瑞安房地產
SHUI ON LAND

Shui On Land Limited

瑞安房地產有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 272)

Announcement of 2021 Interim Results

HIGHLIGHTS

- **Return to Profitability:** The Group recorded a profit of RMB1,288 million in the first half of 2021 ("1H 2021"), while profit attributable to shareholders totaled RMB1,082 million. This is a sharp recovery from the first half of 2020 ("1H 2020"), when the Group reported a net loss due to impacts from the COVID-19 outbreak in China. The strong performance in 1H 2021 was underpinned by robust residential sales and strong growth in rental income.

- **Property sales increased 62.4x Y/Y:** Property sales revenue for 1H 2021 increased significantly by 62.4x to RMB10,214 million due to contributions from Shanghai Taipingqiao Ville V (Lot 118) and Wuhan Tiandi La Riva II (Lot B10).

- **Strong recovery in the commercial portfolio:** Total rental & related income (including joint ventures and associates) was RMB1,570 million, representing a robust growth of 32% Y/Y. Amongst our retail properties, overall sales have significantly recovered since the third quarter of 2020. In June 2021, overall sales reached 149% of 2020 levels. For our office portfolio, occupancy rates have steadily increased during the period, reaching an average of 90% as of June 2021.

- **Maintaining a strong balance sheet:** The net gearing ratio stayed at a very healthy 45%, the same level as 31 December 2020 (45%). Cash and bank deposits totaled RMB14,367 million. We expect to maintain a prudent approach in managing our balance sheet.

- **Interim dividend declared:** Having taken into consideration that the Group's financial position and improved profit, the Board has resolved to recommend the payment of a 2021 interim dividend of HKD0.036 per share (1H 2020: nil).

- **Key achievements in our Sustainability strategy:** In March 2021, the Group became the first China-based developer to commit to the Science-Based Targets initiatives ("SBTi"), targeting to limit global warming to well below 2°C. The Group also successfully issued our inaugural Sustainability-Linked Bond due June 2026 @5.50%, with an aggregate principal amount of USD400 million. This transaction marked another milestone in the Group's journey in green and sustainable finance.

Website: www.shuionland.com

PERFORMANCE HIGHLIGHTS

	1H 2021	1H 2020	Year-on-Year Growth/ (Decline)
Grand total rental & related income (RMB'million)	**1,570**[1]	**1,192**[1]	**32%**
Contracted sales (RMB'million)	**12,115**	**6,222**	**95%**
Subscribed sales (RMB'million)	**1,821**	**9,201**	**(80%)**
Selected Financial Information (RMB'million)			
Revenue	11,977	1,450	726%
Property sales recognised as revenue	10,214	161	6244%
Consolidated rental and related income	1,247	987	26%
Gross profit	4,944	964	413%
Profit/(loss) for the period	1,288	(1,286)	(200%)
Profit/(loss) attributable to shareholders of the Company	1,082	(1,622)	(167%)
Selected Financial Ratios			
Gross profit margin	41%	66%	(25ppt)
Net Profit/(loss) margin	11%	(89%)	100ppt
Earnings/(loss) per share (basic), RMB cents	13.5	(20.2)	(167%)

Selected Balance Sheet Data (RMB'million)	**30 June 2021**	**31 December 2020**	**Changes**
Total assets	109,699	115,475	(5%)
Cash and bank deposits	14,367	15,796	(9%)
Total indebtedness	35,693	36,859	(3%)
Net debt	21,326	21,063	1%
Total equity	47,913	46,733	3%
Net gearing (Net debt-to-equity ratio), at the end of period	45%	45%	-
Average cost of indebtedness, at the end of period	4.5%	4.8%	(0.3ppt)
Landbank (GFA, million sq.m.)			
Total leasable and saleable landbank	6.1	6.4	(5%)
Attributable leasable and saleable landbank	3.9	4.1	(5%)

[1] *Including rental income from Shanghai RHXC Commercial Partnership Portfolio, Shanghai Taipingqiao 5 Corporate Avenue, and Nanjing International Finance Center, in which the Group has 49.5%, 44.55%, and 50% effective interest, respectively.*

BUSINESS REVIEW

Shui On Land is a leading commercial property-focused developer, owner, and asset manager in China, anchored by a prime city centre portfolio in Shanghai. We believe in the creation of long-term value through the design, development, and management of unique office and retail products. Our Asset Light Strategy, which enables us to greatly enhance our financial strength, diversify our capital base and invest in new opportunities, will greatly facilitate this strategic transformation. At the same time, since the inception of Shui On Land, sustainable development has been part of our DNA, and we have always been committed to caring for the environment, to preserving and rejuvenating cultural heritage, and to building and sustaining vibrant communities.

Our vision is to be a Pioneer in Sustainable Urban Communities. Sustainable Development is an intergraded part of our business strategy. We employ a people-centric, sustainable approach to design and build master-planned communities, and we have a widely recognised record of accomplishment in sustainable development.

KEY ACHIEVEMENTS IN 1H 2021

- In 1H 2021, we recorded contracted sales of RMB12.1 billion, representing a 95% Y/Y increase. This includes the launch of Shanghai Rui Hong Xin Cheng Ocean One's (Lot 7) first batch in January and Shanghai Panlong Tiandi's first batch last October, which together recorded approximately RMB7.0 billion of contracted sales in 1H 2021. RMB1.8 billion of subscribed sales as of 30 June 2021 is expected to be subsequently turned into contracted property sales in the second half of 2021 ("2H 2021") and beyond.

- Our commercial property portfolio has seen strong rental income growth. Including the properties held by joint ventures and associates, total rental and related income increased by 32% Y/Y to RMB1,570 million in 1H 2021, of which 73% of the rental and related income was contributed by the portfolio located in Shanghai. Of note, our flagship Shanghai Taipingqiao project recorded a 44% growth in rental and related income to RMB359 million.

- The Group formed a joint venture ("JV") with Shanghai Yongye Enterprise (Group) Co., Ltd. on a 50/50 basis for carrying out the property development project at the Lands in Huangpu District, Shanghai. The Lands comprise the Land Parcel 122-1, the Land Parcel 122-2, and the Land Parcel 122-3. The total site area of the Lands is approximately 24,000 sq.m.. The Lands will be mainly for mixed-use development comprising residential, commercial, and ancillary facilities with a gross floor area estimated to be 99,600 sq.m.. It enables the Group to further expand its footprint in the world-renowned Shanghai Xintiandi area.

- In March 2021, the Group became the first China-based developer to commit to the SBTi, targeting to limit global warming to well below 2°C. On 29 June 2021, the Group successfully issued its inaugural USD400 million Sustainability-Linked Bond ("SLB") under the Sustainability-Linked Bond Framework (the "SLB Framework"). The SLB has a target of reducing our Scope 1 and 2 GHG emissions intensity (per sq.m.) by 25% by 2024 from a 2019 baseline.

A LEADING PLAYER IN SHANGHAI COMMERCIAL REAL ESTATE

The Group currently holds and manages a total GFA of 1.72 million sq.m. of retail and office space in Shanghai (the "Shanghai Portfolio"), in which 63% of the GFA was completed for rental income and the remaining was under development. Our existing office and retail portfolio is amongst the largest in Shanghai. As of 30 June 2021, the total asset value of the Shanghai Portfolio was approximately RMB79 billion. Total asset value attributable to the Group was approximately RMB46 billion, representing an effective interest of 58% in the portfolio.

The table below summarises the development status, asset value, and ownership of the Group in the portfolio as of 30 June 2021.

Project	Office GFA sq.m.	Retail GFA sq.m.	Total GFA sq.m.	Attributable GFA sq.m.	Asset Value as of 30 June 2021 RMB'billion	% of ownership
Completed properties						
Shanghai Xintiandi, Xintiandi Style I & II, XINTIANDI PLAZA, Shui On Plaza	36,000	104,000	140,000	128,100	12.60	100%/99%/80%/80%
THE HUB	93,000	170,000	263,000	263,000	8.95	100%
Shanghai RHXC	12,000	294,000	306,000	151,500	9.17	49.5%
Shanghai KIC	186,000	67,000	253,000	117,300	8.49	44.27%/50.49%
INNO KIC	41,000	4,000	45,000	45,000	1.46	100%
5 Corporate Avenue, HUBINDAO	52,000	27,000	79,000	35,200	6.60	44.55%
Subtotal	**420,000**	**666,000**	**1,086,000**	**740,100**	**47.27**	
Land & properties under development						
Shanghai Taipingqiao						
Lots 123, 124 &132	192,000	84,000	276,000	69,000	18.33	25%
Shanghai RHXC						
Ruihong Tiandi Lot 167B	107,000	12,000	119,000	58,300	4.33	49%
Ruihong Corporate Avenue	135,000	-	135,000	66,800	5.87	49.5%
Shanghai Hong Shou Fang	48,000	14,000	62,000	62,000	2.12	100%
Shanghai Panlong Tiandi	-	44,000	44,000	35,200	0.64	80%
Subtotal	**482,000**	**154,000**	**636,000**	**291,300**	**31.29**	
Grand Total	**902,000**	**820,000**	**1,722,000**	**1,031,400**	**78.56**	

INVESTMENT PROPERTY PERFORMANCE

Rental and Related Income, Occupancy Rate of the Investment Properties

The table below provides an analysis of the rental and related income, occupancy rate from investment properties for 1H 2021 and 1H 2020:

Project	Product	Leasable GFA	Rental & related income RMB'million		Changes	Occupancy rate		Changes
		sq.m.	1H 2021	1H 2020	%	30 Jun 2021	31 Dec 2020	ppt
Shanghai Taipingqiao								
Shanghai Xintiandi & Style I	Office/ Retail	54,000[1]	232	123	89%	99%	97%	2
Xintiandi Style II	Retail	26,000	36	43	(16%)	74%[2]	83%[2]	(9)
Shui On Plaza & XINTIANDI PLAZA	Office / Retail	53,000	91	84	8%	97%	89%	8
THE HUB	Office/ Retail	263,000	240	216	11%	97%	94%	3
Shanghai KIC	Office/Retail/Hotel	247,000	256	215	19%	96%	94%	2
INNO KIC	Office/ Retail	45,000	32	18	78%	87%	84%	3
Wuhan Tiandi	Retail	238,000	178	132	35%	88%	89%	(1)
Foshan Lingnan Tiandi	Office/ Retail	142,000	133	121	10%	94%	94%	-
Chongqing Tiandi	Retail	131,000[3]	37	25	48%	92%	85%	7
Nanjing INNO Zhujiang Lu	Office/ Retail	16,000	12	10	20%	91%	85%	6
Consolidated rental and related income		**1,215,000**	**1,247**	**987**	**26%**			
Shanghai RHXC[4] (Classified as joint venture income)	Retail	111,000	97	75	29%	82%	85%	(3)
Shanghai Taipingqiao 5 Corporate Avenue, HUBINDAO[5] (Classified as associate income)	Office/Retail	79,000	169	130	30%	88%	91%	(3)
Nanjing International Finance Center [6] (Classified as joint venture income)	Office/Retail	87,000	57	-	-	66%	-	-
Grand Total		**1,492,000[7]**	**1,570**	**1,192**	**32%**			

Notes:

[1] A total leasable GFA of 15,000 sq.m. was under AEI since March 2019 and was re-opened in Nov 2020.

[2] The drop in occupancy rate is due to vacating of tenants in preparation for AEI work in 2021.

[3] 8 Corporate Avenue retail podium with a total GFA of 31,000 sq.m. is undergoing repositioning and tenant upgrades.

[4] The Group held 49.5% effective interest in the property. Rental and related income attributable to the Group was RMB48 million in 1H 2021 and RMB37 million in 1H 2020.

[5] The acquisition of 5 CA was completed on 20 June 2019. The Group held 44.55% effective interest of the property. Rental and related income attributable to the Group was RMB75 million in 1H 2021 and RMB58 million in 1H 2020.

[6] The acquisition of Nanjing International Finance Center was completed in February 2021. The Group held 50% effective interest in the property. Rental and related income attributable to the Group was RMB29 million in 1H 2021.

[7] A total GFA of 15,000 sq.m. located at Shanghai Shui On Plaza, Shanghai KIC, and Foshan Lingnan Tiandi were occupied by the Group and were excluded from the above table.

Consolidated rental and related income of the Group increased by 26% to RMB1,247 million in 1H 2021 compared to RMB987 million in 1H 2020, as the Group's commercial asset performance gradually recovered from COVID-19 and rental concessions and other reliefs offered to retail tenants in 1H 2020.

Including the properties held by joint ventures and associates, the total rental and related income increased by 32% Y/Y to RMB1,570 million in 1H 2021, of which 73% of the rental and related income was contributed by the portfolio located in Shanghai, with the remaining from other cities in China.

Performances by Major Projects

The rental and related income of **Shanghai Taipingqiao** increased by 44% to RMB359 million. The strong performance was due to higher shopper traffic and retail sales growth as well as good performance from "**Xintiandi Style I**", which soft-opened in November 2020 after AEI and repositioning. Also, a series of tenant upgrades took place with many new tenants, such as Butterful&Creamorous, Qeelin, and Le Templer.

THE HUB and **KIC** recorded 11% and 19% of rental and related income growth, respectively, in 1H 2021 compared to 1H 2020. The increase was due to stronger shopper traffic and retail sales growth as well as positive rental reversion achieved during the period. **INNO KIC**, which has a total GFA of 45,000 sq.m., contributed RMB32 million rental and related income in 1H 2021 with a current occupancy rate of 87% at the end of June 2021.

Overall, **Wuhan Tiandi** achieved rental and related income of RMB178 million compared to RMB132 million in 1H 2020. After taking a hit from COVID-19 last year, Wuhan Tiandi has achieved robust growth in rental and related income at 35% compared to the same period in 2020. The overall occupancy rate was stable at 88%.

The rental and related income generated from **Foshan Lingnan Tiandi** reached RMB133 million, a 10% increase from 1H 2020. The occupancy rate for the **NOVA shopping mall** stayed at 98% as of 30 June 2021, and the overall occupancy rate for the Lingnan Tiandi was 88%. Foshan Lingnan Tiandi phase 3, which had a soft opening in June 2020, contributed to rental and related income in 1H 2021.

Rental and related income of **Chongqing Tiandi** picked up in 1H 2021. The occupancy rate was 99% for the Tiandi retail area, and the occupancy rate of **6 and 7 Corporate Avenue retail podium** (Lot B12-3 Retail) was 81%. **8 Corporate Avenue retail podium** (Lot B12-4 Retail) has also started leasing post-repositioning.

The Group currently has two asset-light management projects in Nanjing. **Nanjing INNO Zhujiang Lu** – a predominantly office project - has a total GFA of 16,000 sq.m. under management by the Group, under a long-term lease contract with a third party landlord. The property commenced operation in 2018. The occupancy rate was 91% as of the end of June 2021. **Nanjing Bai Zi Ting** has a total GFA of 48,000 sq.m. and is primarily a retail and culture-focused project.

Valuation of the Investment Property Portfolio

The carrying value of the completed and under development investment properties at valuation (excluding hotels for operation and self-use properties) with a total GFA of 1,949,500 sq.m. was RMB50,042 million as of 30 June 2021. The overall fair value of the portfolio increased by RMB10 million during 1H 2021. The properties located in Shanghai, Wuhan, Foshan, Chongqing, and Nanjing, respectively, contributed 67%, 13%, 17%, 3%, and 0.2% of the carrying value.

The table below summarises the carrying value of the investment properties at valuation as of 30 June 2021 together with the change in fair value for 1H 2021:

Project	Leasable GFA	Increase /(decrease) in fair value for 1H 2021	Carrying value as of 30 June 2021	Fair Value gain/(loss) to carrying value	Attributable carrying value to the Group
	sq.m.	RMB'million	RMB'million	%	RMB'million
Completed investment properties at valuation					
Shanghai Taipingqiao					
Shanghai Xintiandi and Xintiandi Style I & II	80,000	31	7,915	0.4%	7,896
Shui On Plaza (Office) and XINTIANDI PLAZA	53,000	(78)	4,096	(1.9%)	3,317
THE HUB	263,000	28	8,946	0.3%	8,946
Shanghai KIC	247,000	22	8,293	0.3%	3,832
INNO KIC	45,000	1	1,460	0.1%	1,460
Shanghai RHXC	500	-	8	-	8
Wuhan Tiandi	238,000	33	6,461	0.5%	6,461
Foshan Lingnan Tiandi	142,000	13	4,134	0.3%	4,134
Chongqing Tiandi	131,000	10	1,541	0.6%	1,525
Subtotal	**1,199,500**	**60**	**42,854**	**0.1%**	**37,579**
Investment properties under development at valuation					
Shanghai Panlong Tiandi	44,000	19	635	3.0%	508
Shanghai Hong Shou Fang	62,000	3	2,117	0.1%	2,117
Foshan Lot A	254,000	(33)	1,888	(1.7%)	1,888
Foshan Lots B/C	374,000	(34)	2,450	(1.4%)	2,450
Subtotal	**734,000**	**(45)**	**7,090**	**(0.6%)**	**6,963**
Investment property - sublease of right-of-use assets					
Nanjing INNO Zhujiang Lu	16,000	(5)	98	(5.1%)	98
Grand Total	**1,949,500**[1]	**10**	**50,042**	**0.02%**	**44,640**

Note:

[1] Hotels for operation and self-use properties are classified as property and equipment in the interim condensed consolidated statement of financial position, and their leasable GFA is excluded from this table.

PROPERTY SALES PERFORMANCE

Recognised Property Sales

For 1H 2021, total recognised property sales were RMB14,921 million (after deduction of applicable taxes). The increase was mainly due to the handover of TPQ Ville V (Lot 118), RHXC Parkview (Lot 1), and Wuhan Tiandi La Riva II (B10). The average selling price ("ASP") excluding carparks increased by 12% to RMB56,900 per sq.m. compared to 1H 2020, as more recognised sales were recorded from projects with higher ASP in Shanghai.

The table below summarises by project the recognised property sales (stated after the deduction of applicable taxes) for 1H 2021 and 1H 2020:

	1H 2021			**1H 2020**		
Project	**Sales revenue**	**GFA sold**	**ASP[1]**	**Sales revenue**	**GFA sold**	**ASP[1]**
	RMB' million	sq.m.	RMB per sq.m.	RMB' million	sq.m.	RMB per sq.m.
Shanghai Taipingqiao						
Residential (Lot 118)	5,935	39,500	164,500	-	-	-
Shanghai RHXC						
Residential (Lot 2)	-	-	-	65	700	98,600
Residential (Lot 1)	3,006	29,900	109,600	-	-	-
Retail	-	-	-	42	500	88,000
Wuhan Tiandi						
Residential	4,073	103,900	43,000	-	-	-
Wuhan Optics Valley Innovation Tiandi						
Residential	67	4,500	16,200	-	-	-
Foshan Lingnan Tiandi						
Residential	171	7,400	25,300	2	100	20,000
Retail	11	1,400	8,600	-	-	-
Chongqing Tiandi						
Residential	1,594[2]	98,100	21,600	-	-	-
Office & Retail	15	1,000	16,700	39	1,800	23,300
Subtotal	**14,872**	**285,700**	**56,900**	**148**	**3,100**	**50,600**
Carparks	49			117		
Subtotal	**14,921**	**285,700**	**57,100**	**265**	**3,100**	**87,100**
Recognised as:						
- property sales in revenue of the Group[3]	10,214			161		
- revenue of associates	4,640			104		
- revenue of joint ventures	67			-		
Grand Total	**14,921**			**265**		

Notes:

1 *The calculation of ASP per sq.m. is based on gross sales revenue before the deduction of applicable taxes.*

2 *ASP of Chongqing residential sales is based on net floor area, a common market practice in the region. Residential sales of RMB1,594 million, ancillary retail space of RMB11 million, and carparks sales of RMB29 million were contributed by Chongqing Tiandi partnership portfolio and were recognised as revenue of associates in 1H 2021. The Group holds 19.8% interest in the partnership portfolio.*

3 *Sales of commercial properties are recognised as "revenue" if the properties concerned are designated for sale prior to the commencement of development. Sales of commercial properties previously designated as held for capital appreciation or rental income are recognised as "disposal of investment properties".*

Contracted Property Sales, Subscribed Sales, and Locked-in Sales

The Group's contracted property sales increased by 95% to RMB12,115 million in 1H 2021, compared to RMB6,222 million in 1H 2020, with residential property sales accounting for 98% and the remainder contributed by the sale of commercial units. The increase was due to strong sales performance in Shanghai RHXC Ocean One (Lot 7) and Shanghai Panlong Tiandi. The Group expects to launch more residential property developments in 2H 2021, subject to the latest construction progress of the developments and government pre-sale approval timing. The ASP of property sales was RMB51,400 per sq.m. in 1H 2021, compared to RMB64,200 per sq.m. in 1H 2020. The decrease was mainly due to changes in the project mix. In 1H 2020, a higher proportion of contracted property sales was generated from higher ASP projects in Shanghai.

As of 30 June 2021:

i) a total subscribed sale of RMB1,821 million was recorded, among which RMB1,461 million was from Shanghai RHXC Ocean One (Lot 7). These are subject to formal sales and purchase agreements in the coming months.

ii) a total locked-in sale of RMB17.5 billion was recorded and available for delivery to customers and recognition as revenue in 2H 2021 and beyond.

The table below provides an analysis by project of contracted sales (stated before the deduction of applicable taxes) for 1H 2021 and 1H 2020:

	1H 2021			1H 2020		
Project	**Contracted amount**	**GFA sold**	**ASP**	**Contracted amount**	**GFA sold**	**ASP**
	RMB' million	sq.m.	RMB per sq.m.	RMB' million	sq.m.	RMB per sq.m.
Residential property sales:						
Shanghai Taipingqiao	968	5,700	169,800	470	2,650	177,400
Shanghai RHXC (Lot 7) [1]	4,193	36,500	114,900	-	-	-
Shanghai RHXC (Lot 1) [1]	599	5,500	108,900	3,632	34,100	106,500
Shanghai Panlong Tiandi	2,849	46,400	61,400	-	-	-
Wuhan Tiandi	-	-	-	1,344	28,950	46,400
Wuhan Optics Valley Innovation Tiandi	848	38,000	22,300	4	200	20,000
Foshan Lingnan Tiandi	71	2,800	25,400	329	13,300	24,700
Chongqing Tiandi [2]	2,300	95,700	29,300	278	16,600	20,400
Carparks	46	-	-	107	-	-
Subtotal	**11,874**	**230,600**	**51,500**	**6,164**	**95,800**	**64,300**
Commercial property sales:						
Shanghai RHXC	185	2,100	88,100	44	500	88,000
Foshan Lingnan Tiandi	12	1,400	8,600	-	-	-
Chongqing Tiandi	44	1,700	25,900	14	600	23,300
Subtotal	**241**	**5,200**	**46,300**	**58**	**1,100**	**52,700**
Grand Total	**12,115**	**235,800**	**51,400**	**6,222**	**96,900**	**64,200**

Notes:

[1] *The Group held 49.5% of the properties.*

[2] *ASP of Chongqing residential sales is based on net floor area, a common market practice in the region. Chongqing Tiandi partnership portfolio is a project developed by associates of the Group. The Group held 19.8% interest in the partnership portfolio.*

Residential GFA Available for Sale and Pre-sale in 2H 2021 and beyond

The Group has approximately 387,300 sq.m. of residential GFA spanning seven projects available for sale and pre-sale during 2H 2021 and beyond, as summarised below:

Project	**Product**	**Available for sale and pre-sale in 2H 2021 and beyond**		
		GFA in sq.m.	Group's interests %	Attributable GFA in sq.m.
Shanghai Taipingqiao Lot 118	High-rises	36,800	99%	36,400
Shanghai RHXC Lot 7	High-rises	124,700	49.50%	61,700
Shanghai RHXC Lot 167A	High-rises	46,700	49%	22,900
Shanghai Panlong Tiandi	High-rises	75,700	80%	60,600
Wuhan Tiandi	High-rises	4,200	100%	4,200
Wuhan Optics Valley Innovation Tiandi	High-rises	47,800	50%	23,900
Foshan Lingnan Tiandi	High-rises	100	100%	100
Chongqing Tiandi	High-rises	51,300	19.80%	10,200
Total		**387,300**		**220,000**

By way of a cautionary note, the actual market launch dates depend on and will be affected by factors such as construction progress, changes in market environments, and changes in government regulations.

The following section provides further details of the development progress and completion of each of the projects located in Shanghai, Wuhan, Foshan, and Chongqing.

PROPERTY DEVELOPMENT

Residential Properties under Development

Shanghai Taipingqiao **-** Ville V (Lot 118) phase I was completed in May 2021 with a total GFA of 40,000 sq.m. for residential use. The Group launched the first batch for presales on 24 June 2020 with a total GFA of 40,000 sq.m.. A total amount equivalent to RMB5.9 billion was handed over and recognised as revenue during 1H 2021. The Group plans to launch the remaining batch for contracted sales in 2H 2021.

Shanghai RHXC **-** Parkview (Lot 1) has a total GFA of 107,000 sq.m. for residential use and 3,000 sq.m. for retail shops. The Group launched the first batch for pre-sale in late December 2019 and achieved RMB784 million in contracted sales for 1H 2021. All the units have been contracted or subscribed to as of 30 June 2021. A total GFA of 30,000 sq.m. was delivered in 1H 2021. Ocean One (Lot 7) has a total GFA of 161,000 sq.m. for residential and 2,000 sq.m. for retail shops. The first pre-sale took place in January 2021 with 240 units, and RMB4.2 billion were contracted in 1H 2021.

Shanghai Panlong Tiandi **-** Construction work on Lot 6 and Lot 11 commenced in March 2020, with a saleable GFA of 160,000 sq.m. for residential use. The Group launched the first batch in October 2020 with a total GFA of 94,800 sq.m.. RMB2.9 billion and RMB2.8 billion contracted sales were achieved in 2020 and 1H 2021, respectively. Handover is slated to commence in 2H 2021. Lot 5 started construction in November 2020 and is planned for pre-sale in 2H 2021.

Wuhan Tiandi **-** La Riva II (Lot B10) is developed into high-rise residential apartments with a total GFA of 114,000 sq.m.. A total of 27,500 sq.m. was launched for pre-sale in late 2018, and another 52,500 sq.m. was launched for pre-sale in 2019. The remaining portion with 34,000 sq.m. was launched in late April 2020 with over RMB1.6 billion property sales on the day of launch. A total amount of RMB4.1 billion was recognised in revenue in 1H 2021.

Wuhan Optics Valley Innovation Tiandi **-** The site was acquired in 2017. The second phase (Lot R5) with saleable GFA of 111,000 sq.m. commenced a new batch of pre-sale with 127 units in 1H 2021 and achieved RMB800 million contracted sales during the period.

Foshan Lingnan Tiandi **-** The Masterpiece (Lot 13a) with a total GFA of 50,000 sq.m. for residential use and 1,000 sq.m. for retail space was launched for pre-sale in late 2019. A total GFA of 41,900 sq.m. was delivered in 2020, and the remaining 7,400 sq.m. was handed over in 1H 2021.

Chongqing **-** GLORY MANSION (Lot B13) phase I with a total GFA of 98,000 sq.m. was completed and handed over. GLORY MANSION phase II with a total GFA of 153,000 sq.m., GLORIOUS RIVER (Lots B5&B10) with a total GFA 176,000 sq.m. and QUIET MANSION (Lot B24-6) with a total GFA of 72,000 sq.m. were under construction. The Group holds 19.8% interest in the partnership portfolio.

Commercial Properties under Development

Shanghai Taipingqiao **-** CPIC XINTIANDI COMMERCIAL CENTER (Lots 123, 124 &132) held a groundbreaking ceremony in September 2019. The sites will be developed into a commercial complex comprising three Grade-A office towers with a total GFA of 192,000 sq.m. and an all-weather street style shopping mall, comprising 84,000 sq.m.. The construction of the office towers is planned for completion from 2022 to 2023 in phases, and the shopping mall is planned to be handed over in 2023. The Group holds a 25% interest in the development.

Shanghai RHXC **-** Construction work Ruihong Tiandi Lot 10 commenced in 2017. It will be developed into a commercial complex comprising two Grade-A Office Towers named Ruihong Corporate Avenue with a total GFA of 147,000 sq.m., and a shopping mall named Hall of the Sun, comprising 183,000 sq.m.. The construction of the shopping mall has been completed and aimed for a soft opening in September. The development of the office was completed in July 2021.

Shanghai Hong Shou Fang **-** the Group acquired a commercial site located in Hong Shou Fang in the Putuo District of Shanghai with a total GFA of 48,000 sq.m. office and 14,000 sq.m. retail in 2019. Construction work commenced in 2H 2020 and is planned for completion in 2022. The Group holds a 100% interest in the site.

Wuhan Tiandi **-** Lot A1 office building with a total GFA of 160,000 sq.m. is under construction. It is planned for completion in 2H 2021.

By way of a cautionary note, the actual completion and launch dates depend on and will be affected by, construction progress, changes in market environments, changes in government regulations, and other factors. The Group plans its project construction while adapting to government policy changes, as well as implementing operational adjustments to enhance turnover and increase development efficiency. The Group will also adjust the progress of construction, delivery plan, and launch schedules in accordance with the sales conditions of each project, and with respect to rapidly changing market conditions.

LANDBANK

As of 30 June 2021, the Group’s landbank was 8.4 million sq.m. (comprising 6.1 million sq.m. of leasable and saleable area, and 2.3 million sq.m. for clubhouses, car parking spaces, and other facilities), spreading across twelve development projects located in the prime areas of five major PRC cities, namely: Shanghai, Wuhan, Foshan, Chongqing, and Nanjing. The leasable and saleable GFA attributable to the Group was 3.9 million sq.m.. Of the total leasable and saleable GFA of 6.1 million sq.m., approximately 1.9 million sq.m. was completed and held for sale and/or investment. Approximately 2.3 million sq.m. was under development, and the remaining 1.9 million sq.m. was held for future development.

The Group successfully acquired a mixed-use Grade-A landmark property in Nanjing with Grosvenor on a 50/50 basis in February 2021. The property consists of a 45-storey Grade-A office tower, a 7-storey retail podium, as well as 278 underground parking lots with a total GFA of 118,000 sq.m..

By way of a cautionary note, the actual completion date and relocation cost of the above-mentioned sites depend on and will be affected by changes in government regulations, negotiations with relevant parties, and other factors. The above represents the best estimates as of the reporting year.

The Group's total landbank as of 30 June 2021, including that of its joint ventures and associates, is summarised below:

Project	Approximate/Estimated leasable and saleable GFA								
	Residential	Office	Retail	Hotel/ serviced apartments	Subtotal	Clubhouse, carpark and other facilities	Total	Group's interests	Attributable leasable and saleable GFA
	sq.m.	sq.m.	sq.m.	sq.m.	sq.m.	sq.m.	sq.m.		sq.m.
Completed properties:									
Shanghai Taipingqiao	1,000	88,000	131,000	-	**220,000**	92,000	**312,000**	99.00%[1]	164,000
Shanghai RHXC	4,000	12,000	297,000	-	**313,000**	248,000	**561,000**	99.00%[2]	155,000
Shanghai KIC	-	164,000	67,000	22,000	**253,000**	142,000	**395,000**	44.27%[3]	117,000
THE HUB	-	93,000	170,000	-	**263,000**	72,000	**335,000**	100.00%	263,000
INNO KIC	-	41,000	4,000	-	**45,000**	18,000	**63,000**	100.00%	45,000
Wuhan Tiandi	10,000	-	238,000	-	**248,000**	279,000	**527,000**	100.00%	248,000
Wuhan Optics Valley Innovation Tiandi	114,000	-	3,000	-	**117,000**	104,000	**221,000**	50.00%	59,000
Foshan Lingnan Tiandi	2,000	16,000	158,000	43,000	**219,000**	152,000	**371,000**	100.00%	219,000
Chongqing Tiandi	-	-	135,000	-	**135,000**	273,000	**408,000**	99.00%[4]	130,000
Nanjing International Finance Center	-	72,000	15,000	-	**87,000**	18,000	**105,000**	50.00%	44,000
Subtotal	**131,000**	**486,000**	**1,218,000**	**65,000**	**1,900,000**	**1,398,000**	**3,298,000**		**1,444,000**
Properties under development:									
Shanghai Taipingqiao	38,000	192,000	84,000	-	**314,000**	138,000	**452,000**	99.00%[5]	107,000
Shanghai RHXC	247,000	135,000	3,000	-	**385,000**	94,000	**479,000**	49.50%[6]	190,000
Shanghai Panlong Tiandi	259,000	-	44,000	4,000	**307,000**	129,000	**436,000**	80.00%	246,000
Shanghai Hong Shou Fang	-	48,000	14,000	-	**62,000**	22,000	**84,000**	100.00%	62,0000
Wuhan Tiandi	72,000	160,000	1,000	-	**233,000**	62,000	**295,000**	100.00%	233,000
Wuhan Optics Valley Innovation Tiandi	36,000	119,000	14,000	-	**169,000**	78,000	**247,000**	50.00%	85,000
Foshan Lingnan Tiandi	-	-	1,000	-	**1,000**	-	**1,000**	100.00%	1,000
Chongqing Tiandi	291,000	258,000	205,000	26,000	**780,000**	374,000	**1,154,000**	19.80%	154,000
Nanjing International Finance Center	-	-	13,000	-	**13,000**	-	**13,000**	50.00%	7,000
Subtotal	**943,000**	**912,000**	**379,000**	**30,000**	**2,264,000**	**897,000**	**3,161,000**		**1,085,000**
Properties for future development:									
Shanghai Taipingqiao	81,000	-	-	-	**81,000**	19,000	**100,000**	50.00%	41,000
Shanghai RHXC	-	107,000	12,000	-	**119,000**	39,000	**158,000**	49.00%	58,000
Wuhan Tiandi	39,000	70,000	3,000	-	**112,000**	-	**112,000**	100.00%	112,000
Wuhan Optics Valley Innovation Tiandi	175,000	366,000	333,000	-	**874,000**	-	**874,000**	50.00%	437,000
Foshan Lingnan Tiandi	28,000	450,000	107,000	80,000	**665,000**	-	**665,000**	100.00%	665,000
Chongqing Tiandi	-	-	65,000	-	**65,000**	-	**65,000**	19.80%	13,000
Subtotal	**323,000**	**993,000**	**520,000**	**80,000**	**1,916,000**	**58,000**	**1,974,000**		**1,326,000**
Total landbank GFA	**1,397,000**	**2,391,000**	**2,117,000**	**175,000**	**6,080,000**	**2,353,000**	**8,433,000**		**3,855,000**

Notes:

1 *The Group has a 99.00% interest in all the remaining lots, except for Shanghai Xintiandi, Shui On Plaza including XINTIANDI PLAZA, 15th floor in Shui On Plaza, 5 CA and Lot 116, in which the Group has an effective interest of 100.00%, 80.00%, 100.00%, 44.55%, and 98.00%, respectively.*

2 *The Group has a 99.00% effective interest in all the remaining lots, except for The Palette 3, Hall of the Stars, Hall of the Moon, Hall of the Sun, and Parkview, in which the Group has an effective interest of 49.50%.*

3 *The Group has a 44.27% effective interest in all the remaining lots, except for Shanghai KIC Lot 311, in which the Group has an effective interest of 50.49%.*

4 *The Group has a 99.00% effective interest in all the remaining lots, except for Lot B13, Lot B14, and Lot B15, in which the Group has an effective interest of 19.80%.*

5 *The Group has a 99.00% interest in Lot 118 for residential use, a 25.00% interest in Lots 123, 124 & 132 for office and retail uses.*

6 *The Group has a 49.50% effective interest in Lot 10 for office use and Lot 7 for residential use, and 49.00% interest in Lot 167A for residential use.*

FINANCIAL REVIEW

The Group's ***revenue*** for the six months ended 30 June 2021 ("1H 2021") jumped by 726% to RMB11,977 million (1H 2020: RMB1,450 million), mainly from a significant increase in property sales.

Property sales in 1H 2021 increased sharply to RMB10,214 million (1H 2020: RMB161 million), mainly comprised of RMB5,935 million from Taipingqiao Ville V and RMB4,073 million from Wuhan Tiandi La Riva II. As a comparison, property sales in 1H 2020 comprised primarily sales of property and carpark inventories at different projects.

Income from property investment in 1H 2021 increased to RMB1,271 million (1H 2020: RMB1,003 million), of which ***rental and related income*** from investment properties was RMB1,247 million (1H 2020: RMB987 million), representing a 26% Y/Y increase. During 1H 2020, the operations and performances of our investment properties were significantly affected by the outbreak of COVID-19, resulting in a notable decline in rental and related income. There was no such negative impact during 1H 2021.

Rental and related income from the Group's Shanghai properties, which accounted for 71% (1H 2020: 71%) of the total rental and related income, increased by 27% to RMB887 million (1H 2020: RMB699 million). The rental and related income from the Group's non-Shanghai properties totaled RMB360 million in 1H 2021, representing a 25% Y/Y increase.

Construction income generated by the construction business increased to RMB268 million in 1H 2021 (1H 2020: RMB116 million). The increase was mainly generated from the construction services rendered to the local government at Shanghai's Qingpu District.

Gross profit in 1H 2021 recorded a 413% Y/Y increase to RMB4,944 million (1H 2020: RMB964 million) which was resulted from the significant increase in Group revenue, while ***gross profit margin*** declined to 41% (1H 2020: 66%) due to a lower proportion of gross profit contributed by property investment, accounting for 20% (1H 2020: 78%) of total gross profit.

Other income in 1H 2021 declined 15% to RMB108 million (1H 2020: RMB127 million), which is mainly comprised of bank interest income and interest income from joint ventures and associates. The fall in other income was due to the decrease in loans to associates.

Selling and marketing expenses in 1H 2021 increased by 58% to RMB104 million (1H 2020: RMB66 million) as a result of higher selling and promotional activities in 1H 2021, which is in line with the robust property sales in 1H 2021.

General and administrative expenses, which comprises staff costs, depreciation charges, and advisory costs incurred, increased slightly to RMB492 million in 1H 2021 (1H 2020: RMB456 million).

Increase in fair value of investment properties totaled RMB10 million in 1H 2021 (1H 2020: decrease RMB1,510 million), representing a 0.02% increase in valuation when compared with the carrying value of investment properties as of 30 June 2021. The investment property portfolio in Shanghai recorded a valuation gain of RMB26 million, and the investment property portfolio outside Shanghai recorded a slight loss of RMB16 million. The significant decline in the fair value of our investment property portfolio in 1H 2020 reflected the negative financial effects arising from the COVID-19 outbreak. The paragraph titled "Investment Property Performance" in the Business Review Section provides detailed descriptions of these properties.

Other gains and losses recorded a net loss of RMB134 million in 1H 2021 (1H 2020: net loss of RMB163 million), mainly comprised of:

Gains/(losses)	1H 2021 RMB'million	1H 2020 RMB'million
Cost arising from hedging activities	(78)	(66)
Impairment loss for commercial lands costs	-	(452)
(Loss)/gain from fair value change of derivative financial instruments	(16)	32
Premium paid for tender and exchange of senior notes	-	(69)
Loss from fair value change of liability arising from a rental guarantee arrangement	(38)	(43)
Write back of excess provision for relocation costs	-	441

Share of results of associates and joint ventures recorded a gain of RMB200 million in 1H 2021 (1H 2020: loss of RMB57 million). It was mainly contributed by the JV project with GRANDJOY in Shanghai RHXC (Lot 1), which commenced delivery of residential properties in 2H 2020, contributing a gain of RMB163 million (1H 2020: loss of RMB13 million).

Finance costs, inclusive of exchange differences, amounted to RMB498 million in 1H 2021 (1H 2020: RMB808 million). Total interest costs declined by 18% to RMB922 million (1H 2020: RMB1,126 million). Of these interest costs, 42% (1H 2020: 56%) or RMB388 million (1H 2020: RMB629 million) was capitalised as cost of property development, with the remaining 58% (1H 2020:44%) of interest costs relating to mortgage loans on completed properties and borrowings for general working capital purposes accounted for as expenses. An exchange gain of RMB74 million (1H 2020: loss of RMB275 million) was recorded as a result of the appreciation of the RMB against the HKD and the USD in 1H 2021.

Taxation recorded an amount of RMB2,748 million in 1H 2021 (1H 2020: credit of RMB689 million), of which land appreciation tax was RMB1,596 million (1H 2020: RMB30 million). The credit amount taxation in 1H 2020 was due to the recognition of deferred tax assets deriving from tax losses and the reduction in deferred tax provision relating to the investment properties. PRC Enterprise Income Tax has been provided for at the applicable income tax rate of 25% on the assessable profits during the year. Land appreciation tax was levied at progressing rates ranging from 30 percent to 60 percent on the appreciation value, which is the proceeds of properties sales less deductible expenditure including costs of land, development, and construction. In addition, as a result of the overall implementation of the Asset Light Strategy exercise, the Group has adopted the most appropriate tax rates at which to measure deferred tax so as to better reflect our current business model and to allow a more accurate representation of our financial statements. The Group will reassess the accounting treatment on an ongoing basis to ensure the adequacy of the related deferred tax provision on those temporary differences.

Profit in 1H 2021 was RMB1,288 million (1H 2020: loss of RMB1,286 million).

Profit attributable to shareholders of the Company in 1H 2021 was RMB1,082 million (1H 2020: loss of RMB1,622 million).

Core earnings of the Group are as follows:

	Six months ended 30 June		
	2021	2020	Change
	RMB'million	RMB'million	%
Profit/(loss) attributable to shareholders of the Company	**1,082**	(1,622)	
(Increase) /decrease in fair value of investment properties, net of tax	**(5)**	1,192	
Impairment loss on investment properties under development at cost and properties under development for sale, net of tax	**-**	342	
Share of results of joint ventures			
- fair value (gains)/loss of investment properties, net of tax	**(34)**	31	
	(39)	1,565	
Non-controlling interests	**(1)**	(12)	
Net effect of changes in the valuation	**(40)**	1,553	
Profit/(loss) attributable to shareholders of the Company before revaluation	**1,042**	(69)	
Add:			
Profit attributable to owners of convertible perpetual capital securities	**-**	49	
Profit attributable to owners of perpetual capital securities	**126**	137	
Core earnings of the Group	**1,168**	117	898%

Earnings per share in 1H 2021 was RMB13.5 cents, calculated based on a weighted average of approximately 8,044 million shares in issue in 1H 2021 (1H 2020: loss per share RMB20.2 cents, which was calculated based on a weighted average of approximately 8,044 million shares in issue).

Dividends payable to shareholders of the Company have to comply with certain covenants under the senior notes and perpetual capital securities as follows:

- Dividends payable to the shareholders of the Company (together with any redemption, repurchase, or acquisition of the Company's shares) should not exceed 60% of the Company's consolidated profit for the two most recent semi-annual periods prior to payment of the dividend unless certain conditions pursuant to the terms of the senior notes have been met.

- In the case where the Company opts to defer the payment of coupons to the owners of perpetual capital securities, no dividend payments should be made to the shareholders of the Company unless all coupons deferred have been paid in full.

Having taken into consideration the Group's financial performance during the period, the Board has resolved to recommend the payment of a 2021 interim dividend of HKD0.036 per share (1H 2020: nil).

Major Acquisition

In June 2021, the Group, through an indirect wholly-owned subsidiary, established a 50/50 joint venture with a JV partner (Shanghai Yongye Enterprise (Group) Co., Ltd.) to carry out the property development project at the Lands in Huangpu District, Shanghai. The total investment amount of the JV Company is USD1,425 million. For details, please refer to the circular issued by the Company dated 23 July 2021.

Liquidity, Capital Structure, and Gearing Ratio

Up to the date of this announcement, the Group has arranged two repayments of senior notes and one new issuance of senior notes. Refinancing is used to pro-actively manage our overall debt maturity. The details are as follows:

1) In February and March 2021, the Group fully repaid an aggregate principal amount of USD262 million at a yield of 5.700% per annum and an aggregate principal amount of RMB2,200 million senior notes at a yield of 6.875% per annum.

2) On 29 June 2021, the Group issued USD400 million sustainability-linked bonds with a maturity of five years due on 29 June 2026, bearing a coupon at 5.5% per annum.

The structure of the Group's borrowings as of 30 June 2021 is summarised below:

	Total (in RMB equivalent)	**Due within one year**	**Due in more than one year but not exceeding two years**	**Due in more than two years but not exceeding five years**	**Due in more than five years**
	RMB'million	RMB'million	RMB'million	RMB'million	RMB'million
Bank borrowings – RMB	7,489	710	1,582	2,396	2,801
Bank borrowings – HKD	3,960	2,701	1,259	-	-
Bank borrowings – USD	9,179	2,166	5,097	1,916	-
Senior notes – USD	14,558	2,290	-	12,268	-
Receipts under securitisation arrangements – RMB	507	507	-	-	-
Total	35,693	8,374	7,938	16,580	2,801

Total cash and bank deposits amounted to RMB14,367 million as of 30 June 2021 (31 December 2020: RMB15,796 million), which included RMB4,449 million (31 December 2020: RMB4,506 million) of restricted bank deposits, which can only be applied to designated property development projects of the Group.

As of 30 June 2021, the Group's net debt was RMB21,326 million (31 December 2020: RMB21,063 million), and its total equity was RMB47,913 million (31 December 2020: RMB46,733 million). The Group's net gearing ratio was 45% as of 30 June 2021 (31 December 2020: 45%), calculated based on the excess of the sum of senior notes, receipts under securitisation arrangements, bank borrowings net of bank balances, and cash (including restricted bank deposits) over the total equity. Our stable financials should enable the Group to better withstand the volatile macroeconomic conditions in the near future.

As of 30 June 2021, HKD/USD borrowings, including senior notes (unhedged), net off HKD/USD cash, and bank deposits, amounted to approximately RMB13,165 million, which is around 37% of the total borrowings (31 December 2020: 33%).

Total undrawn banking facilities available to the Group amounted to approximately RMB8,697 million as of 30 June 2021 (31 December 2020: RMB7,668 million).

Pledged Assets

As of 30 June 2021, the Group had pledged investment properties, property, and equipment, right-of-use assets, properties under development for sale, and receivables totalling RMB39,570 million (31 December 2020: RMB43,622 million) to secure the Group's borrowings of RMB10,120 million (31 December 2020: RMB11,921 million).

Capital and Other Development Related Commitments

As of 30 June 2021, the Group had contracted commitments for development costs, capital expenditure and other investments in the amount of RMB3,167 million (31 December 2020: RMB2,990 million).

Cash Flow Management and Liquidity Risk

Management of cash flow is the responsibility of the Group's treasury function at the corporate level.

The Group's commitment is to maintain a balance between continuity of funding and flexibility through a combination of internal resources, bank borrowings, and debt financing, as appropriate. The present financial and liquidity position enables the Group to maintain a reasonable liquidity buffer so that sufficient funds are available to meet liquidity requirements at all times.

Exchange Rate and Interest Rate Risks

The Group's revenue is denominated in RMB. Thus, the coupon payments and repayment of the principal amounts of the RMB bank borrowings do not expose the Group to any exchange rate risk.

However, a portion of the revenue is converted into other currencies to meet our foreign-currency-denominated debt obligations, such as bank borrowings denominated in HKD and USD and senior notes and perpetual capital securities denominated in USD issued from 2017 to 2021. Thus, to the extent that the Group has a net currency exposure, there is exposure to fluctuations in foreign exchange rates. As of 30 June 2021, the Group has entered into approximately USD1,560 million and HKD1,050 million of forward contracts to hedge the USD and HKD currency risk against RMB. The Group continues to monitor closely its exposure to exchange rate risk and may further consider additional derivative financial instruments to hedge against its remaining exposure to exchange rate risk, if necessary.

The Group's exposure to interest rate risk results from fluctuations in interest rates. Most of the Group's bank borrowings consist of variable rate debt obligations with original maturities ranging from three to fifteen years for both project construction loans and mortgage loans. Increases in interest rates would raise interest expenses relating to the outstanding variable rate borrowings and cost of new debt. Fluctuations in interest rates may also lead to significant fluctuations in the fair value of the debt obligations.

On 30 June 2021, the Group had various outstanding loans that bear variable interests linked to Hong Kong Inter-bank Offered Rates ("HIBOR"), London Inter-bank Offered Rates ("LIBOR") and Loan Prime Rate ("LPR"). The Group has hedged against the variability of cash flow arising from interest rate fluctuations by entering into interest rate swaps in which the Group would receive interest at variable rates at HIBOR and pay interests at fixed rates ranging from 0.27% to 0.47%; receive interest at variable rates at LIBOR and pay interests at fixed rates ranging from 0.22% to 0.235%, based on the notional aggregate amounts of HKD3,020 million and USD200 million respectively. The Group continues to monitor closely its exposure to interest rate risk and may further consider additional derivative financial instruments to hedge against its remaining exposure to interest rate risk, if necessary.

Save for disclosed above, as of 30 June 2021, the Group does not hold any other derivative financial instruments that are linked to exchange rates or interest rates. The Group continues to closely monitor its exposure to exchange rate and interest rate risks and may employ derivative financial instruments to hedge against risk when necessary.

Contingent Liabilities

1) The Group provided guarantees of RMB1,948 million on 30 June 2021 (31 December 2020: RMB1,181 million) to banks in favour of its customers in respect of mortgage loans provided by banks to those customers for the purchase of the Group's developed properties. These guarantees provided by the Group to the banks will be released upon receiving the building ownership certificates of the respective properties by the banks from the customers as a pledge for security to the mortgage loans granted.

2) The Group provided a guarantee of RMB250 million as of 30 June 2021 (31 December 2020: RMB250 million) to a third party for two years with respect to the fulfilment of payment obligation of a joint venture of the Group, arising from the acquisition of a project company in Nanjing. The acquisition was completed in February 2021, and then the payment obligation was fulfilled by the joint venture.

The Board of Directors (the "Board") of Shui On Land Limited (the "Company" or "Shui On Land") hereby announces the unaudited consolidated results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 June 2021 as follows:

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Notes	**Six months ended 30 June 2021 (Unaudited)**		Six months ended 30 June 2020 (Unaudited)	
		HKD'million *(Note 2)*	**RMB'million**	HKD'million *(Note 2)*	RMB'million
Revenue of the Group	*4*	**14,344**	**11,977**	1,599	1,450
Cost of sales		**(8,423)**	**(7,033)**	(536)	(486)
Gross profit		**5,921**	**4,944**	1,063	964
Other income		**129**	**108**	140	127
Selling and marketing expenses		**(125)**	**(104)**	(73)	(66)
General and administrative expenses		**(589)**	**(492)**	(503)	(456)
Increase/(decrease) in fair value of investment properties		**12**	**10**	(1,665)	(1,510)
Other gains and losses	*5*	**(160)**	**(134)**	(180)	(163)
Share of results of associates and joint ventures		**240**	**200**	(63)	(57)
Finance costs, inclusive of exchange differences	*6*	**(596)**	**(498)**	(891)	(808)
Reversal/(provision) of impairment losses under expected credit loss model	*7*	**2**	**2**	(6)	(6)
Profit/(loss) before tax	*7*	**4,834**	**4,036**	(2,178)	(1,975)
Tax	*8*	**(3,291)**	**(2,748)**	760	689
Profit/(loss) for the period		**1,543**	**1,288**	(1,418)	(1,286)
Attributable to:					
Shareholders of the Company		**1,296**	**1,082**	(1,788)	(1,622)
Owners of convertible perpetual capital securities		**-**	**-**	54	49
Owners of perpetual capital securities		**151**	**126**	151	137
Non-controlling shareholders of subsidiaries		**96**	**80**	165	150
		247	**206**	370	336
		1,543	**1,288**	(1,418)	(1,286)
Earnings/(loss) per share	*10*				
Basic		**HKD16.2 cents**	**RMB13.5 cents**	HKD(22.3)cents	RMB(20.2) cents
Diluted		**HKD16.2 cents**	**RMB13.5 cents**	HKD(22.3)cents	RMB(20.2) cents

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 June 2021 (Unaudited)		Six months ended 30 June 2020 (Unaudited)	
	HKD'million *(Note 2)*	**RMB'million**	HKD'million *(Note 2)*	RMB'million
Profit/(loss) for the year	**1,543**	**1,288**	(1,418)	(1,286)
Other comprehensive income/(expense)				
Items that may be reclassified to profit or loss:				
Exchange difference arising on translation of foreign operations	**-**	**-**	(1)	(1)
Fair value adjustments on currency forward contracts designated as cash flow hedges	**463**	**387**	(111)	(101)
Fair value adjustments on interest rate swaps designated as cash flow hedges	**(4)**	**(3)**	(1)	(1)
Reclassification from hedge reserve to profit or loss arising from currency forward contracts	**(427)**	**(357)**	174	158
Share of other comprehensive income/(loss) of joint ventures and an associate	**19**	**16**	(18)	(16)
Items that will not be reclassified to profit or loss:				
Gain on revaluation of properties transferred from property and equipment to completed investment properties, net of tax	**-**	**-**	22	20
Other comprehensive income for the period	**51**	**43**	65	59
Total comprehensive income/(expense) for the period	**1,594**	**1,331**	(1,353)	(1,227)
Total comprehensive income/(expense) attributable to:				
Shareholders of the Company	**1,347**	**1,125**	(1,728)	(1,567)
Owners of convertible perpetual capital securities	**-**	**-**	54	49
Owners of perpetual capital securities	**151**	**126**	151	137
Non-controlling shareholders of subsidiaries	**96**	**80**	170	154
	247	**206**	375	340
	1,594	**1,331**	(1,353)	(1,227)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**30 June 2021 RMB'million (Unaudited)**	31 December 2020 RMB'million (Audited)
Non-current assets			
Investment properties		**50,462**	51,220
Interests in associates		**8,044**	7,828
Interests in joint ventures		**13,230**	11,973
Property and equipment		**1,200**	1,235
Right-of-use assets		**62**	76
Receivables, deposits, and prepayments	*11*	**224**	335
Pledged bank deposits		**-**	1,313
Deferred tax assets		**300**	825
Other non-current assets		**99**	99
		73,621	74,904
Current assets			
Properties under development for sale		**16,322**	21,247
Properties held for sale		**1,205**	938
Receivables, deposits and prepayments	*11*	**2,685**	2,440
Loans to/amounts due from associates		**540**	196
Loans to/amounts due from joint ventures		**11**	20
Amounts due from related companies		**434**	440
Contract assets		**268**	305
Prepaid taxes		**246**	502
Bank balances and cash		**14,367**	14,483
		36,078	40,571
Current liabilities			
Accounts payable, deposits received, and accrued charges	*12*	**6,877**	6,840
Contract liabilities		**5,930**	12,907
Bank borrowings - due within one year		**5,577**	6,976
Senior notes		**2,290**	6,273
Receipts under securitisation arrangements		**507**	11
Tax liabilities		**4,123**	2,910
Loans from/amounts due to non-controlling shareholders of subsidiaries		**1,463**	1,511
Amounts due to associates		**1,242**	799
Amount due to a joint venture		**78**	12
Amounts due to related companies		**377**	377
Derivative financial instruments		**184**	722
Liability arising from a rental guarantee arrangement		**166**	175
Lease liabilities		**17**	28
		28,831	39,541
Net current assets		**7,247**	1,030
Total assets less current liabilities		**80,868**	75,934

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION - CONTINUED

	30 June 2021 RMB'million (Unaudited)	31 December 2020 RMB'million (Audited)
Non-current liabilities		
Bank borrowings - due after one year	**15,051**	13,307
Senior notes	**12,268**	9,790
Receipts under securitisation arrangements	**-**	502
Liability arising from a rental guarantee arrangement	**-**	117
Deferred tax liabilities	**5,564**	5,409
Lease liabilities	**67**	71
Defined benefit liabilities	**5**	5
	32,955	29,201
Capital and reserves		
Share capital	**146**	146
Reserves	**39,556**	38,431
Equity attributable to shareholders of the Company	**39,702**	38,577
Perpetual capital securities	**4,066**	4,062
Non-controlling shareholders of subsidiaries	**4,145**	4,094
	8,211	8,156
Total equity	**47,913**	46,733
Total equity and non-current liabilities	**80,868**	75,934

Notes to the interim condensed consolidated financial information:

1. General

The interim condensed consolidated financial information for the six months ended 30 June 2021 has been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and with International Accounting Standard 34 *Interim Financial Reporting* issued by the International Accounting Standards Board. 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 2020.

2. Presentation

The Hong Kong dollar figures presented in the interim condensed consolidated statement of profit or loss and interim condensed consolidated statement of comprehensive income are shown for reference only and have been arrived at based on the exchange rate of RMB1.000 to HKD1.1976 for the six months ended 30 June 2021 and RMB1.000 to HKD1.1025 for the six months ended 30 June 2020, being the average exchange rates that prevailed during the respective periods.

3. Changes in Accounting Policies and Disclosures

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 2020, except for the adoption of the following revised International Financial Reporting Standards ("IFRSs") for the first time for the current period's financial information.

Amendments to IFRS 9, IAS 39 and IFRS 7, IFRS 4 and IFRS 16	*Interest Rate Benchmark Reform -Phase 2*
Amendment to IFRS 16	*COVID-19-Related Rent Concessions beyond 30 June 2021(early adopted)*

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

(a) Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4, and IFRS 16 address issues not dealt with in the previous amendments, which affect financial reporting when an existing interest rate benchmark is replaced with an alternative risk-free rate ("RFR"). The phase 2 amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount of financial assets and liabilities when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of IFRS 9 to measure and recognise hedge ineffectiveness. The amendments also provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy.

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3. Changes in Accounting Policies and Disclosures –continued

The nature and impact of the revised IFRSs are described below (continued):

(a) (continued)

The Group had certain interest-bearing bank borrowings denominated in Hong Kong dollars and foreign currencies based on the Hong Kong Interbank Offered Rate and the London Interbank Offered Rate as of 30 June 2021. Since the interest rates of these borrowings were not replaced by RFRs during the period, the amendment did not have any impact on the financial position and performance of the Group. If the interest rates of these borrowings are replaced by RFRs in a future period, the Group will apply this practical expedient upon the modification of these borrowings provided that the "economically equivalent" criterion is met.

(b) Amendment to IFRS 16 issued in April 2021 extends the availability of the practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic by 12 months. Accordingly, the practical expedient applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. The amendment is effective retrospectively for annual periods beginning on or after 1 April 2021, with any cumulative effect of initially applying the amendment recognised as an adjustment to the opening balance of retained profits at the beginning of the current accounting period. Earlier application is permitted. The Group has early adopted the amendment on 1 January 2021 and applied the practical expedient during the period ended 30 June 2021 to all rent concessions granted by the lessors that affected only payments originally due on or before 30 June 2022 as a direct consequence of the COVID-19 pandemic. No reduction in the lease payments arising from the rent concessions has been accounted for as a variable lease payment by derecognising part of the lease liabilities and crediting to profit or loss for the period ended 30 June 2021.

These amendments had no impact on the interim condensed consolidated financial statements of the Group. The Group intends to use the practical expedients in future periods if they become applicable.

4A. Revenue Information

Disaggregation of revenue from contracts with customers

	Six months ended 30 June	
	2021	2020
	RMB'million	RMB'million
	(Unaudited)	(Unaudited)
Property development:		
Property sales	**10,214**	161
Property management fee income	**57**	42
	10,271	203
Property investment:		
Income from hotel operations	**24**	16
Property management fee income	**157**	90
	181	106
Construction	**268**	116
Others	**167**	128
	10,887	553
Geographical markets		
Shanghai	**6,524**	450
Wuhan	**4,102**	12
Foshan	**233**	44
Chongqing	**22**	46
Nanjing	**6**	1
	10,887	553
Timing of revenue recognition		
At a point in time	**10,214**	161
Over time	**673**	392
	10,887	553

4A. Revenue Information - continued

Set out below is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information:

	Six months ended 30 June	
	2021	2020
	RMB'million	RMB'million
	(Unaudited)	(Unaudited)
Property development:		
Property sales	**10,214**	161
Property management fee income	**57**	42
	10,271	203
Property investment:		
Income from hotel operations	**24**	16
Property management fee income	**157**	90
	181	106
Construction	**268**	116
Others	**167**	128
Revenue from contracts with customers	**10,887**	553
Rental income received from investment properties (property investment segment)	**977**	815
Rental related income (property investment segment)	**113**	82
Total	**11,977**	1,450

4B. Segmental Information

The Group is organised based on its business activities and has the following three major reportable segments:

Property development	- development and sale of properties
Property investment	- offices and commercial/mall leasing, property management and hotel operations
Construction	- construction, interior fitting-out, renovation and maintenance of building premises

4B. Segmental Information - continued

	Six months ended 30 June 2021 (Unaudited)					
	Property development RMB'million	Property investment RMB'million	Construction RMB'million	Reportable segment total RMB'million	Others RMB'million	Consolidated RMB'million
SEGMENT REVENUE						
External revenue of the Group	**10,271**	**1,271**	**268**	**11,810**	**167**	**11,977**
SEGMENT RESULTS						
Segment results of the Group	**3,736**	**734**	**2**	**4,472**	**64**	**4,536**
Interest income						**105**
Share of results of associates and joint ventures						**200**
Finance costs, inclusive of exchange differences						**(498)**
Other gains and losses						**(134)**
Reversal of impairment losses under expected credit loss model						**2**
Unallocated income						**5**
Unallocated expenses						**(180)**
Profit before tax						**4,036**
Tax						**(2,748)**
Profit for the period						**1,288**

4B. Segmental Information - continued

	Six months ended 30 June 2020 (Unaudited)					
	Property development	Property investment	Construction	Reportable segment total	Others	Consolidated
	RMB'million	RMB'million	RMB'million	RMB'million	RMB'million	RMB'million
SEGMENT REVENUE						
External revenue of the Group	203	1,003	116	1,322	128	1,450
SEGMENT RESULTS						
Segment results of the Group	64	(1,003)	(4)	(943)	60	(883)
Interest income						121
Share of results of associates and joint ventures						(57)
Finance costs, inclusive of exchange differences						(808)
Other gains and losses						(163)
Unallocated income						6
Unallocated expenses						(191)
Loss before tax						(1,975)
Tax						689
Loss for the period						(1,286)

Segment results represent the profit earned or loss incurred by each segment without allocation of central administration costs, directors' salaries, interest income, the share of results of associates and joint ventures, other gains and losses, reversal of impairment losses under the expected credit loss model, finance costs inclusive of exchange differences and other unallocated income/expenses. This is the measure reported expenses for resource allocation and performance assessment.

5. Other Gains and Losses

	Six months ended 30 June	
	2021	2020
	RMB'million	RMB'million
	(Unaudited)	(Unaudited)
Cost arising from hedging activities	**(78)**	(66)
Loss from fair value change of liability arising from a rental guarantee arrangement	**(38)**	(43)
(Loss)/gain from fair value change of derivative financial instruments	**(16)**	32
Payable for relocation costs written back	**-**	441
Impairment loss on investment properties under development at cost and properties under development for sale	**-**	(452)
Premium for tender and exchange of senior notes	**-**	(69)
Others	**(2)**	(6)
	(134)	(163)

6. Finance Costs, Inclusive of Exchange Differences

	Six months ended 30 June	
	2021	2020
	RMB'million	RMB'million
	(Unaudited)	(Unaudited)
Interest on bank borrowings	**474**	750
Interest on senior notes	**433**	374
Interest on loans from an associate	**13**	-
Interest expenses from lease liabilities	**2**	2
Total interest costs	**922**	1,126
Less: Amount capitalised to investment properties under construction or development and properties under development for sale	**(388)**	(629)
Interest expense charged to profit or loss	**534**	497
Net exchange (gain)/ loss on bank borrowings and other financing activities	**(74)**	275
Others	**38**	36
	498	808

7. Profit/ (Loss) before Tax

	Six months ended 30 June	
	2021	2020
	RMB'million	RMB'million
	(Unaudited)	(Unaudited)
Operating profit/(loss) has been arrived at after charging (crediting):		
Depreciation of property and equipment	**47**	44
Depreciation of right-of-use assets	**16**	16
Employee benefits expenses		
Directors' emoluments		
Fees	**1**	1
Salaries, bonuses and other benefits	**19**	19
	20	20
Other staff costs		
Salaries, bonuses and other benefits	**513**	471
Retirement benefits costs	**23**	11
	536	482
Total employee benefits expenses	**556**	502
Less: Amount capitalised to investment properties under construction or development and properties under development for sale	**(56)**	(58)
	500	444
(Reversal)/provision of impairment losses of receivables	**(2)**	6
Cost of properties sold recognised as an expense	**6,382**	54
Reversal of impairment on properties held for sale (included in "cost of sales")	**(2)**	-
Lease payments relating to short-term leases and low-value leases	**3**	3

8. Tax

	Six months ended 30 June	
	2021	2020
	RMB'million	RMB'million
	(Unaudited)	(Unaudited)
PRC enterprise income tax ("EIT")		
- Charge for the period	**802**	34
Deferred tax		
- Charge/(credit) for the period	**339**	(757)
PRC land appreciation tax ("LAT")		
- Charge for the period	**1,596**	30
PRC withholding tax		
- Charge for the period	**11**	4
	2,748	(689)

No provision for Hong Kong Profits Tax has been made as the profit of the Group neither arises in nor is derived from, Hong Kong.

PRC EIT has been provided at the applicable income tax rate of 25% on the assessable profits of the companies in the Group during the period.

The provision of PRC LAT is estimated according to the requirements set forth in the relevant PRC tax laws and regulations. PRC LAT has been provided at progressive rates within a range based on the appreciation value, with certain allowable deductions, including land costs, borrowing costs, and the relevant property development expenditures.

9. Dividends

	Six months ended 30 June	
	2021	2020
	RMB'million	RMB'million
	(Unaudited)	(Unaudited)
No final dividend for 2020 (2020: final dividend paid in respect of 2019 of HKD0.084 per share)	**-**	623

Having taken into consideration the Group’s financial performance during the period, the Board has resolved to recommend the payment of a 2021 interim dividend of HKD0.036 per share (1H 2020: nil).

10. Earnings /(Loss) Per Share

The calculation of the basic and diluted earnings /(loss) per share attributable to shareholders of the Company is based on the following data:

Earnings/(loss)	Six months ended 30 June 2021 RMB'million (Unaudited)	Six months ended 30 June 2020 RMB'million (Unaudited)
Earnings /(loss) for the purpose of basic earnings / (loss) per share, being profit /(loss) for the period attributable to shareholders of the Company	**1,082**	(1,622)
Earnings /(loss) for the purpose of diluted earnings/(loss) per share	**1,082**	(1,622)

Number of shares	Six months ended 30 June 2021 million (Unaudited)	Six months ended 30 June 2020 million (Unaudited)
Weighted average number of ordinary shares for the purpose of basic earnings per share(*note (a)*)	**8,044**	8,044
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**8,044**	8,044
Basic earnings/(loss) per share *(note (c))*	**RMB 13.5 cents** **HKD 16.2 cents**	RMB (20.2) cents HKD (22.3) cents
Diluted earnings/(loss) per share *(note (c))*	**RMB 13.5 cents** **HKD 16.2 cents**	RMB (20.2) cents HKD (22.3) cents

Notes:

(a) The weighted average number of ordinary shares shown above has been arrived at after deducting 17,710,250 (six months ended 30 June 2020: 17,710,250) shares held by a share award scheme trust.

(b) There was no dilution effect for outstanding share options as the exercise prices of these share options were higher than the average market price of the Company's shares per share for the six months ended 30 June 2021 and 2020.

(c) The Hong Kong dollar figures presented above are shown for reference only and have been arrived at based on the exchange rate of RMB1.000 to HKD1.1976 for the six months ended 30 June 2021 and RMB1.000 to HKD1.1025 for the six months ended 30 June 2020, being the average exchange rates that prevailed during the respective periods.

11. Receivables, Deposits, and Prepayments

	30 June 2021 RMB'million (Unaudited)	31 December 2020 RMB'million (Audited)
Non-current assets comprise:		
Rental receivables in respect of rent-free periods	**224**	275
Trade receivables relating to goods and services	**-**	60
	224	335
Current assets comprise:		
Rental receivable in respect of rent-free periods	**155**	132
Trade receivables		
- goods and services	**137**	54
- operating lease receivables	**24**	26
Prepayments of relocation costs (*Note*)	**797**	750
Receivables from disposal of associates and a joint venture	**254**	250
Receivables from disposal of subsidiaries	**500**	500
Other deposits, prepayments, and receivables	**356**	443
Input value-added tax	**462**	285
	2,685	2,440

Note:

The balances represent the amounts that will be compensated by the government upon the relocation is completed.

Trade receivables comprise:

(i) receivables arising from sales of properties that are due for settlement in accordance with the terms of the relevant sale and purchase agreements;

(ii) rental receivables which are due for settlement upon issuance of monthly debit notes to the tenants; and

(iii) receivables arising from construction revenue of which a credit term of 40 days are granted to the customers.

Included in the Group's receivables, deposits, and prepayments are trade receivable balances of RMB161 million (31 December 2020: RMB140 million), of which 37% (2020: 44%) are not yet past due, 38% (2020:34%) are aged less than 90 days, and 25% (2020: 22%) are aged over 90 days, as compared to when revenue was recognised.

12. Accounts Payable, Deposits Received, and Accrued Charges

	30 June 2021 RMB'million (Unaudited)	31 December 2020 RMB'million (Audited)
Current portion comprise:		
Trade payables	**2,406**	2,123
Land and relocation cost payables	**1,501**	1,604
Retention payables (*Note*)	**190**	293
Deed tax and other tax payables	**95**	94
Deposits received and receipt in advance in respect of rental of investment properties	**917**	814
Value-added tax payables	**440**	173
Other payables and accrued charges	**794**	860
Value-added tax arising from contract liabilities	**534**	879
	6,877	6,840

Note:

Retention payables are expected to be paid upon the expiry of the retention periods according to the respective contracts.

Included in the Group's accounts payable, deposits received, and accrued charges are trade payable balances of RMB2,406 million (2020: RMB2,123 million), of which 91% (2020: 83%) are aged less than 30 days, 3% (2020: 4%) are aged between 31 to 90 days, and 6% (2020: 13%) are aged more than 90 days, based on the invoice date.

13. Events after the Reporting Period

In July 2021, Foshan An Ying Property Development Co., Ltd., a wholly-owned subsidiary of the Company, redeemed fully the receipts under securitisation arrangements with an outstanding principal amount of RMB752 million at 100% of face value.

MARKET OUTLOOK

In the first half of 2021, the global economy staged a rebound from the pandemic-induced recession backed by the advanced economies' aggressive fiscal policy measures and rapid vaccination rollout. However, unequal vaccine access and the mutation of COVID-19 into highly infectious viral strains are expected to setback herd immunity and normalization of international travel. Meanwhile, with global debt at elevated levels, economic recovery will be vulnerable to the tapering of policy stimulus and a rise in interest rate. Supply chain fragilities and rising inflationary pressure also constitute headwinds against a smooth recovery. Against this backdrop, the World Bank expects the economic recovery to continue in the near term, projecting global GDP growth to reach 5.6% this year after a 3.4% contraction in 2020.

China has adopted stringent testing and quarantine measures to prevent transmission of COVID-19 infection from inbound travelers. In the first half, strong export and real estate investment growth helped to lift GDP growth to 12.7%. China has adopted a "dual circulation" strategy to support domestic consumption and bolster indigenous innovation in the 14th Five-Year Plan period. The government plans to pursue green and higher-quality development, aiming to achieve a carbon emission peak by 2030 and carbon neutrality by 2060. To ease funding constraints of small and medium enterprises, the PBOC lowered the Reserve Requirement Ratio (RRR) by 50 basis points in July, setting the economy on track to achieve 8.5% growth in 2021.

In the first half, the residential property market staged a strong rally, marked by sales area and sales revenue growth of 29.4% and 41.9%, respectively. Home purchase sentiments remained upbeat, despite the average home mortgage rate rising to above 5.3% by mid-year. To prevent the housing market from overheating, some cities have tightened the issuance of presale permits and stepped up oversight on property financing. After imposing the "three red lines" regulation last year to rein in developer leverage, the government introduced a pilot "land supply centralization" policy for 22 cities, aiming to deter vicious competition that would drive up land prices. Market sentiment is expected to cool down under a tight policy environment, and with occasional flare-up of COVID-19 cases in the second half year. China's urbanization rate rose 14.2% in the last decade, climbing from 49.7% in 2010 to 63.9% in 2020. In light of ongoing household registration ("hukou") reform, the trend of rural residents relocating to seek opportunities in the Greater Bay Area, Yangtze Delta, Jing-Jin-Ji, Central and Western China is set to continue.

In 1H 2021, office leasing demand recovered steadily from the pandemic downturn, led by firms in the technology, trading, and financial services sectors. According to Jones Lang LaSalle (JLL), Shanghai Grade-A office leasing activities rose in the second quarter, resulting in respective quarter-on-quarter rental growth of 0.7% and 0.3% in decentralized and CBD areas. China's 14th Five-Year Plan places digitalization and high tech as development priorities, which is beneficial to major technology and innovation centres in Beijing, Shanghai, and Shenzhen. Despite some volatility in the near term from the retrenchment of e-learning businesses, office leasing activities of the domestic firms are expected to remain strong. Nevertheless, abundant supply overhang will be interim headwinds for office markets in Shanghai and Wuhan.

Consumer sentiment continued to recover in the first half of 2021 despite soft income growth and sporadic COVID-19 outbreaks. In July, the Ministry of Commerce outlined a number of measures to accelerate recovery of the catering sector and render support for home appliances, furniture, and automobile consumption. Strong sales of luxury goods and several high-profile new mall openings have spurred retailers' business expansion appetite. In the second quarter, Shanghai's retail malls reversed last year's decline and posted 1.4% quarter-on-quarter rental growth for prime ground floor space, while quarter-on-quarter rents in the decentralized area edged up by 0.7%, following active tenant adjustments.

Shanghai recovered steadily from COVID-19 as it enters a critical phase of its development as a global city. The municipality continues to be a magnet for foreign investment, with GDP growth rising 12.7% in the first half-year. Shanghai's 14th Five-Year Plan provides a comprehensive blueprint to further open up and pursue high-level reform, strengthen scientific and technological innovation, planning to achieve significant strides towards digitalization. In February, the State Council announced the "Hongqiao International Opening Hub" development plan to build an international central business district to promote the integrated development of the Yangtze Delta region. In July, the Central government granted Pudong greater autonomy to lead future development and serve as a pioneer for socialist modernization. These policies will further enhance Shanghai's global significance as an international financial centre and technology innovation hub.

In 1H 2021, Chongqing achieved a GDP growth of 12.8%, with the support of high-tech manufacturing and rapid growth of strategic emerging industries. Consumption growth picked up strongly in the first half, marked by a 29.9% increase in retail sales, 5.4% higher than the national average. In July, the State Council granted approval for Chongqing to build an "International Consumption Centre", which will energize the development of its travel and tourism industries. In the past decade, the resident population increased from 28.9 million in 2010 to 32.1 million in 2020, a sign that economic transformation and job creation had succeeded to reverse the municipality's population outflow. In the 14th Five-Year Plan, a comprehensive transportation network encompassing aviation, shipping, rapid-transit, high-speed rail, and highways will be constructed. This should further strengthen Chongqing's role as a multi-modal transportation hub serving the upper reaches of the Yangtze River.

The economy of Wuhan showed strong resiliency coming out of the pandemic crisis, registering a GDP growth of 28.6% in the first half of 2021. The city has ample tertiary education resources and a strong talent pool, ranking second nationwide after Guangzhou in terms of university student numbers. Wuhan's resident population increased by 2.54 million in the last decade, reflecting the city's strong appeal to university graduates and job seekers. In the 14th Five-Year Plan, Wuhan plans to enhance its competitiveness as "National Centre City", leveraging technology and innovation as drivers of economic development. The city will upgrade its strategic industries, promote information technology and high-end manufacturing, aiming to move up the industrial value chain.

After attaining a RMB1.08 trillion GDP milestone last year, Foshan continued stable growth to achieve 17.3% economic growth in 1H 2021. Foshan and Guangzhou plan to integrate further to create a 30-minute commuting circle between the two cities through improving Foshan transit network connection with Guangzhou metro lines 25 and 28, with the goal of creating a super metropolitan area. As a dynamic economic region in South China, Guangzhou and Foshan have experienced a respective increase in population by 6.0 million and 2.3 million in the last decade. In the 14th Five-Year Plan period, the government aims to upgrade the education and technology sectors to enhance the city's competitiveness.

In the first half of 2021, Nanjing registered a GDP growth of 12.7%. The government aims to become a global innovation city, leveraging its vibrant technology industry and a strong pool of 0.85 million college students. The city received high "intellectual capital and innovation" scores in PWC's "Chinese Cities of Opportunity 2021" report, demonstrating its competitiveness in the high-tech sectors. In February 2021, the "Nanjing Metropolitan Area Development Plan" was approved, setting the stage for Nanjing city to form a dynamic metropolitan area closely integrated with neighbor cities in Anhui province. The city has recently relaxed household registration requirements for Pukou, Liuhe, Lishui, and Gaochun districts, which should bode well for labor inflows and the residential market.

The global economy is experiencing an uneven recovery with growth led by China and the United States. The buildup in government debt in many economies and the onset of new COVID-19 variants will prolong the time for returning to business as usual. While the market outlook is clouded by tense US-China relations, the underlying urbanization trend in China remains intact and will continue to support domestic consumption and the real estate industry. In particular, there will be ample opportunity for urban renewal and sustainable community development projects in the Yangtze River Delta, the Greater Bay Area, and Central China. We will remain vigilant in monitoring the market risks but be prepared to tap into new opportunities accorded by the development trends in the 14th Five-Year Plan period.

INTERIM DIVIDEND

The Board has declared an interim dividend of HKD0.036 per share (2020: nil) for the six months ended 30 June 2021, amounting to approximately RMB241 million (2020: nil) in aggregate, which is payable on or about 24 September 2021 to shareholders whose names appear on the register of members of the Company on 10 September 2021.

In order to qualify for the interim dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration not later than 4:30 p.m. on 10 September 2021.

PURCHASE, SALE, OR REDEMPTION/CANCELLATION OF LISTED SECURITIES

On 6 February 2017, Shui On Development (Holding) Limited ("SODH") issued USD500 million in 5.70% senior notes due 2021 (the "2021 Notes"), and on 28 February 2019, SODH issued USD500 million in 6.25% senior notes due 2021 (the "2021 SODH Notes"). On 20 February 2020, SODH commenced the Exchange and Tender Offer to the Eligible Holders of 2021 Notes and 2021 SODH Notes. On 28 February 2020, the Company determined to accept (i) USD64,972,000 for the exchange of the 2021 Notes; (ii) USD172,641,000 for the tender of the 2021 Notes; (iii) USD24,942,000 for the exchange of 2021 SODH Notes; and (iv) USD129,408,000 for the tender of the 2021 SODH Notes. After the completion of the Exchange and Tender Offer, the notes exchanged and tendered were cancelled. The outstanding principal amount of the 2021 Notes was USD262,387,000, and the outstanding principal amount of the 2021 SODH Notes was USD345,650,000. SODH fully repaid the principal amount of the outstanding 2021 Notes together with the accrued and unpaid interest upon its maturity on 6 February 2021.

On 2 March 2018, SODH issued RMB1,600 million in 6.875% senior notes due 2021 (the "2021 CNH Notes"). On 19 April 2018, SODH further issued RMB600 million in 6.875% senior notes due 2021 (the "Additional Notes"), which were consolidated and formed a single series with the 2021 CNH Notes. SODH fully repaid the principal amount of the outstanding 2021 CNH Notes (inclusive of the Additional Notes) together with the accrued and unpaid interest upon its maturity on 2 March 2021.

Save as disclosed above, neither the Company nor any of its subsidiaries have purchased, sold, or redeemed any of the Company's listed securities during the six months ended 30 June 2021.

CORPORATE GOVERNANCE

The Company is committed to enhancing its corporate governance practices and to pursuing the right balance between conformance and performance in its corporate governance. The Company reviews its corporate governance practices from time to time to ensure it complies with all the applicable code provisions set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and aligns with its latest developments. The Board believes that good corporate governance is essential to the success of the Company, the enhancement of shareholder value, and stakeholders' confidence in the Company. During the six months ended 30 June 2021, the Company has complied with all the applicable code provisions of the CG Code.

The Audit and Risk Committee has reviewed the Group's unaudited condensed consolidated financial statements for the six months ended 30 June 2021, including the accounting principles and practices and internal control system adopted by the Company, in conjunction with the Company's internal and external auditors. The Audit and Risk Committee has no disagreement with the accounting treatments adopted.

COMPLIANCE WITH THE 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 10 of the Listing Rules as the code of conduct regarding securities transactions by the Directors. Following specific enquiries by the Company, all Directors have confirmed that they have complied with the required standard set out in the Model Code during the six months ended 30 June 2021.

EMPLOYEES AND REMUNERATION POLICY

As of 30 June 2021, the number of employees in the Group was 3,153 (31 December 2020: 3,141); which included the headcount of the property management business at 1,578 (31 December 2020: 1,548), the headcount of the construction and fitting out business at 203 (31 December 2020: 240). The Group provides a comprehensive benefits package for all employees as well as career development opportunities. This includes retirement schemes, long-term incentive schemes, medical insurance, other insurances, in-house training, on-the-job training, external seminars, and programs organised by professional bodies and educational institutes.

The Group strongly believes in the principle of equality of opportunity. The remuneration policy of the Group for rewarding its employees is based on their performance, qualifications, and competency displayed in achieving our corporate goals.

SCOPE OF WORK OF MESSRS. ERNST & YOUNG

The figures in respect of the Group's condensed consolidated statement of financial position as of 30 June 2021, the condensed consolidated statement of profit or loss, the condensed consolidated statement of comprehensive income, and the related notes thereto for the period then ended as set out in the preliminary announcement have been extracted from the Group's unaudited condensed consolidated financial statements for the period, which has been reviewed by the Group's auditor, Messrs. Ernst & Young in accordance with Hong Kong Standards on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

APPRECIATION

Finally, I would like to thank my fellow Board members for their valuable advice and our shareholders and business partners for their continued support. Most of all, I wish to express sincere thanks to everyone in the Group for their hard work and dedication during the past six months. We care deeply about our employees, and our trust in them is returned by their loyalty and trust in the Group.

By Order of the Board
Shui On Land Limited
Vincent H. S. LO
Chairman

Hong Kong, 24 August 2021

At the date of this announcement, the executive directors of the Company are Mr. Vincent H. S. LO (Chairman), Mr. Douglas H. H. SUNG (Chief Financial Officer and Chief Investment Officer) and Ms. Stephanie B. Y. LO; and the independent non-executive directors of the Company are Professor Gary C. BIDDLE, Dr. Roger L. McCARTHY, Mr. David J. SHAW, Mr. Anthony J. L. NIGHTINGALE, Mr. Shane S. TEDJARATI and Ms. Ya Ting WU.

This announcement contains forward-looking statements, including, without limitation, words and expressions such as "expect," "believe," "plan," "intend," "aim," "estimate," "project," "anticipate," "seek," "predict," "may," "should," "will," "would" and "could" or similar words or statements, in particularly statements in relation to future events, our future financial, business or other performance and development, strategy, plans, objectives, goals and targets, the future development of our industry and the future development of the general economy of our key markets and globally.

These statements are based on numerous assumptions regarding our present and future business strategy and the environment in which we will operate in the future. These forward-looking statements reflect our current views with respect to future events, are not a guarantee of future performance, and are subject to certain risks, uncertainties, and assumptions, including with respect to the following:

- *changes in laws and PRC governmental regulations, policies, and approval processes in the regions where we develop or manage our projects;*
- *changes in economic, political, and social conditions and competition in the cities we operate in, including a downturn in the property markets;*
- *our business and operating strategies;*
- *our capital expenditure plans;*
- *various business opportunities that we may pursue;*
- *our dividend policy;*
- *our operations and business prospects;*
- *our financial condition and results of operations;*
- *the industry outlook generally;*
- *our proposed completion and delivery dates for our projects;*
- *changes in competitive conditions and our ability to compete under these conditions;*
- *catastrophic losses from fires, floods, windstorms, earthquakes, or other adverse weather conditions, diseases, or natural disasters;*
- *our ability to further acquire suitable sites and develop and manage our projects as planned;*
- *availability and changes of loans and other forms of financing;*
- *the departure of key management personnel;*
- *performance of the obligations and undertakings of the independent contractors under various construction, building, interior decoration, and installation contracts;*
- *exchange rate fluctuations;*
- *currency exchange restrictions;*
- *the effects of COVID-19 and*
- *other factors beyond our control.*

This list of important factors is not exhaustive. Additional factors could cause the actual results, performance, or achievements to differ materially. We do not make any representation, warranty, or prediction that the results anticipated by such forward-looking statements, which speak only as of the date of this announcement, will be achieved, and such forward-looking statements represent, in each case, only one of many possible scenarios and should not be viewed as the most likely or standard scenario. Subject to the requirements of applicable laws, rules, and regulations, we do not have any obligation to update or otherwise revise any forward-looking statements. You should not place undue reliance on any forward-looking information.

** For identification purposes only*