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 Annual Results

HIGHLIGHTS

- **Strong rebound from FY2020:** Group revenue amounted to RMB17,555 million, representing a 282% increase compared to last year, mainly due to a significant increase in property sales. Together with the strong recovery in the commercial portfolio, the Group has returned to profitability compared to a net loss in 2020 due to the COVID-19 outbreak. Profit attributable to shareholders totalled RMB1,636 million in FY2021.

- **Property sales increased 8.4x Y/Y:** Property sales revenue for FY2021 increased significantly by 8.4x to RMB13,638 million, backed by the contributions from Shanghai Taipingqiao Ville V (Lot 118), Wuhan Tiandi La Riva II (Lot B10) and Shanghai Panlong Tiandi.

- **Commercial portfolio demonstrated strong performance:** Total rental & related income (including joint ventures and associates) was RMB2,915 million, representing a robust growth of 29% Y/Y. Occupancy rates of both our retail and office as of 31 December 2021 were above 90%.

- **Solid balance sheet enables Company to capture new market opportunities:** The net gearing ratio further lowered to a very healthy level at 30% (31 December 2020: 45%), reflecting our prudent approach in managing our balance sheet. This solid financial enable us to expand our footprint in Nanjing, Shanghai and Wuhan in 2021.

- **Dividend and Share Repurchase declared:** In light of the Group's strong financials, the Board has recommended a final dividend for the year of HKD0.084 per share (2020: nil). In addition, the Board has approved a Share Repurchase Plan of up to HKD500 million, with a view to enhance earnings per share and overall shareholders' return. Together with an interim dividend of HKD0.036 per share, the full year dividend for 2021 amounted to HKD0.12 per share (2020: nil).

- **Key achievements in 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 below 2°C above pre-industrial temperatures. In June 2021, the Group also successfully issued our inaugural 5 Year, USD400 million Sustainability-Linked Bond. This transaction marked another milestone in the Group's journey in green and sustainable finance. The Group has also become one of only three companies in China being included in 2022 Bloomberg Gender-Equality Index, a testimony to our workplace equality achievement.

Website: www.shuionland.com

PERFORMANCE HIGHLIGHTS

	2021	2020	Year-on-Year Growth/ (Decline)
Grand total rental and related income (RMB'million)	**2,915**[1]	**2,261**[1]	**29%**
Contracted sales (RMB'million)	**30,270**	**21,184**	**43%**
Subscribed sales (RMB'million)	**5,505**	**4,914**	**12%**
Selected Financial Information (RMB'million)			
Revenue	17,555	4,597	282%
Property sales recognised as revenue	13,638	1,448	842%
Consolidated rental and related income	2,259	1,874	21%
Gross profit	7,173	2,350	205%
Profit/(Loss) for the year	2,208	(233)	(1,048%)
Profit/(Loss) attributable to shareholders of the Company	1,636	(740)	(321%)
Selected Financial Ratios			
Gross profit margin	41%	51%	(10ppt)
Net profit/(loss) margin	13%	(5%)	18ppt
Earnings/(Loss) per share (basic), RMB cents	20.3	(9.2)	(321%)

Selected Balance Sheet Data (RMB'million)	**31 December 2021**	**31 December 2020**	**Changes**
Total assets	113,896	115,475	(1%)
Cash and bank deposits	17,284	15,796	9%
Total indebtedness	31,863	36,859	(14%)
Net debt	14,579	21,063	(31%)
Total equity	49,178	46,733	5%
Net gearing (Net debt-to-equity ratio), at the end of year	30%	45%	(15ppt)
Average cost of indebtedness, at the end of year	4.6%	4.8%	(20bps)
Landbank (GFA, million sq.m.)			
Total leasable and saleable landbank	7.0	6.4	9%
Attributable leasable and saleable landbank	4.3	4.1	5%

[1] *Including rental income from Shanghai RHXC commercial partnership portfolio, 5 Corporate Avenue and Hubindao, and Nanjing IFC, in which, the Group has 49.5%, 44.55% and 50% effective interests, respectively. We acquired Nanjing IFC in February 2021.*

BUSINESS REVIEW

Shui On Land is a leading commercial property focused developer, owner and asset manager in China, anchored by a prime city center 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" enables us to enhance our financial strength, diversify our capital base and invest in new opportunities, and it has proven to greatly facilitate our strategic transformation.

The Group is undergoing a strategic restructuring of all its operations and business segments relating to commercial real estate to be managed in the future by wholly-owned subsidiary Shui On Xintiandi ("SXTD"). Positioned to be a leading investor and manager of premium and sustainable commercial properties in China, SXTD will own one of the largest portfolios of commercial properties in prime locations in Shanghai and it will have a strong presence in other high-growth cities in the country. This strategic restructuring will help unlock the value of our commercial property portfolio, allow a more efficient deployment of management resources, and increase flexibility in operational and financial management.

Our motto is "to be a pioneer in developing and operating sustainable premium urban communities". 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 China's cultural heritage, and to building and sustaining vibrant communities. Sustainability is our business strategy, not a separate initiative. 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 2021

- We recorded contracted sales of RMB30.3 billion, representing a 43% Y/Y increase. This includes the launch of Shanghai Taipingqiao Ville V (Lot 118), Shanghai RHXC Ocean One (Lot 7) and Shanghai Panlong Tiandi. Our RMB5.5 billion of subscribed sales as of 31 December 2021 is expected to convert into contracted property sales in coming months.

- Our commercial property portfolio has also seen strong rental income growth. Including properties held by joint ventures and associates, total rental and related income increased by 29% Y/Y to RMB2,915 million in 2021, of which 75% was contributed by our portfolio located in Shanghai.

- In February 2021, the Group successfully acquired a mixed-use Grade-A landmark property in Nanjing with Grosvenor on a 50/50 basis. The property consists of a 45-storey Grade-A office tower, a 7-storey retail podium, as well as 181 underground parking lots with a total GFA of 118,000 sq.m.. The investment is a milestone for Shui On Land in growing our presence in Nanjing beyond the Nanjing INNO project, and it aligns with our Asset Light Strategy of collaborating with strategic partners to invest in prime commercial property assets and expand assets under management.

- In March 2021, the Group became the first China-based developer to commit to the SBTi, targeting to limit global warming to below 2°C above pre-industrial temperatures. On 29 June 2021, the Group successfully issued its inaugural USD400 million Sustainability-Linked Bond ("SLB") under the Sustainability-Linked Bond 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.

- In June 2021, the Group formed a joint venture with Shanghai Yongye Enterprise (Group) Co., Ltd. on a 50/50 basis to carry out the property development in Huangpu District, Shanghai. The total site area of approximately 24,000 sq.m. will enable the Group to further expand its footprint in the world-renowned Shanghai Xintiandi area.

- In September 2021, Shanghai RHXC Hall of the Sun was completed and saw strong shopper traffic at its soft opening. With a retail GFA of 185,000 sq.m. and office GFA of 145,000 sq.m., the project has attracted and introduced a number of brands to open their "first-in-China/Shanghai" stores in the shopping center.

- In December 2021, the Group established a 50/50 joint venture with the subsidiaries of Wuhan Urban Construction Group and won a bid for lands located in the Wuchang district of Wuhan at a total consideration of RMB17.0 billion for residential and mixed-use property development.

- The Group is undergoing the restructuring of all its operations and business segments relating to commercial real estate to be managed under a major wholly-owned subsidiary, SXTD.

PROPERTY SALES PERFORMANCE

Recognised Property Sales

For 2021, total recognised property sales were RMB22,022 million (after deduction of applicable taxes). The significant increase of 112% was mainly due to the contributions from Shanghai Taipingqiao Ville V (Lot 118), Wuhan Tiandi La Riva II (Lot B10) and Shanghai Panlong Tiandi. The average selling price ("ASP") (including carparks) decreased by 6% to RMB46,900 per sq.m. compared to 2020, as most of the sales this year were recorded from Panlong Tiandi and Wuhan Tiandi with lower ASP.

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

Project	2021 Sales revenue	2021 GFA sold	2021 ASP[1]	2020 Sales revenue	2020 GFA sold	2020 ASP[1]
	RMB' million	sq.m.	RMB per sq.m.	RMB' million	sq.m.	RMB per sq.m.
Shanghai Taipingqiao						
Residential (Lot 118)	5,936	39,500	164,500	-	-	-
Shanghai RHXC						
Residential (Lot 2)	-	-	-	262	2,300	120,400
Residential (Lot 1)	3,391	33,900	109,100	7,125	73,100	107,200
Retail	-	-	-	69	900	81,100
Shanghai Panlong Tiandi	3,227	57,200	61,700	-	-	-
Wuhan Tiandi						
Residential	4,115	104,800	43,000	-	-	-
Wuhan Optics Valley Innovation Tiandi						
Residential	2,124	112,600	20,600	261	18,700	15,000
Foshan Lingnan Tiandi						
Residential	205	8,800	25,600	944	41,600	24,900
Retail	12	1,500	8,700	62	4,700	14,000
Chongqing Tiandi						
Residential[2]	2,491	152,500	21,700	1,450	83,900	23,000
Retail	45	2,200	22,300	70	3,600	20,800
Subtotal	**21,546**	**513,000**	**45,900**	**10,243**	**228,800**	**49,000**
Carparks	476	-	-	160	-	-
Grand Total	**22,022**	**513,000**	**46,900**	**10,403**	**228,800**	**49,800**
Recognised as:						
- property sales in revenue of the Group[3]	13,638			1,448		
- revenue of associates	6,260			8,694		
- revenue of joint ventures	2,124			261		
Grand Total	**22,022**			**10,403**		

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 RMB2,491 million, ancillary retail space of RMB41 million and carparks sales of RMB61 million were contributed by Chongqing Tiandi partnership portfolio and were recognised as revenue of associates in 2021. The Group holds 19.8% interests 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 43% to RMB30,270 million in 2021, compared to RMB21,184 million in 2020, with residential property sales accounting for 99% 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), Taipingqiao Ville V (Lot 118) and Shanghai Panlong Tiandi. The Group expects to launch more residential property developments in 2022, subject to the latest construction progress of the developments, and government pre-sale approval timing. The ASP of residential property sales increased by 11% to RMB63,800 per sq.m. in 2021, compared to RMB57,500 per sq.m. in 2020. The increase was mainly due to changes in project mix. In 2021, a higher proportion of contracted property sales was generated from higher ASP projects in Shanghai.

As of 31 December 2021:

i) a total subscribed sales of RMB5,505 million was recorded, among which RMB4,020 million and RMB705 million were from Shanghai RHXC Ocean One (Lot 7) and Taipingqiao Ville V (Lot 118) respectively. These are subject to formal sales and purchase agreements in the coming months.

ii) a total locked-in sales of RMB27.8 billion was recorded and available for delivery to customers and for recognition as profit in 2022 and beyond.

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

	2021			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	6,051	36,600	165,300	5,531	33,800	163,600
Shanghai RHXC (Lot 2)	-	-	-	170	1,300	130,800
Shanghai RHXC (Lot 1)[1]	599	5,500	108,900	6,844	62,600	109,300
Shanghai RHXC (Lot 7)[1]	10,424	90,600	115,100	-	-	-
Shanghai Panlong Tiandi	7,370	119,900	61,500	2,931	47,800	61,300
Wuhan Tiandi	80	1,700	47,100	1,648	35,100	47,000
Wuhan Optics Valley Innovation Tiandi	1,665	75,200	22,100	1,354	67,900	19,900
Foshan Lingnan Tiandi	71	2,800	25,400	982	39,300	25,000
Chongqing Tiandi[2]	3,347	134,500	30,300	1,376	73,000	23,000
Carparks	550	-	-	164	-	-
Subtotal	**30,157**	**466,800**	**64,600**	**21,000**	**360,800**	**58,200**
Commercial property sales:						
Shanghai RHXC (Lot 2)	-	-	-	73	900	81,100
Foshan Lingnan Tiandi	12	1,500	8,000	66	4,700	14,000
Chongqing Tiandi						
Office (Loft)	4	300	13,300	-	-	-
Retail	97	5,900	16,400	45	2,300	19,600
Subtotal	**113**	**7,700**	**14,700**	**184**	**7,900**	**23,300**
Grand Total	**30,270**	**474,500**	**63,800**	**21,184**	**368,700**	**57,500**

Notes:

[1] *The Group held 49.5% interests in 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% interests in the partnership portfolio.*

Residential GFA Available for Sale and Pre-sale in 2022

The Group has approximately 346,900 sq.m. of residential GFA spanning seven projects available for sale and pre-sale during 2022, as summarised below:

Project	Product		Available for sale and pre-sale in 2022	
		GFA in sq.m.	Group's interests %	Attributable GFA in sq.m.
Shanghai Taipingqiao Lot 118	High-rises	7,800	99%	7,700
Shanghai RHXC Lot 7[1]	High-rises	70,600	49.50%	34,900
Shanghai RHXC Lot 167A	High-rises	85,900	49%	42,100
Shanghai Panlong Tiandi	High-rises	73,200	80%	58,600
Wuhan Tiandi	High-rises	43,300	100%	43,300
Wuhan Optics Valley Innovation Tiandi	High-rises	45,200	50%	22,600
Chongqing Tiandi	High-rises	20,900	19.80%	4,100
Total		**346,900**		**213,300**

Note:
[1] All units from Shanghai RHXC Lot 7 have been launched and subscribed as of 31 January 2022.

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) with a total GFA of 78,000 sq.m. for residential use. The Group launched the second phase, comprising a total of 106 units in October 2021 with total GFA of 36,000 sq.m.. All the units have been contracted or subscribed as of 31 December 2021. A total amount equivalent to RMB5.9 billion was handed over and recognised as revenue in 2021.

Shanghai RHXC - 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, and over RMB10 billion were contracted in 2021. With last batch launched in January 2022, all of the units have been launched and subscribed as of 31 January 2022.

Shanghai Panlong Tiandi - Construction work on Lot 5 commenced in November 2020, with a saleable GFA of 75,000 sq.m. for residential use. The Group launched a total of 741 units for pre-sale in October 2021 which will be ready for handover in 2022.

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 2021. Lot B12 with a total GFA of 72,000 sq.m. is currently under construction.

Wuhan Optics Valley Innovation Tiandi - The site was acquired in 2017. Lot R6 with saleable GFA of 36,000 sq.m. started pre-sale of 260 units in November 2021 and achieved RMB625 million contracted sales in 2021.

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. As of 31 December 2021, 402 residential units and 252 parking spaces were handed over to owners.

Chongqing - Glory Mansion (Lot B13) Phase I with a total GFA of 153,000 sq.m. was completed and handed over in 2021. Glory Mansion Phase II with a total GFA of 98,000 sq.m. for retail use, Glorious River (Lots B5&B10) with a total GFA 173,000 sq.m. and Quiet Mansion (Lot B24-6) with a total GFA of 72,000 sq.m. were under construction. The Group holds a 19.8% interest in the partnership portfolio.

Commercial Properties under Development

Shanghai Taipingqiao - CPIC Xintiandi Commercial Center (Lots 123, 124 &132) held a ground-breaking 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 2024 in phases, and the shopping mall is planned to be handed over in 2024. The Group holds a 25% interest in the development.

Shanghai RHXC **-** Construction work of Ruihong Tiandi Lot 10 commenced in 2017. It has been developed into a commercial complex comprising two Grade-A Office Towers named Ruihong Corporate Avenue with a total GFA of 145,000 sq.m., and a shopping mall named Hall of the Sun, comprising 185,000 sq.m.. The construction of the shopping mall has been completed and soft opened in September 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 the second half of 2020 and is planned for completion in 2022. The Group holds 100% interest in the site.

Wuhan Tiandi - 1 Corporate Avenue (Lot A1 office building) with a total GFA of 160,000 sq.m. was completed in September 2021 and has started pre-leasing.

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 in advance 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 31 December 2021, the Group's landbank was 9.4 million sq.m. (comprising 7.0 million sq.m. of leasable and saleable area, and 2.4 million sq.m. for clubhouses, car parking spaces and other facilities) spreading across thirteen development projects located in the prime areas of five major PRC cities, namely: Shanghai, Nanjing, Wuhan, Foshan and Chongqing. The leasable and saleable GFA attributable to the Group was 4.3 million sq.m.. Of the total leasable and saleable GFA of 7.0 million sq.m., approximately 2.2 million sq.m. was completed, and held for sale and/or investment. Approximately 2.0 million sq.m. was under development, and the remaining 2.8 million sq.m. was held for future development.

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 173,000 sq.m.. It enables the Group to further expand its footprint in the world-renowned Shanghai Xintiandi area.

In December 2021, the Group established a 50/50 joint venture with the subsidiaries of Wuhan Urban Construction group and successfully won a bid for lands located in the Wuchang district of Wuhan for total consideration of RMB17.0 billion. The project is a large-scale master planned district that includes the development of residential, office, and commercial buildings, international schools, and other public utilities. It will further strengthen the Group's presence in the Wuhan region.

The Group's total landbank as of 31 December 2021, including that of its joint ventures and associates, is summarised below:

	Approximate/Estimated leasable and saleable GFA								
Project	**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	39,000	88,000	112,000	-	**239,000**	107,000	**346,000**	99.00%[1]	183,000
Shanghai RHXC	-	145,000	298,000	-	**443,000**	226,000	**669,000**	99.00%[2]	219,000
Shanghai KIC	-	164,000	67,000	22,000	**253,000**	142,000	**395,000**	44.27%[3]	117,000
The Hub	-	90,000	173,000	-	**263,000**	72,000	**335,000**	100.00%	263,000
Shanghai Panlong Tiandi	51,000	-	-	-	**51,000**	42,000	**93,000**	80.00%	41,000
INNO KIC	-	41,000	4,000	-	**45,000**	18,000	**63,000**	100.00%	45,000
Wuhan Tiandi	9,000	160,000	238,000	-	**407,000**	305,000	**712,000**	100.00%	407,000
Wuhan Optics Valley Innovation Tiandi	6,000	-	3,000	-	**9,000**	104,000	**113,000**	50.00%	5,000
Foshan Lingnan Tiandi	-	16,000	156,000	43,000	**215,000**	131,000	**346,000**	100.00%	215,000
Chongqing Tiandi	-	-	135,000	-	**135,000**	326,000	**461,000**	99.00%[4]	130,000
Nanjing IFC	-	72,000	28,000	-	**100,000**	18,000	**118,000**	50.00%	50,000
Subtotal	**105,000**	**776,000**	**1,214,000**	**65,000**	**2,160,000**	**1,491,000**	**3,651,000**		**1,675,000**
Properties under development:									
Shanghai Taipingqiao	-	192,000	103,000	-	**295,000**	110,000	**405,000**	99.00%[5]	88,000
Shanghai RHXC	247,000	107,000	15,000	-	**369,000**	132,000	**501,000**	49.50%[6]	182,000
Shanghai Hong Shou Fang	-	48,000	14,000	-	**62,000**	22,000	**84,000**	100.00%	62,000
Shanghai Panlong Tiandi	151,000	-	44,000	4,000	**199,000**	87,000	**286,000**	80.00%	159,000
Wuhan Tiandi	72,000	-	1,000	-	**73,000**	36,000	**109,000**	100.00%	73,000
Wuhan Optics Valley Innovation Tiandi	109,000	118,000	15,000	-	**242,000**	115,000	**357,000**	50.00%	121,000
Foshan Lingnan Tiandi	-	-	1,000	-	**1,000**	-	**1,000**	100.00%	1,000
Chongqing Tiandi	238,000	258,000	201,000	26,000	**723,000**	296,000	**1,019,000**	19.80%	143,000
Subtotal	**817,000**	**723,000**	**394,000**	**30,000**	**1,964,000**	**798,000**	**2,762,000**		**829,000**
Properties for future development:									
Shanghai Taipingqiao	81,000	-	21,000	-	**102,000**	71,000	**173,000**	50.00%	51,000
Wuhan Tiandi	39,000	70,000	3,000	-	**112,000**	-	**112,000**	100.00%	112,000
Wuhan Optics Valley Innovation Tiandi	97,000	366,000	333,000	-	**796,000**	1,000	**797,000**	50.00%	398,000
Wuhan Shipyard[7]	792,000	-	275,000	30,000	**1,097,000**	57,000	**1,154,000**	50.00%	549,000
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	**1,037,000**	**886,000**	**804,000**	**110,000**	**2,837,000**	**129,000**	**2,966,000**		**1,788,000**
Total landbank GFA	**1,959,000**	**2,385,000**	**2,412,000**	**205,000**	**6,961,000**	**2,418,000**	**9,379,000**		**4,292,000**

Notes:

1 *The Group has 99.00% interests 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 effective interests of 100.00%, 80.00%, 100.00%, 44.55% and 98.00%, respectively.*

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

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

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

5 *The Group has 99.00% interests in Xintiandi Style II asset enhancement initiative ("AEI"), 25.00% interests in Lots 123, 124 & 132 for office and retail uses.*

6 *The Group has 49.50% effective interests in Lot 7 for residential use, and 49.00% interests in Lot 167.*

7 *The GFA of Wuhan Shipyard is preliminary estimates that are subject to further revision of the project plan.*

INVESTMENT PROPERTIES

A Leading Player in Commercial Real Estate

Project	Office GFA sq.m.	Retail GFA sq.m.	Total GFA sq.m.	Attributable GFA sq.m.	Asset Value as of 31 December 2021 RMB'billion	% of ownership
Completed properties						
Shanghai Taipingqiao Community						
Shanghai Xintiandi, Xintiandi Style II, Xintiandi Plaza, Shui On Plaza	36,000	85,000	121,000	109,000	**11.52**	100%/99%/80%/80%
5 Corporate Avenue, Hubindao	52,000	27,000	79,000	35,200	**6.74**	44.55%
The Hub	90,000	173,000	263,000	263,000	**8.96**	100%
Ruihong Tiandi Community						
Hall of the Moon, Hall of the Stars, The Palette 3	-	111,000	111,000	55,000	**4.02**	49.5%
Hall of the Sun, Ruihong Corporate Avenue	145,000	185,000	330,000	163,400	**11.69**	49.5%
Shanghai KIC	186,000	67,000	253,000	117,300	**8.53**	44.27%/50.49%
INNO KIC	41,000	4,000	45,000	45,000	**1.48**	100%
Nanjing IFC	72,000	28,000	100,000	50,000	**2.98**	50.00%
Wuhan Tiandi Community	160,000	238,000	398,000	398,000	**9.15**	100%
Foshan Lingnan Tiandi Community	16,000	143,000	159,000	159,000	**4.37**	100%
Chongqing Tiandi Community	-	131,000	131,000	131,000	**1.52**	99%
Subtotal	**798,000**	**1,192,000**	**1,990,000**	**1,525,900**	**70.96**	
Land & properties under development						
Shanghai Taipingqiao Community						
Xintiandi Style II (AEI)	-	19,000	19,000	18,800	**1.21**	99%
CPIC Xintiandi Commercial Center	192,000	84,000	276,000	69,000	**19.19**	25%
Shanghai RHXC						
Ruihong Tiandi Lot 167B	107,000	12,000	119,000	58,300	**4.33**	49%
Shanghai Hong Shou Fang	48,000	14,000	62,000	62,000	**2.38**	100%
Shanghai Panlong Tiandi	-	44,000	44,000	35,200	**0.84**	80%
Foshan Lot A	190,000	64,000	254,000	254,000	**1.88**	100%
Subtotal	**537,000**	**237,000**	**774,000**	**497,300**	**29.83**	
Grand Total	**1,335,000**	**1,429,000**	**2,764,000**	**2,023,200**	**100.79**	

Valuation of Investment Properties

As of 31 December 2021, the carrying value of the Group's investment properties at valuation (excluding hotels for operation and self-use properties) was RMB95,522 million with a total GFA of 2,632,500 sq.m.. The properties located in Shanghai, Wuhan, Foshan, Chongqing and Nanjing, respectively, contributed 60%, 15%, 15%, 5% and 5% of the carrying value.

The table below summarises the carrying value of the Group's investment properties at valuation as of 31 December 2021 together with the change in fair value for 2021:

Project	Leasable GFA	Increase /(decrease) in fair value for 2021	Carrying value as of 31 December 2021	Fair Value gain/(loss) to carrying value	Attributable carrying value to the Group
	sq.m.	RMB'million	RMB'million	%	RMB'million
SXTD Portfolio[2]					
Completed investment properties					
Shanghai Taipingqiao Community					
Shanghai Xintiandi and Xintiandi Style II	61,000	54	6,762	0.8%	6,755
Shui On Plaza and Xintiandi Plaza	53,000	(13)	4,161	(0.3%)	3,370
5 Corporate Avenue, Hubindao (associate)	79,000	140	6,743	2.1%	3,004
The Hub	263,000	32	8,960	0.4%	8,960
Shanghai KIC	247,000	42	8,341	0.5%	3,855
INNO KIC	45,000	12	1,475	0.8%	1,475
Wuhan Tiandi Community	238,000	65	6,519	1.0%	6,519
Foshan Lingnan Tiandi Community	142,000	(13)	4,120	(0.3%)	4,120
Chongqing Tiandi Community	128,000	(10)	1,488	(0.7%)	1,473
Nanjing IFC (joint venture)	100,000	106	2,982	3.5%	1,491
Subtotal	**1,356,000**	**415**	**51,551**	**0.8%**	**41,022**
Investment properties under development					
Xintiandi Style II (AEI)	19,000	16	1,207	1.3%	1,195
Investment property – sublease of right-of-use assets					
Nanjing INNO	17,000	(10)	93	(10.8%)	93
SXTD Portfolio Total	**1,392,000**	**421**	**52,851**	**0.8%**	**42,310**
Other Investment Properties					
Shanghai RHXC	500	-	8	-	8
1 Corporate Avenue, Wuhan	160,000	(70)	2,631	(2.7%)	2,631
Chongqing Street shops	3,000	-	34	-	34
Shanghai Panlong Tiandi	44,000	29	835	3.5%	668
Shanghai Hong Shou Fang	62,000	7	2,380	0.3%	2,380
Foshan Lot A	254,000	(79)	1,881	(4.2%)	1,881
Foshan Lots B/C[3]	-	(27)	-	-	-
Ruihong Tiandi Community (joint venture)	441,000	465	15,711	3.0%	7,777
CPIC Xintiandi Commercial Center (joint venture)	276,000	(180)	19,191	(0.9%)	4,798
Other Investment Properties Total	**1,240,500**	**145**	**42,671**	**0.3%**	**20,177**
Grand Total	**2,632,500[1]**	**566**	**95,522**	**0.6%**	**62,487**
Grand Total (excluding associates and JV)	**1,736,500[1]**	**35**	**50,895**	**0.1%**	**45,417**

Notes:

1 *Self-use properties (total GFA 15,000 sq.m.) are classified as property and equipment in the consolidated statement of financial position, and the respective leasable GFA is excluded from this table. Carpark and other facilities spaces are also not included in this table.*

2 *The completed investment properties will be transferred to SXTD upon completion of restructuring.*

3 *Transferred to asset held for sale in 2021.*

Shui On Xintiandi ("SXTD"): the Group's flagship commercial business unit

The Group is restructuring of all its completed investment properties and businesses relating to its commercial real estate operation to be managed under a wholly-owned subsidiary, SXTD. After the completion of restructuring, SXTD will hold and manage three major business segments of the Group:

i) Property investment, comprising investment, ownership and operation of commercial properties and provision of other rental-related services;
ii) Property management, comprising commercial and residential property management services; and
iii) Real estate asset management, comprising commercial asset management services.

Selected financial information[1]

RMB'million	2021	2020	Year-on-Year Growth/(Decline)
Revenue	2,865	2,358	22%
Comprised of:			
- Property investment[2]	2,221	1,836	21%
- Property management	500	405	23%
- Real estate asset management	93	67	39%
- Others	51	50	2%
Gross profit	2,071	1,662	25%
Operating profit	1,629	1,283	27%
Underlying profit[3]	602	304	98%
Net assets	33,416	30,513	10%
Net gearing ratio, at the end of year	15%	22%	(7ppt)

Notes:

1 *Figures are unaudited and prepared on a pro-forma basis.*

2 *The difference between revenue from property investment of SXTD and the consolidated rental and related income of the Group was mainly due to the income from temp shop in Foshan Lingnan Tiandi.*

3 *Underlying profit is a non-IFRS financial measure and represents the net profit attributable to shareholders that excludes fair value changes and effect of foreign exchange.*

In 2021, SXTD delivered strong results mainly contributed by property investment as a result of recovery from COVID-19 and effective cost control.

Property Investment

As of 31 December 2021, SXTD manages all of the Group's completed investment properties and two joint venture projects, namely 5 Corporate Avenue and Hubindao in Shanghai and Nanjing IFC.

Property investment contributed approximately 78% of SXTD total revenue in 2021. Our retail and office investment properties accounted for 61% and 39% of rental income from property investment (including 5 Corporate Avenue and Hubindao, and Nanjing IFC), respectively.

The retail portfolio has seen strong recovery from the negative impact last year of the 2020 COVID-19 outbreak in China. The occupancy rate has reached an average of 93% as of 31 December 2021. We recorded positive retail rental reversion in 2021, mainly driven by the consumptions of our strong domestic customer base.

Amidst the pressure from oversupply of office in Shanghai, our office portfolio has demonstrated resilience as a testimony of our reputable services and prime locations. We have seen quick recovery in our office portfolio and office rental reversion was positive in the year. The occupancy rate was maintained at an average of 93% as of 31 December 2021, and in particular, the occupancy rate of our office properties in Shanghai has achieved an average of 98%.

Performance of Investment Properties

The table below provides an analysis of the rental and related income, occupancy rate of the investment properties of the Group:

Project	Product	Leasable GFA	Rental & related income[6] RMB'million		Changes	Occupancy rate		Changes
		sq.m.	2021	2020	%	31 Dec 2021	31 Dec 2020	ppt
Shanghai Taipingqiao Community								
Shanghai Xintiandi	Office/ Retail	54,000	454	294	54%	100%	97%	3
Xintiandi Style II	Retail	7,000[1]	51	75	(32%)	79%[2]	83%	(4)
Shui On Plaza & Xintiandi Plaza	Office / Retail	56,000	180	167	8%	99%	88%	11
The Hub	Office/ Retail	263,000	422	375	13%	95%	94%	1
Shanghai KIC	Office/Retail	247,000	487	444	10%	97%	94%	3
INNO KIC	Office/ Retail	45,000	63	40	58%	97%	84%	13
Wuhan Tiandi Community	Retail	238,000	320	236	36%	93%	89%	4
Foshan Lingnan Tiandi Community	Office/ Retail	144,000	187	165	13%	96%	94%	2
Chongqing Tiandi Community	Retail	128,000	57	40	43%	94%	84%	10
Total rental and related income		**1,182,000**	**2,221[7]**	**1,836**	**21%**			
Shanghai Taipingqiao Community								
5 Corporate Avenue, Hubindao[3] (classified as associate income)	Office/Retail	79,000	270	247	9%	96%	91%	5
Nanjing IFC[4] (classified as joint venture income)	Office/Retail	100,000	122	-	-	60%	-	-
Grand Total		**1,361,000[5]**	**2,613**	**2,083**	**25%**			

Notes:
[1] Excluded a total leasable GFA of 19,000 sq.m. which was under AEI since October 2021.
[2] Drop in occupancy rate in 2021 was due to AEI works and tenants were vacated since 2021.
[3] The Group held 44.55% effective interest of the property. Rental and related income attributable to SXTD was RMB120 million in 2021 and RMB110 million in 2020.
[4] The acquisition of Nanjing IFC was completed in February 2021. The Group held 50% effective interest of the property. Rental and related income attributable to SXTD was RMB61 million in 2021.
[5] A total GFA of 10,000 sq.m. located at Shanghai Shui On Plaza and Shanghai KIC were occupied by SXTD and were excluded from the above table.
[6] Excluding property management income from commercial properties which is included in Property Management segment.
[7] The difference between revenue from property investment of SXTD and the consolidated rental and related income of the Group was mainly due to the income from temp shop in Foshan Lingnan Tiandi.

Rental and related income increased by 21% to RMB2,221 million in 2021 compared to RMB1,836 million in 2020. The increase was driven by a rapid business recovery from the COVID-19 impact on our operations in 2020, and additional rental contributions in Shanghai Xintiandi after its AEI.

Including the properties of 5 Corporate Avenue and Hubindao, and Nanjing IFC, the total rental and related income increased by 25% Y/Y to RMB2,613 million in 2021, of which 74% of the rental and related income was contributed by the portfolio located in Shanghai, with the remaining from other cities in China.

Retail Tenant Mix
As at 31 December 2021

	By occupied GFA
Food & beverage	30.0%
Fashion & beauty	25.1%
Entertainment	14.5%
Services	14.4%
Children & family	8.1%
Hotel & service apartment	2.0%
Supermarkets & hypemarkets	1.9%
Showroom	1.7%
Others	2.3%
Total	**100%**

Office Tenant Mix
As at 31 December 2021

	By occupied GFA
High-tech & TMT	30.0%
Biological, pharmaceutical & medical	13.3%
Professional services	12.1%
Banking, insurance & financial services	8.9%
Consumer products & services	8.7%
Automation, manufacturing & automobile	4.8%
Education, culture & innovation	4.5%
Real estate & construction	4.2%
Chemical	3.6%
Others	9.9%
Total	**100%**

Performance of Our Projects

Shanghai Taipingqiao Community:

The **Shanghai Taipingiao Community** comprises various commercial and office properties including Shanghai Xintiandi, Xintiandi Style II, Shui On Plaza and Xintiandi Plaza, and 5 Corporate Avenue and Hubindao. The total rental and related income of Shanghai Taipingqiao increased by 22% in 2021, driven by increase in sales and foot traffic, and full year contribution of a portion of Shanghai Xintiandi after the completion of its AEI and soft opening the premise on 16 November 2020. With focus on Neo Luxury, reopened with many new tenants, such as Butterful & Creamorous, Qeelin, Tom Dixon, and 3CE Stylenanda. Xintiandi Style II, located across the new portion of Shanghai Xintiandi with a GFA of 19,000 sq.m., commenced its AEI since October 2021 and will be re-opened with a brand-new concept in Q4 2022.

Other Shanghai Projects:

The Hub and **Shanghai KIC** recorded an increase in rental and related income of 13% and 10% respectively in 2021 compared to 2020. The Hub is well connected to transportation hub of Hongqiao with retail and office. KIC is office-focused with the office component accounting for 74% of its total leasable GFA. The strong rental growth in these two projects broadly reflect the overall recovery in the Shanghai office market in 2021. Indeed, both The Hub and Shanghai KIC were nearly fully leased, with occupancy rates as of year-end 2021 of 95% and 97%, respectively.

INNO KIC, located adjacent to Shanghai KIC with a total GFA of 45,000 sq.m., commenced operation in April 2019, and contributed RMB63 million rental and related income in 2021 with a current occupancy rate at 97% at end of December 2021.

Wuhan Tiandi Community:

The **Wuhan Tiandi Community** includes all the retail complexes in the Wuhan Tiandi Community, namely Wuhan Xintiandi and South Hall and North Hall of Horizon. The total rental and related income from the Wuhan Tiandi Community increased by 36% in 2021. This was mainly due to the successful repositioning of Wuhan Xintiandi in which we optimised its tenant mix and food & beverage offerings, introducing new tenants focusing on young premium customers, such as Knowin and Harmay.

Foshan Lingnan Tiandi Community:

The **Foshan Lingnan Tiandi Community** comprises Lingnan Xintiandi and NOVA and Lot E office. The project performed well, with the occupancy rate for the NOVA shopping mall remaining at 99% as of 31 December 2021, while the overall occupancy rate for Lingnan Xintiandi was 94%. The rental and related income generated from these properties reached RMB187 million in 2021, up 13% compared to 2020.

Chongqing Tiandi Community:

The Chongqing Tiandi Community comprises of the retail space in the Chongqing Tiandi Community include Chongqing Xintiandi, A Hall and B Hall of Jialing Mall and 2 Corporate Avenue Retail, Chongqing. Rental and related income of Chongqing Xintiandi remained stable in 2021. The occupancy rate was 98% for Chongqing Xintiandi and the occupancy rate of A Hall of Jialing Mall (Lot B12-3 Retail) was 88%. The occupancy rate of B Hall of Jialing Mall (Lot B12-4 Retail) was 92% after repositioning.

Nanjing IFC:

We acquired a mixed-use Grade-A landmark property in Nanjing with Grosvenor on a 50/50 basis in February 2021. Nanjing IFC is predominantly an office building occupied by a diverse mix of high-quality tenants, including MetLife, AIA and KFC. The property is currently undergoing asset enhancement to further improve the value of the property by upgrading the office tower and repositioning the retail podium.

Property Management

We provide premium property management services for the commercial properties within the Group's portfolio as well as selective commercial and residential properties owned by third parties. In 2021, the total GFA under management for commercial and residential properties were 4.1 million sq.m. and 4.9 million sq.m., respectively. Property management contributed to approximately 17% of SXTD's revenue in 2021. During the year, the segment's increased revenue due to a higher occupancy rate for commercial properties under management, an increase in residential GFA under management, and a waiver of retail management fee in 2020 due to COVID-19 outbreak.

Real Estate Asset Management

We provided real estate asset management services for commercial projects with JV or third-party owners. The real estate asset management services include but are not limited to feasibility study, tenancy positioning, leasing, marketing and branding, account and finance management. As of December 2021, our asset management projects including 5 Corporate Avenue and Hubindao, Nanjing IFC, commercial properties in the Ruihong Tiandi Community, 2 Corporate Avenue in Wuhan and Nanjing INNO. CAGR of revenue from real estate asset management since 2018 was 37%. The total valuation of the projects we managed amounted to RMB26.4 billion, with a total GFA of 679,000 sq.m. as of 31 December 2021. The business segment contributed to approximately 3% of SXTD's revenue in 2021.

FINANCIAL REVIEW

The Group's 2021 ***revenue*** jumped by 282% to RMB17,555 million, compared to RMB4,597 million in 2020, mainly from a significant increase in property sales.

Property sales for 2021 increased sharply to RMB13,638 million (2020: RMB1,448 million), mainly comprised of RMB5,935 million from Taipingqiao Ville V, RMB4,115 million from Wuhan Tiandi La Riva II and RMB3,227 million from Panlong Tiandi. For comparison, property sales in 2020 were primarily contributed by Foshan Masterpiece (Lot 13a) which amounted to RMB959 million, with the remainder from sales of property and carparks inventories at different projects.

Rental and related income from property investment for 2021 increased to RMB2,259 million (2020: RMB1,874 million), representing a 21% Y/Y increase. During 2020, the operations and performances of our investment properties were significantly affected by the COVID-19 outbreak, resulting in a notable decline in rental and related income. There was no such negative impact during 2021.

Rental and related income from the Group's Shanghai properties, which accounted for 73 % (2020: 74%) of the total, increased by 19 % to RMB1,643 million (2020: RMB1,379 million). The rental and related income from the Group's non-Shanghai properties totalled RMB616 million in 2021, representing a 24% Y/Y increase. For further details on the performance of our commercial properties, please see the section on "Shui On Xintiandi".

Property management income for 2021 increased by 42% to RMB490 million (2020: RMB345 million), of which RMB318 million (2020: RMB210 million) was from services rendered to commercial properties, with the remaining income of RMB172 million (2020: RMB135 million) from residential properties.

Construction income increased to RMB835 million in 2021 (2020: RMB691 million). The increase was mainly generated from the decoration service rendered to the house owners of our developed properties.

Gross profit for 2021 recorded a 205% Y/Y increase to RMB7,173 million (2020: RMB2,350 million) which was from the significant increase in Group revenue, while ***gross profit margin*** declined to 41% (2020: 51%), due to a lower proportion of gross profit contributed by property investment, accounting for 26% (2020: 65%) of total gross profit.

Other income for 2021 declined 23% to RMB241 million (2020: RMB311 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 interest income from joint ventures loans.

Selling and marketing expenses for 2021 increased by 16% to RMB192 million (2020: RMB166 million), as a result of higher selling and promotional activities, which was in line with the robust 2021 property sales.

General and administrative expenses, which comprise staff costs, depreciation charges and advisory costs incurred, increased to RMB928 million in 2021 (2020: RMB804 million) alongside the business recovery.

Increase in fair value of investment properties totalled RMB35 million in 2021 (2020: decrease of RMB1,786 million). The investment property portfolio in Shanghai recorded a valuation gain of RMB179 million and the investment property portfolio outside Shanghai recorded a loss of RMB144 million. The significant decline in the fair value of our investment property portfolio in 2020 reflected the negative financial effects of the COVID-19 outbreak.

Other gains and losses recorded a net loss of RMB334 million in 2021 (2020: net loss of RMB454 million). The net losses mainly comprised of:

Gains/(losses)	2021 RMB'million	2020 RMB'million
Cost arising from hedging activities	(213)	(95)
Write-off of receivables	(84)	-
Loss from fair value change of derivative financial instruments	(16)	(154)
Premium for tender and exchange of senior notes	-	(69)
Loss from fair value change of liability arising from a rental guarantee arrangement	(50)	(79)
Payable for relocation costs written back	-	441
Impairment loss for commercial lands costs	-	(452)

Share of results of associates and joint ventures increased to RMB620 million in 2021 (2020: RMB328 million). Gains from property sales amounted to RMB407 million (2020: RMB385 million) which was mainly from RMB293 million in Wuhan Optics Valley contributions. In comparison, the gains in 2020 were primarily contributed by the JV project with GRANDJOY in RHXC (Lot 1) which commenced delivery of residential properties in 2020, generating a gain of RMB295 million. Net gains on investment property revaluation contributed RMB237 million (2020: loss of RMB56 million) which mainly comprised of RMB173 million from RHXC commercial properties and RMB57 million from 5 Corporate Avenue and Hubindao.

Finance costs, inclusive of exchange differences, totalled RMB895 million in 2021 (2020: RMB215 million). Total interest costs declined by 16% to RMB1,827 million (2020: RMB2,185 million) which was in line with our decreased outstanding balance of debt and reduced average cost of debt of 4.6% in 2021 (2020: 4.8%). Of these interest costs, 37% (2020: 53%) or RMB684 million (2020: RMB1,155 million) was capitalised as cost of property development, with the remaining 63% (2020: 47%) 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 RMB255 million (2020: RMB863 million) was recorded as a result of the appreciation of the RMB against the HKD and the USD in 2021.

Taxation recorded an amount of RMB3,463 million in 2021 (2020: credit of RMB182 million), of which land appreciation tax was RMB1,916 million (2020: RMB225 million). The credit amount taxation in 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.

Profit for the year 2021 was RMB2,208 million (2020: loss of RMB233 million).

Profit attributable to shareholders of the Company for 2021 was RMB1,636 million (2020: loss of RMB740 million).

Core earnings of the Group are as follows:

	2021 RMB'million	2020 RMB'million	Change %
Profit/(loss) attributable to shareholders of the Company	**1,636**	(740)	
(Increase) /decrease in fair value of investment properties, net of tax	**(33)**	1,487	
Impairment loss on investment properties under development at cost and properties under development for sale, net of tax	**-**	342	
Share of results of associates and joint ventures - fair value (gain)/loss of investment properties, net of tax	**(236)**	55	
	(269)	1,884	
Non-controlling interests	**7**	(16)	
Net effect of changes in the valuation	**(262)**	1,868	
Profit attributable to shareholders of the Company before revaluation	**1,374**	1,128	
Add:			
Profit attributable to owners of perpetual capital securities	**234**	269	
Profit attributable to owners of convertible perpetual capital securities	**-**	49	
Core earnings of the Group	**1,608**	1,446	11%

Earnings per share for 2021 was RMB20.3 cents, calculated based on a weighted average of approximately 8,044 million shares in issue in 2021 (2020: loss per share RMB9.2 cents, which was calculated based on a weighted average of approximately 8,044 million shares in issue).

Dividends payable to shareholders of the Company must 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.

In light of the Group's strong financials, the Board has resolved to recommend the payment of a 2021 final dividend of HKD0.084 per share (2020: nil).

Major Acquisition

1) In February 2021, the Group's 50/50 joint venture with Grosvenor Group completed the acquisition of a prime Grade-A office building with an ancillary retail podium and carparks in Xinjiekou, Nanjing.

2) 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 Land located 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.

3) In December 2021, the Group formed a JV company with Wuhan Real Estate Group Co., Ltd. on a 50/50 basis to acquire the land use rights of certain Wuhan Wuchang District lands for an aggregate consideration of RMB17,031 million. The land consists of three land parcels with a total site area of 332,381 sq.m.. It's permitted for residential use for a term of grant of 70 years, commercial services for a term of grant of 40 years and educational use for a term of grant of 50 years. For details, please refer to the circular issued by the Company dated 25 January 2022.

Liquidity, Capital Structure and Gearing Ratio

Up to the date of this announcement, the Group has arranged three 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.

3) In November 2021, the Group fully repaid an aggregate principal amount of USD346 million senior notes at a yield of 6.25% per annum.

The structure of the Group's borrowings as of 31 December 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	7,232	1,166	870	2,668	2,528
Bank borrowings – HKD	3,805	3,093	712	-	-
Bank borrowings – USD	8,710	2,165	4,910	1,635	-
Senior notes – USD	12,116	-	3,190	8,926	-
Total	**31,863**	**6,424**	**9,682**	**13,229**	**2,528**

Cash and bank deposits totalled RMB17,284 million as of 31 December 2021 (31 December 2020: RMB15,796 million), which included RMB2,165 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 31 December 2021, the Group's net debt was RMB14,579 million (31 December 2020: RMB21,063 million) and its total equity was RMB49,178 million (31 December 2020: RMB46,733 million). The Group's net gearing ratio was 30% as of 31 December 2021 (31 December 2020: 45%), calculated based on the excess of the sum of senior notes and 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 future volatile macroeconomic conditions.

As of 31 December 2021, HKD/USD borrowings including senior notes (unhedged), net off HKD/USD cash and bank deposits, amounted to approximately RMB12,897 million in equivalent, which is around 40% of the total borrowings (31 December 2020: 33%).

Total undrawn banking facilities available to the Group amounted to approximately RMB1,730 million as of 31 December 2021 (31 December 2020: RMB7,668 million).

Pledged Assets

As of 31 December 2021, the Group had pledged investment properties, property and equipment, right-of-use assets, properties under development for sale and receivables totalling RMB34,433 million (31 December 2020: RMB43,622 million) to secure the Group's borrowings of RMB9,319 million (31 December 2020: RMB11,921 million).

Capital and Other Development Related Commitments

As of 31 December 2021, the Group had contracted commitments for development costs, capital expenditure and other investments in the amount of RMB8,999 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 senior notes and 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 31 December 2021, the Group has entered approximately USD1,130 million and HKD750 million forward contracts, and USD300 million call spread contracts to hedge the USD and HKD currency risk against RMB. In addition, from 1 January 2022 until today, the Group has further entered USD600 million and HKD300 million forward contracts, and USD100 million call spread contracts. 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 31 December 2021, the Group had various outstanding loans that bear variable interest 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 interest at fixed rates ranging from 0.27% to 0.54%; receive interest at variable rates at LIBOR and pay interest at fixed rates ranging from 0.22% to 0.235%, based on the notional aggregate amounts of HKD3,320 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 31 December 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

The Group provided guarantees of RMB2,672 million on 31 December 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.

The Board of Directors (the "Board") of Shui On Land Limited (the "Company" or "Shui On Land") hereby announces the audited consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2021 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Notes	**2021**		2020	
		HKD'million *(Note 2)*	**RMB'million**	HKD'million *(Note 2)*	RMB'million
Revenue	*4*	**21,147**	**17,555**	5,172	4,597
Cost of sales		**(12,506)**	**(10,382)**	(2,528)	(2,247)
Gross profit		**8,641**	**7,173**	2,644	2,350
Other income	*5*	**290**	**241**	350	311
Selling and marketing expenses		**(231)**	**(192)**	(187)	(166)
General and administrative expenses		**(1,118)**	**(928)**	(905)	(804)
Increase/(decrease) in fair value of investment properties		**42**	**35**	(2,009)	(1,786)
Other gains and losses	*5*	**(402)**	**(334)**	(511)	(454)
(Provision)/reversal of impairment losses under expected credit loss model	*7*	**(59)**	**(49)**	24	21
Share of results of associates and joint ventures		**747**	**620**	369	328
Finance costs, inclusive of exchange differences	*6*	**(1,078)**	**(895)**	(242)	(215)
Profit/(loss) before tax	*7*	**6,832**	**5,671**	(467)	(415)
Tax	*8*	**(4,172)**	**(3,463)**	205	182
Profit/(loss) for the year		**2,660**	**2,208**	(262)	(233)
Attributable to:					
Shareholders of the Company		**1,971**	**1,636**	(833)	(740)
Owners of perpetual capital securities		**282**	**234**	303	269
Owners of convertible perpetual capital securities		**-**	**-**	55	49
Non-controlling shareholders of subsidiaries		**407**	**338**	213	189
		689	**572**	571	507
		2,660	**2,208**	(262)	(233)
Earnings/(loss) per share attributable to the shareholders of the Company	*10*				
Basic		**HKD24.5 cents**	**RMB20.3 cents**	HKD(10.4) cents	RMB(9.2) cents
Diluted		**HKD24.5 cents**	**RMB20.3 cents**	HKD(10.4) cents	RMB(9.2) cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2021		2020	
	HKD'million *(Note 2)*	**RMB'million**	HKD'million *(Note 2)*	RMB'million
Profit/(loss) for the year	**2,660**	**2,208**	(262)	(233)
Other comprehensive (expense) /income				
Items that may be reclassified to profit or loss in subsequent periods:				
Exchange difference arising on translation of foreign operations	**1**	**1**	(3)	(3)
Effective portion of changes in fair value of currency forward contracts designated as cash flow hedges	**388**	**322**	(752)	(668)
Effective portion of changes in fair value of interest rate swaps designated as cash flow hedges	**8**	**7**	(3)	(3)
Reclassification from hedge reserve to profit or loss arising from currency forward contracts	**(465)**	**(386)**	823	732
Share of other comprehensive income of an associate and a joint venture	**26**	**22**	51	45
Items that will not be reclassified to profit or loss in subsequent periods:				
Remeasurement of defined benefit obligations	**(2)**	**(2)**	1	1
Gain on revaluation of properties transferred from property and equipment to investment properties, net of tax	**-**	**-**	23	20
Other comprehensive (expense)/income for the year	**(44)**	**(36)**	140	124
Total comprehensive income/(expense) for the year	**2,616**	**2,172**	(122)	(109)
Total comprehensive income/(expense) attributable to:				
Shareholders of the Company	**1,927**	**1,600**	(697)	(620)
Owners of perpetual capital securities	**282**	**234**	303	269
Owners of convertible perpetual capital securities	**-**	**-**	55	49
Non-controlling shareholders of subsidiaries	**407**	**338**	217	193
	689	**572**	575	511
	2,616	**2,172**	(122)	(109)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**31 December 2021 RMB'million**	31 December 2020 RMB'million
Non-current assets			
Investment properties		**51,311**	51,220
Interests in associates		**8,038**	7,828
Interests in joint ventures		**15,472**	11,973
Property and equipment		**1,193**	1,235
Right-of-use asset		**55**	76
Receivables, deposits and prepayments	*11*	**289**	335
Pledged bank deposits		**-**	1,313
Loan to a non-controlling shareholder		**22**	-
Deferred tax assets		**279**	825
Other non-current assets		**99**	99
		76,758	74,904
Current assets			
Properties under development for sale		**6,699**	21,247
Properties held for sale		**7,217**	938
Receivables, deposits and prepayments	*11*	**1,889**	2,440
Amounts due from associates		**555**	196
Amounts due from joint ventures		**-**	20
Amounts due from related companies		**394**	440
Contract assets		**434**	305
Bank balances and cash		**17,284**	14,483
Prepaid taxes		**209**	502
Assets classified as held for sale		**2,457**	-
		37,138	40,571
Current liabilities			
Accounts payable, deposits received and accrued charges	*12*	**7,965**	6,840
Contract liabilities		**11,056**	12,907
Bank borrowings - due within one year		**6,424**	6,976
Senior notes		**-**	6,273
Receipts under securitisation arrangements		**-**	11
Tax liabilities		**4,617**	2,910
Loans from/amounts due to non-controlling shareholders		**281**	1,511
Loans from/amounts due to associates		**3,000**	799
Amount due to a joint venture		**13**	12
Amounts due to related companies		**365**	377
Liability arising from a rental guarantee arrangement		**175**	175
Lease liabilities		**13**	28
Derivative financial instruments		**240**	722
		34,149	39,541
Net current assets		**2,989**	1,030
Total assets less current liabilities		**79,747**	75,934

CONSOLIDATED STATEMENT OF FINANCIAL POSITION - CONTINUED

	Notes	**31 December 2021 RMB'million**	31 December 2020 RMB'million
Non-current liabilities			
Bank borrowings - due after one year		**13,323**	13,307
Senior notes		**12,116**	9,790
Receipts under securitisation arrangements		**-**	502
Liability arising from a rental guarantee arrangement		**-**	117
Deferred tax liabilities		**5,058**	5,409
Lease liabilities		**64**	71
Defined benefit liabilities		**8**	5
		30,569	29,201
Capital and reserves			
Share capital	*13*	**146**	146
Reserves		**39,790**	38,431
Equity attributable to shareholders of the Company		**39,936**	38,577
Perpetual capital securities		**4,049**	4,062
Non-controlling interests		**5,193**	4,094
		9,242	8,156
Total equity		**49,178**	46,733
Total equity and non-current liabilities		**79,747**	75,934

Notes to the consolidated financial statements:

1. General

The consolidated financial statements have 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 (the "Listing Rules") and with International Financial Reporting Standards ("IFRSs").

2. Presentation

The Hong Kong dollar figures presented in the consolidated statement of profit or loss and consolidated statement of comprehensive income are shown for reference only and have been arrived at based on the exchange rate of RMB1.000 to HKD1.2046 for 2021 and RMB1.000 to HKD1.125 for 2020, being the average exchange rates that prevailed during the respective years.

3. Changes in Accounting Policies and Disclosures

The Group has adopted the following revised IFRSs for the first time for the current year's financial statements.

Amendments to IFRS 9 *Financial Instruments*, IAS 39 *Financial Instruments: Recognition and Measurement*, IFRS 7 *Financial Instruments: Disclosures,* IFRS 4 *Insurance Contracts and* IFRS 16 *Leases*	*Interest Rate Benchmark Reform – Phase 2*
Amendment to IFRS 16 *Leases*	*COVID-19-Related Rent Concessions*
Amendment to IFRS 16 *Leases*	*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 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 a 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.

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

The Group had certain interest-bearing bank and other borrowings denominated in Hong Kong dollars based on the Hong Kong Interbank Offered Rate ("HIBOR") and United States dollars based on the London Interbank Offered Rate ("LIBOR") as at 31 December 2021. The Group has entered into interest rate swaps in which the Group would receive interest at variable rates at LIBOR and pay interest at fixed rates from 0.22% to 0.235% on the notional amount. The Group expects that HIBOR will continue to exist, and the interest rate benchmark reform has not had an impact on the Group's HIBOR-based borrowings. For the LIBOR-based borrowings and interest rate swap, since the interest rates of these instruments were not replaced by RFRs during the year, the amendments did not have any impact on the financial position and performance of the Group. If the interest rates of these borrowings and interest rate swap are replaced by RFRs in a future period, the Group will apply the above-mentioned practical expedient upon the modification of these instruments 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 year ended 31 December 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 year ended 31 December 2021. There was no impact on the opening balance of equity as at 1 January 2021.

4. Revenue and Segment Information

A. Disaggregation of revenue from contracts with customers

	Year ended 31 December	
	2021	2020
	RMB'million	RMB'million
Property development:		
Property sales	**13,638**	1,448
	13,638	1,448
Property management:		
Property management fee income	**490**	345
	490	345
Construction	**835**	691
Others	**333**	239
	15,296	2,723
Geographical markets		
Shanghai	**10,519**	1,457
Foshan	**428**	1,119
Wuhan	**4,292**	42
Chongqing	**48**	96
Nanjing	**9**	9
	15,296	2,723
Timing of revenue recognition		
A point in time	**13,638**	1,448
Over time	**1,658**	1,275
	15,296	2,723

The following table shows the amounts of revenue recognised in the current reporting year that were included in the contract liabilities at the beginning of the reporting year:

	2021	2020
	RMB'million	RMB'million
Revenue recognised that was included in contract liabilities at the beginning of the reporting year:		
Sale of properties	**11,566**	213
	11,566	213

4. Revenue and Segment Information - continued

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

For the year ended 31 December 2021

	RMB'million
Property development:	
Property sales	**13,638**
Property management:	
Property management fee income	**490**
Construction	**835**
Others	**333**
Revenue from contracts with customers	**15,296**
Property investment	
Rental income from investment properties (Note) (property investment segment)	**2,005**
Rental related income (property investment segment)	**254**
	17,555

Note:

	Year ended 31 December 2021 RMB'million
For operating leases:	
Fixed lease payment	**1,897**
Variable lease payments that do not depend on an index or a rate	**108**
	2,005

4. Revenue and Segment Information - continued

B. Set out below is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information – continued

For the year ended 31 December 2020

	RMB'million
Property development:	
Property sales	1,448
Property management:	
Property management fee income	345
Construction	691
Others	239
Revenue from contracts with customers	2,723
Property investment	
Rental income from investment properties (Note) (property investment segment)	1,677
Rental related income (property investment segment)	197
	4,597

Note:

	Year ended 31 December 2020 RMB'million
For operating leases:	
Fixed lease payment	1,610
Variable lease payments that do not depend on an index or a rate	67
	1,677

4. Revenue and Segment Information - continued

C. Operating segments

Operating segments are identified from the financial information provided regularly to the Group's chief operating decision maker ("CODM") (i.e. the executive directors and the chairman of the Group) for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business.

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

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

The property development and property investment projects of the Group are located in Shanghai, Wuhan, Foshan, Chongqing and Nanjing, the PRC, and their revenues are primarily derived from property sales and leasing respectively. The directors of the Company consider that the various operating segments under property development, property investment and construction segments are aggregated for financial reporting purposes because those segments have similar characteristics in terms of production process, class of customers and distribution method and are under similar economic conditions and subject to similar regulatory policies.

4. Revenue and Segment Information - continued

For the year ended 31 December 2021

	Reportable segment						
	Property development RMB'million	**Property investment RMB'million**	**Property management RMB'million**	**Construction RMB'million**	**Total RMB'million**	**Others RMB'million**	**Consolidated RMB'million**
SEGMENT REVENUE							
Segment revenue of the Group	**13,638**	**2,259**	**490**	**835**	**17,222**	**333**	**17,555**
SEGMENT RESULTS							
Segment results of the Group	**4,524**	**1,679**	**92**	**146**	**6,441**	**42**	**6,483**
Interest income							**222**
Share of results of associates and joint ventures							**620**
Finance costs, inclusive of exchange differences							**(895)**
Other gains and losses							**(334)**
Provision of impairment losses under expected credit loss model							**(49)**
Unallocated income							**20**
Unallocated expenses							**(396)**
Profit before tax							**5,671**
Tax							**(3,463)**
Profit for the year							**2,208**

4. Revenue and Segment Information - continued

For the year ended 31 December 2020

	Reportable segment						
	Property development RMB'million	Property investment RMB'million	Property management RMB'million	Construction RMB'million	Total RMB'million	Others RMB'million	Consolidated RMB'million
SEGMENT REVENUE							
Segment revenue of the Group	1,448	1,874	345	691	4,358	239	4,597
SEGMENT RESULTS							
Segment results of the Group	97	(849)	175	-	(577)	71	(506)
Interest income							281
Share of results of associates and joint ventures							328
Finance costs, inclusive of exchange differences							(215)
Other gains and losses							(2)
Reversal of impairment losses under expected credit loss model							21
Unallocated income							17
Unallocated expenses							(339)
Loss before tax							(415)
Tax							182
Loss for the year							(233)

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

5. Other Income, Other Gains and Losses

	2021	2020
	RMB'million	RMB'million
Other income		
Interest income from banks	**179**	194
Interest income from loans to associates	**-**	10
Interest income from loans to joint ventures	**43**	77
Grants received from local government	**17**	30
Others	**2**	-
	241	311
Other gains and losses		
Cost arising from hedging activities	**(213)**	(95)
Write-off of receivables	**(84)**	-
Loss from fair value change of derivative financial instruments	**(16)**	(154)
Loss from fair value change of liability arising from a rental guarantee arrangement	**(50)**	(79)
Premium for tender and exchange of senior notes	**-**	(69)
Impairment loss on property and equipment	**-**	(21)
Payable for relocation costs written back	**-**	441
Impairment loss on investment properties under development at cost	**-**	(225)
Impairment loss on properties under development for sale	**-**	(227)
Others	**29**	(25)
	(334)	(454)

6. Finance Costs, Inclusive of Exchange Differences

	2021	2020
	RMB'million	RMB'million
Interest on bank borrowings	**951**	1,350
Interest on senior notes	**839**	829
Interest on loans from an associate	**33**	1
Interest expenses from lease liabilities	**4**	5
Total interest costs	**1,827**	2,185
Less: Amount capitalised to investment properties under construction or development and properties under development for sale	**(684)**	(1,155)
Interest expense charged to profit or loss	**1,143**	1,030
Net exchange gain on bank borrowings and other financing activities	**(255)**	(863)
Others	**7**	48
	895	215

Borrowing costs capitalised during the year were calculated by applying a capitalisation rate of approximately 5.7% (2020: 5.7%) per annum to expenditure on the qualifying assets.

7. Profit/(Loss) Before Tax

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

	2021 **RMB'million**	2020 RMB'million
Auditor's remuneration		
- audit services	**5**	5
Depreciation of property and equipment	**105**	98
Depreciation of right-of-use assets	**30**	33
Employee benefits expenses		
Directors' emoluments		
Fees	**2**	2
Salaries, bonuses and other benefits	**27**	26
	29	28
Other staff costs		
Salaries, bonuses and other benefits	**857**	798
Retirement benefits costs	**35**	19
	892	817
Total employee benefits expenses	**921**	845
Less: Amount capitalised to investment properties under construction or development and properties under development for sale	**(113)**	(99)
	808	746
Provision/(reversal) of impairment losses		
Receivables	**49**	(21)
Cost of properties sold recognised as an expense	**8,835**	851
Provision/(reversal) of impairment on properties held for sale (included in "cost of sales")	**50**	(1)
Lease payments relating to short-term leases and low-value leases	**3**	6

8. Tax

	2021 RMB'million	2020 RMB'million
Hong Kong profits tax		
- Charge for the year	**12**	-
PRC enterprise income tax ("EIT")		
- Charge for the year	**1,275**	68
PRC withholding tax		
- Charge for the year	**65**	10
PRC land appreciation tax ("LAT")		
- Charge for the year	**1,916**	225
Deferred tax		
- Charge/(credit) for the year	**195**	(485)
	3,463	(182)

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during the years.

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

The PRC EIT Law requires withholding tax to be levied on distribution of profits earned by PRC entities for profits generated after 1 January 2008 at rate of 5% for Hong Kong resident companies, and at rate of 10% (5% if obtained the Hong Kong residents) for companies incorporated in BVI and Republic of Mauritius ("Mauritius"), which are the beneficial owners of the dividend received. As at 31 December 2021 and 31 December 2020, deferred tax was provided for in respect of the temporary differences attributable to such profits, except to the extent that the Group is able to control the timing of the reversal of such temporary differences and it is probable that such temporary differences would not be reversed in the foreseeable future.

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

9. Dividends

	2021 RMB'million	2020 RMB'million
Dividends recognised as distribution during the year:		
Interim dividend in 2021 (2020: no interim dividend)	**241**	-
No final dividend for 2020 (2020: final dividend paid in respect of 2019 of HKD0.084 per share)	**-**	623
	241	623

A final dividend for the year ended 31 December 2021 of HKD0.084 per share (2020: nil), amounting to HKD677 million (equivalent to RMB554 million translated using the exchange rate of 0.81760 as at 31 December 2021) in aggregate, was proposed by the Directors of the Company on 24 March 2022 and is subject to the approval of the shareholders at the forthcoming annual general meeting.

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)	**2021 RMB'million**	2020 RMB'million
Earnings/(loss) for the purpose of basic/diluted earnings/(loss) per share, being profit/(loss) for the year attributable to shareholders of the Company	**1,636**	(740)

Number of shares	**2021 'million**	2020 'million
Weighted average number of ordinary shares for the purpose of basic earnings per share(*note (a)*)	**8,044**	8,044
Effect of dilutive potential ordinary shares (*note (c)*)	**-**	-
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**8,044**	8,044

Basic earnings/(loss) per share (*note (b)*)	**RMB20.3 cents** **HKD24.5 cents**	RMB(9.2) cents HKD(10.4) cents
Diluted earnings/(loss) per share(*note (b)*)	**RMB20.3 cents** **HKD24.5 cents**	RMB(9.2) cents HKD(10.4) cents

Notes:

(a) The weighted average number of ordinary shares shown above have been arrived at after deducting the weighted average effect on 17,710,250 (2020: 17,710,250) shares held by a share award scheme trust.

(b) 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 HKD1.2046 for 2021 and RMB1.000 to HKD1.125 for 2020, being the average exchange rates that prevailed during the respective years.

(c) There were no dilution effects from outstanding share options as the exercise prices of each of these share options were higher than the average market price of the Company's shares per share for the years ended 31 December 2021 and 2020, and the effect for convertible perpetual capital securities was anti-dilutive for the year ended 31 December 2020.

11. Receivables, Deposits and Prepayments

	2021 **RMB'million**	2020 RMB'million
Non-current assets comprise:		
Trade receivables(*note(b)*)		
- rental receivables	**289**	275
- goods and services	**-**	60
	289	335
Current assets comprise:		
Trade receivables (*note(b)*)		
- rental receivables	**87**	132
- goods and services	**143**	54
- operating lease receivables	**26**	26
Prepayments of relocation costs (*note (a)*)	**682**	750
Receivables from disposal of an associate and a joint venture	**197**	250
Receivables from disposal of subsidiaries	**-**	500
Other deposits, prepayments and receivables	**427**	443
Input value-added tax	**327**	285
	1,889	2,440

Notes:

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

(b) Trade receivables comprise:

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

(ii) operating lease 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.

(iv) rental receivables attributable to the rent-free period and have been calculated and amortised on a straight-line base over the lease terms.

As at 31 December 2021 and 31 December 2020, trade receivables from contracts with customers amounted to RMB143 million and RMB114 million, respectively.

Included in the Group's receivables, deposits and prepayments are trade receivable balances of RMB545 million (2020: RMB547 million), of which 80% (2020: 86%) are not yet past due, 14% (2020: 9%) are past due less than 90 days, and 6% (2020: 5%) are past due over 90 days, as compared to when revenue was recognised.

Out of the past due balances, RMB35 million (2020: RMB31 million) has been past due 90 days or more and is not considered as in default since the directors of the Company consider that such balances could be recovered based on repayment history, the financial conditions and the current credit worthiness of each customer.

12. Accounts Payable, Deposits Received and Accrued Charges

	2021	2020
	RMB'million	RMB'million
Current portion comprise:		
Trade payables	**3,875**	2,123
Land and relocation cost payables	**1,310**	1,604
Deed tax and other tax payables	**69**	94
Deposits received and receipt in advance in respect of rental of investment properties	**970**	814
Value-added tax payables	**596**	173
Value-added tax arising from contract liabilities	**663**	879
Retention payables (*note(a)*)	**46**	293
Other payables and accrued charges	**436**	860
	7,965	6,840

Note:

(a) 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 RMB3,875 million (2020: RMB2,123 million), of which 94% (2020: 83%) are aged less than 30 days, 1% (2020: 4%) are aged between 31 to 90 days, and 5% (2020: 13%) are aged more than 90 days, based on invoice date.

13. Share Capital

	Authorised		Issued and fully paid	
	Number of shares	USD'000	Number of shares	USD'000
Ordinary shares of USD0.0025 each				
On 1 January 2020, 31 December 2020 and 31 December 2021	12,000,000,000	30,000	8,062,216,324	20,155

	2021	2020
	RMB'million	RMB'million
Shown in the consolidated statement of financial position as	**146**	146

MARKET OUTLOOK

Following a 3.1% pandemic-induced contraction in 2020, the global economy registered a 5.9% expansion in 2021. The recovery has been uneven, with many low-income countries still unable to reach pre-pandemic output levels due to inadequate vaccine access and low vaccination rates, while surging asset prices and huge fiscal stimulus have enabled the advanced economies to outperform. At the start of 2022, there were growing signs of economic overheating in the US, prompting the Federal Reserve Board to quicken the pace of interest rate hikes. Meanwhile, a war in Ukraine has resulted in greater financial market volatility and increased capital outflow from the emerging markets, posing enormous economic headwinds for highly indebted nations.

While China is the global recovery pace setter, its economic growth momentum moderated to 4% in Q4 2021 amid monetary policy normalization and a property downturn. Regulatory tightening and intermittent COVID-19 outbreaks have dampened consumer and market sentiments. The World Bank's 2022 Global Economic Prospects cited elevated debt and a continuing epidemic with the emergence of the Omicron variant as key risks, prompting a downward revision of China's 2022 GDP growth forecast by 0.3% to 5.1%. China's monetary and fiscal policy stance has eased to safeguard macro stabilization. At the annual Central Economic Work Conference, policymakers highlighted economic construction as the national development priority. The credit policy for 2022 is expected to be prudent yet flexible to support economic growth, while a proactive fiscal policy will be implemented to speed up infrastructure investment.

Real estate financing was tightened following the introduction of the "three red lines" in August 2020. National residential sales slowed sharply in the second half year of 2021, but still recorded growth of 1.1% and 5.3% respectively in terms of sales area and revenue. Property market sentiments were hit by a string of high-yield debt defaults prompting authorities to tighten control over the use of development presale proceeds, creating cashflow problems for many property developers. In Q4 2021, the authorities acted to guide debt structuring for cash-strapped developers, and some control policies were fine-tuned to address refinancing bottlenecks. The residential property market is projected to undergo an orderly adjustment, achieving a soft-landing after slowing down in the first half of 2022.

China's commercial office market staged a recovery in 2021 as impacts of the pandemic dissipated. According to Savills, the net absorption of Grade-A office in 2021 for ten major Chinese cities doubled relative to levels seen in 2020. The rise in leasing activities was driven by companies from the technology, finance, healthcare and online service sectors, despite headwinds from a tougher regulatory environment. In 2021, Shanghai Grade-A office rents rebounded by 3.2% and net take-up topped 1.5 million sq.m., reversing two successive years of rental decline. Although market sentiment remains strong, rental growth is projected to moderate this year in view of ample pipeline supply in 2022.

Helped by reshoring of luxury goods consumption and new store openings, the retail property market scene was vibrant in 2021 despite sporadic COVID flare-ups in some cities. Shanghai retail rental registered 5.6% revenue growth in 2021, as vacancy rate dropped 1.5% to 7.0% under strong leasing demand from luxury and high-end fashion brands. According to Jones Lang LaSalle, an influx of new stores, including 15 shopping malls comprising 1.4 million sq.m. of retail space was inaugurated in Shanghai, and another 20 projects are primed for completion this year. With ample supply offering attractive architectural design and tenant mix coming on stream, competition is getting fierce and well-managed projects that offer distinctive shopper experience in prime location are projected to outperform.

Shanghai's economy expanded 8.1% to RMB4.32 trillion in 2021, underpinned by the strong momentum of "new economy" sectors including integrated circuit, biomedicine, and artificial intelligence. Foreign direct investment increased 11.5%, as the advanced economies reopened and staged a robust recovery. The municipal government has set this year's economic growth target at 5.5%. Shanghai relaxed the household registration scheme for high-end talent, and the program succeeded to increase 2021 registered population by 73,128, doubled that in the previous year. An acceleration in talent inflow bodes well for the government's plan to develop five new peripheral towns in Jiading, Songjiang, Qingpu, Fengxian, and Nanhui.

In 2021, Chongqing economy grew 8.3% to RMB2.79 trillion, supported by the accelerated growth of high-tech industries. The municipality aims to become an international consumption center with a strong capacity to support the development of Western China and the national Belt and Road initiatives. The municipal government has set a modest growth target of 5.5% for 2022. A new plan to build the Western Financial Center in the Chengdu-Chongqing Area by 2025 was announced in December 2021, with the goal of creating an important growth engine for high-quality economic development.

Wuhan staged a strong post-pandemic recovery to deliver 12.2% GDP growth in 2021, with both fixed asset investment and real estate investment increasing by 12.9% and 17.2%, respectively. Apart from strengthening its functions as technology and innovation center, the government has announced several green initiatives to improve the city's environmental sustainability. Wuhan has set targets to create 0.22 million new jobs, and to achieve 7.5% GDP growth in 2022. The city aims to strengthen its competitiveness under the national city cluster development plan, solidifying its role as the leading regional hub in Central China.

Foshan's economy expanded 8.3% to RMB1.22 trillion in 2021. The integration of Guangzhou-Foshan economies will be accelerated during the 14th Five-year Plan period, and an extension of Guangzhou metro line 7 to Foshan's Shunde district is set to commence operation in the first half of 2022. Foshan is set to benefit from a provincial policy announced in December 2021 to relax hukou restriction for cities in Guangdong that have permanent urban population of less than 3 million. This policy should support inflow of population and strengthen residential property demand in Foshan.

Nanjing endured the COVID-19 economic shock relatively well to achieve 7.5% GDP growth in 2021, joining ranks with the nation's ten largest cities in terms of economic size. Nanjing's population reached 9.3 million in 2020, representing average per annum growth of 0.94% over the last decade. The city currently ranks sixth nationally as the preferred employment destination for university graduates, behind Beijing, Hangzhou, Shanghai, Shenzhen and Guangzhou. The National Development and Reform Commission has approved the Nanjing Metropolitan Area Plan, which covers nearby cities in Jiangsu and Anhui province. The plan provides policy to support integrated city cluster development centered around Nanjing.

2022 is set to be a challenging year for China's economy. An outbreak of the Omicron variant has led to intermittent lockdown in many cities which creates hurdles for government efforts to boost confidence in the housing market. Globally, high inflation and US interest rate hikes will be headwinds that could disrupt economic recovery. Amid these challenges, China introduced the "Dual Circulation" and "Common Prosperity" strategies, aiming to ensure self-sufficiency while pursuing sustainable, higher quality development. For the property sector, the business model will be more rational, less dependent on high leverage and more focused on environmental sustainability. Under the new financing regulatory framework, more opportunities will arise for financially strong developers to seek growth through project acquisition and achieve business expansion.

FINAL DIVIDEND

The Board has resolved to recommend the payment of a final dividend of HKD0.084 per share for the year ended 31 December 2021 (2020: Nil), amounting to approximately RMB554 million (2020: Nil) in aggregate. Subject to shareholders' approval of the final dividend at the forthcoming annual general meeting ("AGM") to be held on 26 May 2022, the final dividend is expected to be paid on or about 17 June 2022 to shareholders whose names appear on the register of members of the Company on 2 June 2022. In order to qualify for the proposed final 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, 17/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration not later than 4:30 p.m. on 2 June 2022.

PROPOSED SHARE REPURCHASE

The Board has approved a share repurchase plan of up to HKD500 million, with a view to enhancing earnings per share and overall shareholders' return. Details of the share repurchase plan are disclosed in the Company's announcement dated 24 March 2022.

CLOSURE OF REGISTER OF MEMBERS

The register of members will be closed from Friday, 13 May 2022 to Thursday, 26 May 2022 (both dates inclusive) during which period no transfer of shares will be registered. Shareholders whose names appear on the register of members of the Company on Thursday, 12 May 2022 shall be entitled to attend and vote at the AGM. In order to be eligible to attend and vote at the AGM, 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, 17/F., Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration not later than 4:30 p.m. on Thursday, 12 May 2022.

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 the 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 amounts of the outstanding 2021 Notes and 2021 SODH Notes together with the accrued and unpaid interest upon their maturity on 6 February 2021 and 28 November 2021 respectively.

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 year ended 31 December 2021.

CORPORATE GOVERNANCE

The Company is committed to enhancing its corporate governance practices appropriately in the conduct and growth of its business, and to pursuing the right balance between conformance and performance in its corporate governance. From time to time, the Company reviews its corporate governance practices to ensure they comply with all the applicable code provisions set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 of the Listing Rules and aligns its practices with the latest developments of the CG Code. During the year ended 31 December 2021, the Company has applied the principles of and complied with all the applicable code provisions of the CG Code, except for a deviation as stated below. Further information on the Company's corporate governance practices is set out in the Company's 2021 Annual Report.

Following Sir John R. H. BOND's retirement as an Independent Non-executive Director ("INED") and cessation of a member of the Nomination Committee, the Board required additional time to identify suitable candidate to fill up the vacancy. The Nomination Committee did not comprise a majority of INEDs as stipulated in the code provision A.5.1 of the CG Code (code provision in effect till 31 December 2021). With the appointment of Mr. Shane S. TEDJARATI as Chairman of the Nomination Committee, the Company has complied with that code provision.

The Audit and Risk Committee has reviewed the Group's audited consolidated financial statements for the year ended 31 December 2021, including the accounting principles and practices adopted by the Company.

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 complied with the required standard set out in the Model Code throughout the year ended 31 December 2021.

EMPLOYEES AND REMUNERATION POLICY

As of 31 December 2021, the number of employees in the Group was 3,186 (31 December 2020: 3,141); which included the headcount of the property management business at 1,630 (31 December 2020: 1,548), and the headcount of the construction and fitting out business at 193 (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 scheme, 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 consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income, and the related notes thereto for the year then ended 31 December 2021 as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Ernst & Young, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by Messrs. Ernst & Young in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Ernst & Young on the preliminary announcement.

APPRECIATION TO ALL OUR STAKEHOLDERS

Finally, I would like to thank our Board members for their invaluable guidance and outstanding service to Shui On Land as we have worked together to navigate many challenges and make important decisions that will position the Group as well as possible for the future.

On behalf of the Board, I would like to note our appreciation to Shui On Land's shareholders, business partners and customers for your confidence and support this year and before. Thank you for believing, like we do, that Shui On Land offers something different and special and has competitive advantages that translate into value for you as well as our own business.

Most of all, I would like to express my heartfelt gratitude to our management team and employees for their unwavering commitment and dedication throughout the past year. We could not have overcome the many obstacles thrown our way and achieved such commendable results without their hard work and consistently strong contributions. I hope to count on your continued support as we move forward together and am optimistic about the very exciting times ahead for all of us.

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

Hong Kong, 24 March 2022

At the date of this announcement, the executive directors of the Company are Mr. Vincent H. S. LO (Chairman), Ms. Stephanie B. Y. LO, Ms. Ying WANG (Chief Executive Officer) and Mr. Douglas H. H. SUNG (Chief Financial Officer and Chief Investment Officer); 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;*
- *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*