to the development concept of “improving management for prudent growth”, proactively propelled the development of various businesses, and achieved encouraging results.

Cultivate the main business of real estate with highlighted role of ballast stone

In the first half of 2022, Shenzhen Investment realized the contract sales amount of approximately RMB4.96 billion, and completed the sales plan for the first half of 2022 as scheduled. The sales collection was approximately RMB7.07 billion, which enriched the Group's cash flow and enhanced risk prevention ability.

During the reporting period, Shenzhen Investment continued to improve the project development efficiency and focused on the project progress to minimize the impact of the epidemic on the premise of ensuring safety and quality. All the projects under construction were carried out in an orderly manner, and there was no construction shutdown or mortgage default. The construction of the Group's key projects were promoted steadily and carried forward smoothly according to the established plan, achieving sales revenue of real estate development of approximately HK\$12.94 billion, a decrease of 23% compared with from the same period last year. The gross profit margin of real estate development was approximately 50%, maintaining a high level of profitability in the industry with significant competitiveness.

In the first half of the year, the Group granted rent reductions to its relevant commercial tenants in accordance with the relevant housing rent reduction policy in Shenzhen, and the property investment business achieved revenue of approximately HK\$0.56 billion, a decrease of 19% compared with the same period last year.

Select the best among the best to support sustainable development

With the continuous changes in the industry structure and market environment, it is a key measure to reserve high-quality land resources to continue to obtain reasonable profit margins. During the reporting period, Shenzhen Investment successfully won the Shenzhen Longhua Minzhi Plot and the Shanghai Jiading Plot, expanding the land reserve in first-tier cities, with a total area of 220,000 square meters and a value exceeded approximately 10 billion RMB. The total land reserve has a construction area of 6.74 million square meters, of which the Greater Bay Area accounts for 65%.

In addition, the Group has made significant progress in the overall planning of land interests, and the total implementation area of Henggang South Area and Guangmingshang Village Liantang Area is 336 hectares. In the context of the increasing shortage of land resources in Shenzhen, the acquisition of high-quality project reserves through the mode of overall planning of land preparation interests is a new exploration of Group's project expansion. The Group's continuous optimization of the reserve structure has provided a strong guarantee for the improvement of the future operation quality and the steady growth of the scale, and further enhanced the "safety pad" for the Group's development.

Actively improve efficiency in comprehensive urban operation business

During the reporting period, the Group actively acted and achieved remarkable results in the comprehensive urban operation business. In the first half of the year, the Group has 64 new expansion projects, the newly added management area exceed 4.42 million square meters, and the total expansion contract amount is RMB520 million .

In terms of property management, the Group won the bid for China Mobile's Shenzhen and Zhaoqing section, Shenzhen Longhua Taxation Bureau and other large-scale projects, making improvement in the third-party expansion. In terms of property management cities, the Group has passed the "*Property Management City Enterprise Standard System*" and is making advance in its ranking in environmental hygiene index of projects under management; in terms of commercial operation, the Group actively launched investment promotion and promotion of large-scale activities to promote the quality and efficiency of operations. The rental collection rate exceeded 90%, and its commercial flagship UpperHills was ranked among the top 5 outstanding complexes in Shenzhen, and the passenger flow increased by 21% yoy.

Relying on the strong strength of the whole service cycle and a diversified business mix, the comprehensive strength of urban integrated operation has been significantly improved, winning the 20th place among Top 100 Property Service Enterprises China 2022 issued by China Index Academy (CIA).

Promote financing operation with stable and efficient finance position

During the reporting period, the Group actively expanded financing channels, promoted financing operations, successfully formed a three-year syndicated loan of HK\$5 billion, and replaced a syndicated loan of HK\$3.5 billion; Successfully issued RMB3.2 billion of CMBS products with a coupon rate of the senior notes of 3.4%, being the largest issuance scale and the lowest issuance interest rate of municipal state-owned enterprises CMBS. According to the data, in the first half of the year, the average comprehensive interest rate of the Group's Bank and other borrowings was approximately 3.2% per annum, being maintained at the low level of the industry.

With excellent financial control and capital planning capabilities, the Group was able to acquire resources against the cycle during a period of capital scarcity in the industry. The Group made cumulative land premium payments of approximately RMB16.4 billion in the first half of the year, and all land premium payments for projects acquired since last year have been completed. The payment of large land premiums in the short term, the increase in project development loans and the decrease in net assets due to the depreciation of RMB have resulted in an increase in the Group's debt level. As of June 30, 2022, the Group's gearing ratio, excluding pre-receipts, was 67.8%, net debt ratio (including only bank loans and other loans) was 42.0%, net debt ratio (including all interest-bearing liabilities) was 105.4%, cash to short term debt ratio was 1.42 times, cash balance held (including restricted funds) was approximately HK\$21.7 billion, and overall financial and operating conditions remained sound.

The high net debt ratio for the current period is a short-term phenomenon. The Group will continue to exercise efficient control, plan cash flow accurately, increase contract sales and accelerate capital recovery, while optimizing the debt structure and controlling the debt level at a reasonable level.

Target and outlook for 2023

enterprise cooperation, Leverage the amplifying effect of funds, open the market to select the best, continue to expand channels and enrich business forms and the space for quality industries.

As for property development, the Group's saleable property value in the second half of the year will be approximately RMB35 billion, with upcoming projects including Shenzhen Pingshan East City, Zhongshan Bay New City, Wuhan Nanhuanh0.8 (l)5.3m-1.716 TDR (l)5.o(ond)11.1 (h) B5 nh0.y (,)Tj()Tj-f

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