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 2023 Interim Results

HIGHLIGHTS

- **Resilient performance amidst a challenging market environment:** The China property industry continues to face numerous challenges in 2023. While business activities in China have resumed following the lifting of COVID-19 restrictions, consumers remain cautious, resulting in a weaker than expected recovery in the first half of 2023. At the same time, liquidity remains very tight for most developers. Against this backdrop, we are pleased to report solid results. Group revenue increased by 46% to RMB6,431 million in the first half of 2023 (“1H 2023”) compared to the first half of 2022 (“1H 2022”). Profit for the period increased by 17% year-on-year to RMB913 million, while profit attributable to shareholders also rose 37% year-on-year to RMB618 million.

- **Property sales and rental income have shown growth:** Property sales in 1H 2023 increased by 90% to RMB4,662 million (1H 2022: RMB2,449 million), mainly contributed by Shanghai Panlong Tiandi. The opening of Shanghai Panlong Tiandi in April 2023 and the re-opening of Xintiandi Style II generated additional revenue for the Group. Total rental and related income (including joint ventures and associates) was RMB1,515 million, representing a growth of 3% year-on-year.

- **Maintaining prudent capital management and stable balance sheet:** Net gearing ratio increased slightly to 50% as of 30 June 2023. Cash and bank deposits totalled RMB12,239 million. We are committed to maintaining a prudent approach in managing our balance sheet, with maintaining good liquidity as a top priority.

- **Successful issuance of the largest ever private green-mortgage-backed onshore CMBS:** In April, the Group successfully issued an onshore commercial mortgage-backed securities (“CMBS”) backed by THE HUB in Hongqiao Central Business District, Shanghai. It is the first CMBS in China supported by a transit-oriented development commercial complex. It is listed on the Shanghai Stock Exchange with an issue size of RMB4,401 million, a credit rating of AAA_{sf}, and a coupon rate of 3.9%.

- **Interim dividend declared:** Having considered the Group’s financial performance during the period, the Board has resolved to recommend the payment of a 2023 interim dividend of HKD0.032 per share (1H 2022: HKD0.036 per share).

Website: www.shuionland.com

PERFORMANCE HIGHLIGHTS

	1H 2023	1H 2022	Year-on-Year Growth/ (Decline)
Total rental and related income (RMB'million)	**1,515**[1]	**1,476**[1]	**3%**
Contracted sales (RMB'million)	**4,564**	**18,715**	**(76%)**
Subscribed sales (RMB'million)	**606**	**1,783**	**(66%)**
Selected Financial Information (RMB'million)			
Revenue	6,431	4,415	46%
Property sales recognised as revenue	4,662	2,449	90%
Consolidated rental and related income	1,131	1,091	4%
Gross profit	2,949	2,821	5%
Profit for the period	913	779	17%
Profit attributable to shareholders of the Company	618	450	37%
Selected Financial Ratios			
Gross profit margin	46%	64%	(18ppt)
Net profit margin	14%	18%	(4ppt)
Earnings per share (basic), RMB cents	7.7	5.6	37%

Selected Balance Sheet Data (RMB'million)	30 June 2023	31 December 2022	Changes
Total assets	103,203	104,878	(2%)
Cash and bank deposits	12,239	13,368	(8%)
Total indebtedness	34,138	33,512	2%
Net debt	21,899	20,144	9%
Total equity	44,200	44,401	(0.5%)
Net gearing (Net debt-to-equity ratio)	50%	45%	5ppt
Landbank (GFA, million sq.m.)			
Total leasable and saleable landbank	6.3	6.8	(7%)
Attributable leasable and saleable landbank	3.9	4.2	(7%)

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

BUSINESS REVIEW

Shui On Land is a leading commercial property-focused developer, owner, and asset manager in China, anchored by a prime city centre portfolio in Shanghai. We believe in creating long-term value through the design, development, and management of unique live-work-play-learn communities. Our “Asset Light Strategy” facilitates our strategic transformation, enabling us to enhance the Group’s financial strength and diversify our capital base while seeking new investment opportunities.

The Group has two main businesses, namely property development and property investment and management. Since our inception, we have been focusing on developing large-scale, mixed-use real estate projects in prime locations. After over 26 years of investing and building in China, the Group today owns and manages a significant investment property portfolio under its wholly owned subsidiary Shui On Xintiandi (“SXTD”). Our two businesses are complementary to each other, which enables the Group to provide comprehensive, high-quality products and services across the spectrum of residential, retail, and office sectors both for sale and for long-term investment.

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 are committed to caring for the environment, preserving and rejuvenating China’s cultural heritage, as well as to build and sustain vibrant communities. Sustainability is core to our business strategy and not a separate initiative. We employ a people-centric, sustainable approach to designing and building master-planned communities and have a widely-recognised track record in sustainable development.

KEY ACHIEVEMENTS IN 1H 2023

- In 1H 2023, we recorded contracted sales of RMB4,564 million, comprising residential property sales of RMB4,196 million and commercial property sales of RMB368 million, respectively. RMB606 million of subscribed sales as of 30 June 2023 is expected to be converted into contracted property sales in the second half of 2023 (“2H 2023”) and beyond.

- Our commercial property portfolio has delivered resilient recurrent rental income. Including properties held by joint ventures and associates, total rental and related income increased by 3% year-on-year to RMB1,515 million in 1H 2023, of which 74% was contributed by our portfolio located in Shanghai.

- The asset enhancement of Xintiandi Style II in Shanghai was completed and reopened in January 2023 with a brand-new concept and positioning to cater to the lifestyle-focused preferences of the growing young premium clientele.

- The retail facilities in Shanghai Panlong Tiandi, with 41,000 sq.m., were soft opened at the end of April 2023, and the venue welcomed over 1 million visitors within the first week of operations.

- In April 2023, the Group established a 90/10 joint venture company (Shanghai Zhaolou Tiandi Co., Ltd.) with a state-owned company to bid for the land in Pujiang Town, Minhang District, Shanghai. The land will be mainly for a mixed-use development comprising residential, commercial, and ancillary facilities.

- In April 2023, the Group successfully issued the largest ever private green Mortgage-backed onshore CMBS, which marks an important milestone in onshore financing. It is listed on the Shanghai Stock Exchange with an issue size of RMB4,401 million, a credit rating of AAA_{sf}, and a coupon rate of 3.9%. The Company intends for all net proceeds from the issuance of the CMBS to be used for the Group’s repayment of the existing debt and general working capital. The successful issuance of the CMBS at a significant size and low coupon rate highlights the premium asset quality of the Group’s investment properties. It also reflects the Group’s commitment to integrating sustainability into its financing mechanisms. A remarkable step in onshore financing, the successful issuance of the CMBS proves the Group’s strong capital management capability.

PROPERTY SALES PERFORMANCE

Recognised Property Sales

For 1H 2023, total recognised property sales were RMB34,706 million (after deduction of applicable taxes). The increase was mainly contributed by the handover of Shanghai RHXC Ocean One (Lot 7), Shanghai RHXC Park Vera (Lot 167A), and Shanghai Panlong Tiandi. The average selling price ("ASP") excluding carparks increased by 49% to RMB76,100 per sq.m. compared to 1H 2022, as most of the sales this year were recorded from Shanghai projects with higher ASPs.

The table below summarises by project the recognised property sales (stated after the deduction of applicable taxes) for 1H 2023 and 1H 2022:

	1H 2023			1H 2022		
Project	**Sales revenue**	**GFA sold**	**ASP[1]**	**Sales revenue**	**GFA sold**	**ASP[1]**
	RMB' million	sq.m.	RMB per sq.m.	RMB' million	sq.m.	RMB per sq.m.
Shanghai Taipingqiao						
Residential (Lot 118)	105	700	164,300	-	-	-
Shanghai RHXC						
Residential (Lot 1)	-	-	-	16	200	90,000
Retail (Lot 1)	-	-	-	8	100	80,000
Residential (Lot 7)	16,833	160,700	115,000	-	-	-
Residential (Lot 167A)	9,183	83,800	119,900	-	-	-
Shanghai Panlong Tiandi	4,239	70,200	66,100	2,065	37,100	60,900
Wuhan Tiandi						
Residential	-	-	-	314	6,900	49,700
Office	-	-	-	26	1,300	21,500
Wuhan Optics Valley Innovation Tiandi						
Residential	27	1,300	22,300	85	4,600	20,000
Foshan Lingnan Tiandi						
Residential	-	-	-	8	300	26,700
Chongqing Tiandi[2]						
Residential	3,811	165,500	25,100	-	-	-
Retail/Office (Loft)	111	12,300	12,300	46	4,500	11,100
Subtotal	**34,309**	**494,500**	**76,100**	**2,568**	**55,000**	**51,000**
Carparks[2]	397	-	-	50	-	-
Grand Total	**34,706**	**494,500**	**77,000**	**2,618**	**55,000**	**52,000**
Recognised as:						
- property sales in revenue of the Group	4,662			2,449		
- revenue of associates	20,815			84		
- revenue of joint ventures	9,229			85		
Grand Total	**34,706**			**2,618**		

Notes:

[1] *The calculation of ASP per sq.m. is based on gross sales revenue before deducting applicable taxes.*

[2] *ASP of Chongqing residential sales is based on net floor area, a common market practice in the region. Residential of RMB3,811 million, office and retail space of RMB111 million, and carparks sales of RMB60 million were contributed by the Chongqing Tiandi partnership portfolio and were recognised as revenue of associates in 1H2023. The Group holds a 19.8% interest in the partnership portfolio.*

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

The Group's contracted property sales decreased by 76% to RMB4,564 million in 1H 2023, compared to RMB18,715 million in 1H 2022, with residential property sales accounting for 92% and the remainder contributed by the sale of commercial units. The decrease was mainly due to the scheduling of sales launch, as we have planned for more launches in 2H 2023, depending on a market recovery and subject to construction progress of developments and government pre-sale approval timings. The ASP for residential property sales was RMB53,900 per sq.m. in 1H 2023, compared to RMB105,700 per sq.m. in 1H 2022, as a higher proportion of contracted property sales was generated from lower ASP projects outside of Shanghai during this period.

As of 30 June 2023:

i) total subscribed sales were RMB606 million, with RMB236 million contributed by Wuhan Tiandi La Riva III (Lot B12). The above-mentioned are subject to formal sales and purchase agreements in the coming months.

ii) total locked-in sales of RMB7.43 billion were recorded and available for delivery to customers and to be recognised in the Group's financial results in 2H 2023 and beyond.

The table below provides an analysis by project of contracted sales (stated before the deduction of applicable taxes) for 1H 2023 and 1H 2022:

	1H 2023			1H 2022		
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 (Lot 118)	115	700	164,300	448	2,700	165,900
Shanghai RHXC (Lot 7)[1]	6[3]	-	-	7,688	66,800	115,100
Shanghai RHXC (Lot 167A)[2]	(16)[3]	-	-	9,649	80,600	119,700
Shanghai Panlong Tiandi	205	2,800	73,200	79	1,300	60,800
Wuhan Tiandi	2,900	46,400	62,400	-	-	-
Wuhan Optics Valley Innovation Tiandi	225	9,500	23,700	150	6,500	23,100
Foshan Lingnan Tiandi	-	-	-	2	100	20,000
Chongqing Tiandi[4]	375	18,400	24,900	484	17,800	33,200
Carparks	386	-	-	77	-	-
Subtotal	**4,196**	**77,800**	**53,900**	**18,577**	**175,800**	**105,700**
Commercial property sales:						
Shanghai RHXC	-	-	-	8	100	80,000
Wuhan Tiandi	38	800	47,500	-	-	-
Chongqing Tiandi						
Retail	70	6,800	10,300	68	4,200	16,200
Office	260	21,500	12,100	62	5,200	11,900
Subtotal	**368**	**29,100**	**12,600**	**138**	**9,500**	**14,500**
Grand Total	**4,564**	**106,900**	**42,700**	**18,715**	**185,300**	**101,000**

Note:

1 *The Group holds 49.5% of the property.*

2 *The Group holds 49% of the property.*

3 *Represents the difference between the planned pre-sale GFA and the actual GFA.*

4 *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 holds a 19.8% interest in the partnership portfolio.*

Residential GFA Available for Sale and Pre-sale in 2H 2023

The Group has approximately 211,900 sq.m. of residential GFA spanning six projects available for sale and pre-sale in 2H 2023, which are summarised below:

Project	Product		Available for sale and pre-sale in 2H 2023	
		GFA in sq.m.	Group's interests	Attributable GFA in sq.m.
Shanghai Taipingqiao Lot 118	High-rises	2,300	99%	2,300
Shanghai Panlong Tiandi	High-rises	600	80%	500
Wuhan Tiandi	High-rises	17,600	100%	17,600
Wuhan Optics Valley Innovation Tiandi	High-rises	64,500	50%	32,300
Wuhan Changjiang Tiandi	High-rises	124,300	50%	62,200
Chongqing Tiandi	High-rises	2,600	19.80%	500
Total		**211,900**		**115,400**

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

PROPERTY DEVELOPMENT

Residential Development Saleable Resources as of 30 June 2023

Project	Approximate Saleable Residential GFA	Estimated Gross Saleable Resource	The Group's interests	Estimated Attributable Sales
	sq.m.	RMB' billion		RMB' billion
Shanghai Taipingqiao Lot 118	2,300	0.4	99%	0.4
Shanghai Taipingqiao Lot 122	80,600	19.2	50%	9.6
Shanghai Panlong Tiandi	600	0.05	80%	0.04
Shanghai Yangpu Binjiang[2]	22,000	4.5	60%	2.7
Shanghai Sub-total	**105,500**	**24.2**		**12.7**
Wuhan Changjiang Tiandi[2]	753,900	40.1	50%	20.0
Wuhan Tiandi	59,300	3.5	100%	3.5
Wuhan Optics Valley Innovation Tiandi	161,900	4.1	50%	2.0
Chongqing Tiandi	2,600	0.1	19.80%	-
Other Cities Sub-total	**977,700**	**47.8**		**25.5**
Grand Total	**1,083,200**	**72.0**		**38.2**

Notes:

[1] *This table represents saleable resources not yet recorded as contracted sales as of 30 June 2023.*

[2] *Figures are preliminary estimates subject to further revision of the project plan.*

Residential Properties under Development

Shanghai Taipingqiao - Lot 122 was acquired in June 2021 with a total GFA of 87,000 sq.m. for residential use and a GFA of 18,000 sq.m. for retail shops. The construction work commenced in March 2023 and is planned for sale in Q4 2024.

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. As of 30 June 2023, most of the residential units have been handed over to buyers, with a total amount of RMB16.8 billion recognised as revenue of associates in 1H 2023. Park Vera (Lot 167A), with a total GFA of 86,000 sq.m. for residential, was launched in June 2022. As of 30 June 2023, 595 units have been handed over, with a total amount of RMB9.2 billion recognised as joint venture revenue in 1H 2023.

Shanghai Panlong Tiandi - Jingyuan (Lot 11) and Zhenyuan (Lot A05-04 & Lot A03-02), with a total GFA of 76,000 sq.m. (including underground GFA of 5,000 sq.m.), were launched in July 2022. As of 30 June 2023, a total GFA of 55,000 sq.m. of Lot 11 have been handed over with recognised sales of RMB3.4 billion in 1H 2023.

Shanghai Yangpu Binjiang - The site was acquired in December 2022 with a total GFA of 22,000 sq.m. for residential use. It is a heritage preservation and development project that involves the development of a high-end low-density residential community comprising 90 units with unit sizes ranging from 170 – 400 sq.m. Pre-sale for this project is targeted to start around the middle of 2024. The Group holds a 60% interest in the development.

Wuhan Tiandi - La Riva III (Lot B12) with a total GFA of 71,000 sq.m. for residential and 1,000 sq.m. for retail shops. The Group launched 120 units in May 2023. The pre-sale price achieved the highest ever in Wuhan.

Wuhan Optics Valley Innovation Tiandi - The site was acquired in 2017. The construction for Lots R7 and R8, which have a total saleable GFA of 73,000 sq.m., commenced in November 2021 and was on sale in 2023.

Wuhan Changjiang Tiandi - The site was acquired in December 2021 with an estimated saleable GFA of 753,900 sq.m. for residential use. Development work for Phase I commenced in October 2022, and pre-sale is targeted to start in the second half of 2023. The Group holds a 50% interest in the development.

Chongqing Tiandi - Glory Mansion Phase II, with a total GFA of 95,000 sq.m., comprises a GFA of 33,000 sq.m. completed in 2022, of which 28,000 sq.m. was sold, and the remaining GFA of 62,000 sq.m. under construction. Glorious River (Lots B5 & B10) with a total GFA of 173,000 sq.m. A total GFA of 166,000 sq.m. was completed and sold in 1H 2023, and the remaining GFA of 7,000 sq.m. was under construction. Quiet Mansion (Lot B24-6) with a total GFA of 71,000 sq.m. was under construction. The Group holds a 19.8% interest in the partnership portfolio.

Commercial Properties under development and for future development as of 30 June 2023

Project	Office GFA	Retail GFA	Total GFA	The Group's interests	Attributable GFA
	sq.m.	sq.m.	sq.m.		sq.m.
CPIC Xintiandi Commercial Center (Lot 123,124) [1]	162,000	84,000	246,000	25.00%	61,500
Shanghai Taipingqiao Lot 122	-	18,000	18,000	50.00%	9,000
Shanghai RHXC Lot 167B	107,000	12,000	119,000	49.00%	58,300
Shanghai HONG SHOU FANG[2]	48,000	14,000	62,000	100.00%	62,000
Shanghai Sub-total	**317,000**	**128,000**	**445,000**		**190,800**
Wuhan Tiandi	70,000	4,000	74,000	100.00%	74,000
Wuhan Optics Valley Innovation Tiandi	362,000	339,000	701,000	50.00%	350,500
Wuhan Changjiang Tiandi	56,000	232,000+30,000[3]	318,000	50.00%	159,000
Foshan Lingnan Tiandi	450,000	108,000+80,000[3]	638,000	100.00%	638,000
Chongqing Tiandi	328,000	170,000+25,000[3]	523,000	19.80%	103,600
Other Cities Sub-total	**1,266,000**	**988,000**	**2,254,000**		**1,325,100**
Grand Total	**1,583,000**	**1,116,000**	**2,699,000**		**1,515,900**

Notes:
1 *The constructions of the office towers and the shopping mall are planned for completion in 2024 in phases.*
2 *Construction work commenced in the second half of 2020 and was completed in July 2023.*
3 *Hotel use.*

LANDBANK

As of 30 June 2023, the Group's landbank was 8.7 million sq.m. (comprising 6.3 million sq.m. of leasable and saleable area and 2.4 million sq.m. for clubhouses, car parking spaces, and other facilities) spanning fourteen 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 3.9 million sq.m. Of the total leasable and saleable GFA of 6.3 million sq.m., approximately 2.3 million sq.m. was completed and held for sale and/or investment. Approximately 1.7 million sq.m. was under development, and the remaining 2.3 million sq.m. was held for future development.

The Group's total landbank as of 30 June 2023, including that of its joint ventures and associates, is summarised below:

Project	Approximate/Estimated leasable and saleable GFA								
	Residential	Office	Retail	Hotel/ serviced apartments	Subtotal	Clubhouse, carpark, and other facilities	Total	Group's interests	Attributable leasable, and saleable GFA
	sq.m.	sq.m.	sq.m.	sq.m.	sq.m.	sq.m.	sq.m.		sq.m.
Completed properties:									
Shanghai Taipingqiao	2,000	119,000	131,000	-	**252,000**	101,000	**353,000**	99.00%[1]	173,000
Shanghai RHXC	2,000	145,000	300,000	-	**447,000**	320,000	**767,000**	99.00%[2]	221,000
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	21,000	-	41,000	5,000	**67,000**	95,000	**162,000**	80.00%	54,000
INNO KIC	-	41,000	4,000	-	**45,000**	18,000	**63,000**	100.00%	45,000
Wuhan Tiandi	-	165,000	239,000	-	**404,000**	280,000	**684,000**	100.00%	404,000
Wuhan Optics Valley Innovation Tiandi	-	117,000	18,000	-	**135,000**	155,000	**290,000**	50.00%	68,000
Foshan Lingnan Tiandi	-	16,000	156,000	43,000	**215,000**	112,000	**327,000**	100.00%	215,000
Chongqing Tiandi	-	4,000	131,000	-	**135,000**	392,000	**527,000**	99.00%[4]	130,000
Nanjing IFC	-	72,000	28,000	-	**100,000**	18,000	**118,000**	50.00%	50,000
Subtotal	**25,000**	**933,000**	**1,288,000**	**70,000**	**2,316,000**	**1,705,000**	**4,021,000**		**1,740,000**
Properties under development:									
Shanghai Taipingqiao	87,000	162,000	102,000	-	**351,000**	159,000	**510,000**	25.00%[5]	114,000
Shanghai RHXC	-	107,000	12,000	-	**119,000**	38,000	**157,000**	49.00%[6]	58,000
Shanghai HONG SHOU FANG	-	48,000	14,000	-	**62,000**	21,000	**83,000**	100.00%	62,000
Shanghai Yangpu Binjiang	22,000	-	-	-	**22,000**	-	**22,000**	60.00%	13,000
Wuhan Tiandi	71,000	-	1,000	-	**72,000**	37,000	**109,000**	100.00%	72,000
Wuhan Optics Valley Innovation Tiandi	73,000	181,000	52,000	-	**306,000**	201,000	**507,000**	50.00%	153,000
Wuhan Changjiang Tiandi	224,000	-	7,000	-	**231,000**	62,000	**293,000**	50.00%	116,000
Foshan Lingnan Tiandi	-	-	1,000	-	**1,000**	-	**1,000**	100.00%	1,000
Chongqing Tiandi	71,000	328,000	105,000	25,000	**529,000**	169,000	**698,000**	19.80%	105,000
Subtotal	**548,000**	**826,000**	**294,000**	**25,000**	**1,693,000**	**687,000**	**2,380,000**		**694,000**
Properties for future development:									
Wuhan Tiandi	39,000	70,000	3,000	-	**112,000**	-	**112,000**	100.00%	112,000
Wuhan Optics Valley Innovation Tiandi	97,000	181,000	287,000	-	**565,000**	-	**565,000**	50.00%	283,000
Wuhan Changjiang Tiandi	563,000	56,000	225,000	30,000	**874,000**	42,000	**916,000**	50.00%	437,000
Foshan Lingnan Tiandi	28,000	450,000	107,000	80,000	**665,000**	-	**665,000**	100.00%	665,000
Chongqing Tiandi	-	-	65,000	-	**65,000**	-	**65,000**	19.80%	13,000
Subtotal	**727,000**	**757,000**	**687,000**	**110,000**	**2,281,000**	**42,000**	**2,323,000**		**1,510,000**
Total landbank GFA	**1,300,000**	**2,516,000**	**2,269,000**	**205,000**	**6,290,000**	**2,434,000**	**8,724,000**		**3,944,000**

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, Lot 132, and Lot 116, in which the Group has effective interests of 100.00%, 80.00%, 100.00%, 44.55%, 25.00%, and 98.00%, respectively.*

[2] *The Group has 99.00% effective interests in all the remaining lots, except for The Palette, 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 B5, Lot B10, Lot B15, Lot B14, and Lot B13 Phase I&II, in which the Group has effective interests of 19.80%.*

[5] *The Group has a 25.00% interest in Lots 123, and 124 for office and retail uses and a 50.00% interest in Lot 122.*

[6] *The Group has a 49.00% interest in Lot 167.*

INVESTMENT PROPERTIES

A Leading Player in Commercial Real Estate

Project	Office GFA	Retail GFA	Total GFA	Attributable GFA	Asset Value as of 30 June 2023	% of ownership
	sq.m.	sq.m.	sq.m.	sq.m.	RMB'billion	
Completed properties						
Shanghai Taipingqiao Community						
Shanghai Xintiandi, Xintiandi Style II, Xintiandi Plaza, Shui On Plaza	36,000	104,000	140,000	127,800	12.93	100%/99%/80%/80%
5 Corporate Avenue, Hubindao	52,000	27,000	79,000	35,200	6.72	44.55%
CPIC Xintiandi Commercial Center (Lot 132)	31,000	-	31,000	7,800	2.62	25%
The Hub	90,000	173,000	263,000	263,000	8.90	100%
Ruihong Tiandi Community						
Hall of the Moon, Hall of the Stars, The Palette	-	111,000	111,000	55,000	3.96	49.5%
Hall of the Sun, Ruihong Corporate Avenue	145,000	185,000	330,000	163,400	11.79	49.5%
Shanghai KIC	186,000	67,000	253,000	117,300	8.55	44.27%/50.49%
INNO KIC	41,000	4,000	45,000	45,000	1.47	100%
Shanghai Panlong Tiandi	-	41,000	41,000	32,800	1.17	80%
Nanjing IFC	72,000	28,000	100,000	50,000	3.05	50%
Wuhan Tiandi Community	165,000	239,000	404,000	404,000	9.27	100%
Foshan Lingnan Tiandi Community	16,000	143,000	159,000	159,000	4.42	100%
Chongqing Tiandi Community	-	131,000	131,000	130,000	1.53	99%
Subtotal	**834,000**	**1,253,000**	**2,087,000**	**1,590,300**	**76.38**	
Land & properties under development						
Shanghai Taipingqiao Community						
CPIC Xintiandi Commercial Center (Lot 123,124)	162,000	84,000	246,000	61,500	17.21	25%
Shanghai RHXC						
Ruihong Tiandi Lot 167B	107,000	12,000	119,000	58,300	5.30	49%
Shanghai HONG SHOU FANG	48,000	14,000	62,000	62,000	2.58	100%
Foshan Lingnan Tiandi Community						
Foshan Lot A	190,000	64,000	254,000	254,000	1.87	100%
Foshan Lot G	-	1,000	1,000	1,000	0.03	100%
Subtotal	**507,000**	**175,000**	**682,000**	**436,800**	**26.99**	
Grand Total	**1,341,000**	**1,428,000**	**2,769,000**	**2,027,100**	**103.37**	

Valuation of Investment Properties

As of 30 June 2023, the carrying value of the Group's investment properties at valuation (excluding hotels for operation and self-use properties) was RMB97,208 million with a total GFA of 2,641,700 sq.m.. The properties located in Shanghai, Wuhan, Foshan, Nanjing, and Chongqing, respectively, contributed 79%, 10%, 6%, 3%, and 2%, respectively, of the carrying value.

The table below summarises the carrying value of the Group's investment properties at valuation as of 30 June 2023, together with the change in fair value for 1H 2023:

Project	Leasable GFA	Increase /(decrease) in fair value for 1H 2023	Carrying value as of 30 June 2023	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	80,000	81	8,209	1.0%	8,189
Shui On Plaza and Xintiandi Plaza	52,200	(26)	4,071	(0.6%)	3,298
5 Corporate Avenue, Hubindao (associate)	79,000	-	6,720	-	2,994
The Hub	263,000	(23)	8,900	(0.3%)	8,900
Shanghai KIC	252,000	(20)	8,471	(0.2%)	3,916
INNO KIC	45,000	5	1,473	0.3%	1,473
Wuhan Tiandi Community	239,000	(24)	6,592	(0.4%)	6,592
Foshan Lingnan Tiandi Community	142,000	13	4,188	0.3%	4,188
Chongqing Tiandi Community	128,000	12	1,516	0.8%	1,501
Nanjing IFC (joint venture)	100,000	18	3,050	0.6%	1,525
Subtotal	**1,380,200**	**36**	**53,190**	**0.1%**	**42,576**
Investment property – sublease of right-of-use assets					
Nanjing INNO	17,000	(5)	79	(6.3%)	79
SXTD Portfolio Total	**1,397,200**	**31**	**53,269**	**0.1%**	**42,655**
Other Investment Properties					
Shanghai RHXC	500	-	8	-	8
Shanghai Panlong Tiandi	41,000	-	1,166	-	933
1 Corporate Avenue, Wuhan	165,000	-	2,682	-	2,682
Chongqing Street shops	3,000	(10)	18	(55.6%)	18
Shanghai HONG SHOU FANG	62,000	(70)	2,583	(2.7%)	2,583
Foshan Lingnan Tiandi Community					
Foshan Lot A	254,000	(31)	1,869	(1.7%)	1,869
Foshan Lot G	1,000	10	31	32.3%	31
Ruihong Tiandi Community (joint venture)	441,000	-	15,749	-	7,796
CPIC Xintiandi Commercial Center (joint venture)	277,000	(160)	19,833	(0.8%)	4,958
Other Investment Properties Total	**1,244,500**	**(261)**	**43,939**	**(0.6%)**	**20,878**
Grand Total	**2,641,700**[1]	**(230)**	**97,208**	**(0.2%)**	**63,533**
Grand Total (excluding associates and joint venture)	**1,744,700**[1]	**(88)**	**51,856**	**(0.2%)**	**46,260**

Notes:

[1] *Self-use properties (total GFA 26,000 sq.m.) are classified as property and equipment in the interim condensed 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 the restructuring.*

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

SXTD is the Group's property investment and management arm. It is comprised of three major business segments:
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	1H 2023	1H 2022	Year-on-Year Growth/(Decline)
Revenue	1,451	1,421	2%
Comprised of:			
- Property investment[2]	1,095	1,085	1%
- Property management	266	252	6%
- Real estate asset management	86	78	10%
- Others	4	6	(33%)
Gross profit	1,068	1,057	1%
Operating profit	807	801	1%
Underlying profit[3]	350	399	(12%)

	30 June 2023	31 December 2022	Changes
Net assets	34,436	34,026	1%
Net gearing ratio	17.3%	11.5%	5.8ppt

Notes:
1 *Figures are unaudited and prepared on a pro-forma basis.*
2 *The difference between revenue from the property investment of SXTD and the consolidated rental and related income of the Group was mainly due to the income from Panlong Tiandi in Shanghai, 1 Corporate Avenue in Wuhan, and the 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 the effect of foreign exchange.*

Property Investment

As of 30 June 2023, SXTD owns and manages 11 completed investment properties and two joint venture projects, namely 5 Corporate Avenue, Hubindao in Shanghai and Nanjing IFC, respectively.

Property investment contributed approximately 75% of SXTD's revenue in 1H 2023. Our retail and office investment properties accounted for 61% and 39% of rental income from property investment (including 5 Corporate Avenue, Hubindao and Nanjing IFC), respectively.

The retail portfolio occupancy averaged 91% as of 30 June 2023, and rental reversion remained positive. Following the relaxation of pandemic-related restrictions, sales and shopper traffic in our portfolio for the first half of 2023 have recovered to 109% and 120% of the levels seen in the same period in 2021, respectively.

Despite the pressure from the economic slowdown and the oversupply of offices in Shanghai, our office portfolio saw a relatively stable performance, which bears testimony to our service quality and the prime locations of our properties. The occupancy rate across the portfolio maintained an average of 88% as of 30 June 2023, and rental reversion remained positive. In particular, the occupancy rate of our office properties in Shanghai achieved an average of 92%.

Performance of Investment Properties

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

Project	Product	Leasable GFA	Rental & related income[6] RMB'million		Changes	Occupancy rate		Changes
			1H	1H		30 Jun	31 Dec	
		sq.m.	2023	2022	%	2023	2022	ppt
SXTD Portfolio								
Shanghai Taipingqiao Community								
Shanghai Xintiandi	Office/ Retail	54,000	211	208	1%	94%	91%	3
Xintiandi Style II	Retail	26,000[1]	35	10	250%	87%[2]	60%	27
Shui On Plaza & Xintiandi Plaza	Office / Retail	56,000	84	85	(1%)	91%	93%	(2)
The Hub	Office/ Retail	263,000	205	206	(0.5%)	91%	88%	3
Shanghai KIC	Office/Retail	252,000	225	236	(5%)	91%	90%	1
INNO KIC	Office/ Retail	45,000	32	30	7%	94%	91%	3
Wuhan Tiandi Community	Retail	239,000	173	178	(3%)	88%	90%	(2)
Foshan Lingnan Tiandi Community	Office/ Retail	143,000	97	97	-	93%	90%	3
Chongqing Tiandi Community	Retail	128,000	33	35	(6%)	96%	96%	-
Total rental and related income[7]		**1,206,000**	**1,095[7]**	**1,085[7]**	**1%**			
Shanghai Taipingqiao Community								
5 Corporate Avenue, Hubindao[3] (classified as associate income)	Office/Retail	79,000	118	124	(5%)	89%	92%	(3)
Nanjing IFC[4] (classified as joint venture income)	Office/Retail	100,000	63	59	7%	74%	73%	1
SXTD Portfolio Total		**1,385,000[5]**	**1,276**	**1,268**	**1%**			
Investment Properties under SXTD Management								
Ruihong Tiandi Community								
Hall of the Moon, Hall of the Stars, The Palette, Hall of the Sun	Retail	296,000	167	179	(7%)	84%	85%	(1)
Ruihong Corporate Avenue	Office	145,000	36	23	57%	30%	19%	11
1 Corporate Avenue, Wuhan	Office	165,000	15	4	275%	22%	12%	10
Panlong Tiandi	Retail	41,000	21	-	-	61%	-	-
Grand Total		**2,032,000**	**1,515**	**1,474**	**3%**			

Notes:

[1] A total leasable GFA of 19,000 sq.m. asset enhancement initiative ("AEI") was completed in December 2022 and was re-opened in January 2023.

[2] Increase in occupancy rate in 1H 2023 was due to the re-opening of Xintiandi Style II.

[3] The Group holds a 44.55% effective interest in the property. Rental and related income attributable to SXTD were RMB53 million in 1H 2023 and RMB55 million in 1H 2022.

[4] The Group holds a 50% effective interest in the property. Rental and related income attributable to SXTD were RMB31 million in 1H 2023 and RMB30 million in 1H 2022.
[5] A total GFA of 6,000 sq.m. located at Shanghai Shui On Plaza, Shanghai KIC, and Foshan Lingnan Tiandi were occupied by SXTD and were excluded from the above table.
[6] Excluding property management income from commercial properties which is included in the Property Management segment.
[7] The difference between revenue from the property investment of SXTD and the consolidated rental and related income of the Group was mainly due to the income from Panlong Tiandi in Shanghai, 1 Corporate Avenue in Wuhan, and the temp shop in Foshan Lingnan Tiandi.

Rental and related income increased by 1% to RMB1,095 million in 1H 2023 compared to RMB1,085 million in 1H 2022. The increase was driven by additional rental contributions from Xintiandi Style II after its re-opening.

Including the properties of 5 Corporate Avenue, Hubindao, and Nanjing IFC, the total rental and related income increased by 1% year-on-year to RMB1,276 million in 1H 2023, of which 71% of the rental and related income was contributed by the portfolio located in Shanghai, with the remaining from other cities in China.

Other investment properties under SXTD management are commercial properties that were managed by SXTD after their completion.

Retail Tenant Mix
As of 30 June 2023

	By occupied GFA
Food & beverage	30.5%
Fashion & beauty	23.9%
Entertainment	16.4%
Services	13.3%
Children & family	8.8%
Supermarkets & hypermarkets	3.1%
Showroom	2.5%
Hotel & service apartment	1.5%
Total	**100.0%**

Office Tenant Mix
As of 30 June 2023

	By occupied GFA
High-tech & TMT	22.6%
Biological, pharmaceutical & medical	11.8%
Professional services	10.8%
Banking, insurance & financial services	9.4%
Services	8.3%
Automation & manufacturing	6.9%
Consumer products & trading	6.7%
Education, culture & innovation	6.2%
Real estate & construction	4.5%
Others	12.8%
Total	**100.0%**

Property Management

We provide premium property management services for commercial properties within the Group's portfolio and selective commercial and residential properties owned by third parties. In 1H 2023, the total GFA under management for commercial and residential properties were 4.2 million sq.m. and 4.9 million sq.m. respectively. Property management contributed approximately 18% of SXTD's revenue in 1H 2023.

Real Estate Asset Management

We provide real estate asset management services for commercial projects. The real estate asset management services include but are not limited to feasibility studies, tenancy positioning, leasing, marketing, and branding, as well as account and finance management. After completion, 1 Corporate Avenue in Wuhan and Shanghai Panlong Tiandi were added to our asset management portfolio. As of 30 June 2023, our asset management projects include 5 Corporate Avenue and Hubindao, Nanjing IFC, commercial properties in the Ruihong Tiandi Community, 1 & 2 Corporate Avenue in Wuhan, Shanghai Panlong Tiandi and Nanjing INNO. The total valuation of the projects we managed has increased from RMB26.5 billion as of 30 June 2022 to RMB30.3 billion this period, with a total GFA of 886,000 sq.m. as of 30 June 2023. The business segment contributed approximately 6% of SXTD's revenue in 1H 2023.

Our Projects and Latest Updates

<u>SXTD Portfolio</u>

<u>Shanghai Taipingqiao Community</u>:

Shanghai Taipingqiao Community is a large-scale, flagship community project which is situated in the heart of Shanghai and was developed to preserve the region's historical architecture while transforming the area to meet urban development needs. Located in Huangpu District, the project is connected by Shanghai Metro Lines 1, 8, 10, and 14, fronting the popular Huai Hai Middle Road business district. The Group began the multi-phase development of Taipingqiao in 1996, which comprises various commercial, office, and residential plots. The Shanghai Taipingqiao Community comprises various commercial and office properties, including Shanghai Xintiandi, Xintiandi Style II, Shui On Plaza, Xintiandi Plaza, 5 Corporate Avenue, and Hubindao. Our flagship project, Shanghai Xintiandi, is at the heart of the Shanghai Taipingqiao Community. Featuring the preservation of cultural heritage, Shanghai Xintiandi has been successfully established as an iconic landmark that offers a combined experience of old Shanghai culture and modern lifestyles and has made the community a premier lifestyle destination for citizens and visitors in Shanghai. Not only does Shanghai Xintiandi continue to attract consumers and new tenants from across the world, but it also serves as a popular venue for hosting international festivals and local events, such as Shanghai Fashion Week and XINTIANDI Performing Art Festival.

Xintiandi Style II's AEI was completed, and it was soft-opened in January 2023 with a brand-new concept and positioning to cater to the lifestyle-focused preferences of the growing young premium clientele. Occupancy of the property reached 87% as of 30 June 2023.

<u>The Hub</u>:

Located at the heart of the Hongqiao CBD, The Hub is the only commercial complex that is directly connected to the Hongqiao Transportation Hub, offering convenient access to major transportation nodes such as the Shanghai High-Speed Rail Terminal, the Shanghai Hongqiao International Airport, five underground Metro lines, long-haul bus station, and the future maglev terminal. The Hub features four office towers, a Xintiandi commercial zone, a shopping facility, and a performance and exhibition centre. At its strategic location in Hongqiao CBD, the gateway to the Yangtze River Delta region, The Hub has attracted regional headquarters and branch offices of leading companies from various industries, including Fortune 500 companies.

Shanghai KIC:

Shanghai KIC is a mixed-use technology innovation and knowledge community strategically located in Wujiaochang of Yangpu District, in the immediate vicinity of major universities and colleges, including Fudan University, Shanghai University of Finance and Economics, and Tongji University. The project combines office space with research and development, education, training, investment, and incubator services, to tailor to the needs of tenants in knowledge-based industries. In addition to office space and services, KIC includes retail and mixed-use areas, including University Avenue and KIC Village Zone, which offer the community a wide selection of gourmet cuisines, coffee shops, bookstores, galleries, and creative retail stores. Through the KIC project, we have facilitated the transformation of the Yangpu District from an industrial and manufacturing area into a community for knowledge and innovation. The KIC project has thus been regarded as a landmark of innovation and entrepreneurship in Shanghai.

INNO KIC:

Located adjacent to Shanghai KIC in the Xinjiangwan CBD of Yangpu District, INNO KIC is one of the first projects created by SHUI ON WORKX, our multiform office solution aiming to provide a complete life-cycle workspace solution for start-ups as well as small-to-medium and large enterprises. The complex introduces a new business social platform that integrates work, entrepreneurship, learning, and leisure, with the aim of delivering flexible business solutions and providing a diversified working ecosystem that promotes the growth and development of enterprises.

Wuhan Tiandi Community:

Wuhan Tiandi Community is a large-scale, mixed-use community project comprising retail, food and beverage, and entertainment facilities. It sits in the city centre of Hankou District, occupying a prime location on the Yangtze River waterfront, providing unparalleled views of the Yangtze River and the scenic Jiangtan Park.

After the successful repositioning, we have optimised its tenant mix and food & beverage offerings, introducing new tenants focusing on young premium customers such as Knowin and Harmay. It has become a retail and social destination in Wuhan that offers lifestyle experiences to a young premium clientele.

Foshan Lingnan Tiandi Community:

Foshan Lingnan Tiandi Community is a large-scale, integrated urban regeneration community comprising retail, office, hotel, cultural facilities, and residential complexes. Strategically located in the old town centre of central Chancheng District, the project enjoys good connectivity with two subway stations of the Guangzhou-Foshan metro line. The project preserves traditional Lingnan-style architecture while blending cosmopolitan elements and modern facilities into a lifestyle destination, offering the city's residents and tourists a wide section of terrace restaurants and retail options.

Chongqing Tiandi Community:

Chongqing Tiandi Community is situated on the south bank of the Jialing River in the Yuzhong District of Chongqing, one of the most populous cities in the world and the leading industrial and commercial hub of southwest China. It has a unique landscape and creates a commercial and residential community around a man-made lake and the surrounding hillsides.

The project has recorded strong rental growth and reached 96% occupancy after repositioning to target young premium clientele and offers a wide range of retail, food, and beverages as well as entertainment facilities to the office tenants and residents in the neighbourhood.

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 has completed an AEI that will increase its growth potential.

Investment Properties under SXTD Management

Shanghai Rui Hong Tiandi Community:

Rui Hong Xing Cheng ("RHXC") is a mixed-use, large-scale masterplan community project covering retail, office, entertainment, cultural and residential space. The property is located in the Hongkou district in Shanghai, in close proximity to several leading universities and the central business district. It enjoys excellent connectivity to Lujiazui CBD and Pudong commercial district via four metro lines (Metro Lines 4, 8, 10, and 12) and two tunnels, Xinjian Road Tunnel and Dalian Road Tunnel. The Rui Hong Xin Cheng Community comprises various commercial and office properties, including the Hall of the Moon, the Hall of the Stars, The Palette, the Hall of the Sun, and Ruihong Corporate Avenue. RHXC is being revitalised to become a fashionable urban living destination.

Wuhan 1 Corporate Avenue:

1 Corporate Avenue is a high-rise office tower in the Wuhan Tiandi Community. This Grade-A office building spans 73 stories and was completed in September 2021. The first batch of tenants began occupying the offices in 2022.

Shanghai Panlong Tiandi:

Panlong Tiandi comprises residential sites, culture and recreation areas, restaurant and hotel development, as well as greeneries and open space for the public. The project is located in Shanghai's Qingpu District, which is part of the Hongqiao CBD. It is next to Panlong Station of Shanghai Metro Line 17 and is just two train stops or 3 km away from the Hongqiao Transportation Hub. The Panlong Tiandi project won the Gold Award for Best Future Mega Project in 2020 by MIPIM Asia Awards. The retail facilities were opened at the end of April 2023, and it has become a new cultural landmark for the Yangtze River Delta area. We have observed very strong foot traffic after its opening.

FINANCIAL REVIEW

The Group's ***revenue*** for the six months ended 30 June 2023 ("1H 2023") rose to RMB6,431 million (1H 2022: RMB4,415 million), representing a 46% year-on-year increase, mainly driven by an increase in property sales.

Property sales in 1H 2023 increased by 90% to RMB4,662 million (1H 2022: RMB2,449 million), comprising RMB4,346 million contributed by Shanghai Panlong Tiandi (1H 2022: RMB2,065 million).

Rental and related income from property investment for 1H 2023 totalled RMB1,131 million (1H 2022: RMB1,091 million), representing a 4% year-on-year increase. In 1H 2023, the opening of Shanghai Panlong Tiandi and the re-opening of Xintiandi Style II generated additional revenue for the Group.

Rental and related income from the Group's Shanghai properties, which accounted for 71% (1H 2022: 70%) of the total rental and related income, increased by 5% to RMB801 million (1H 2022: RMB764 million). The rental and related income from the Group's non-Shanghai properties was stable at RMB330 million in 1H 2023 (1H 2022: RMB327 million).

Property management income for 1H 2023 increased by 9% to RMB273 million (1H 2022: RMB251 million), of which RMB205 million (1H 2022: RMB196 million) was from services rendered to commercial properties, with the remaining income of RMB68 million (1H 2022: RMB55 million) from residential properties.

Construction income decreased to RMB145 million in 1H 2023 (1H 2022: RMB448 million). During 1H 2022, RMB356 million in construction income was generated from the fit-out service rendered to the owners of our developed properties, while such service income was absent in 1H 2023.

Gross profit in 1H 2023 grew by 5% to RMB2,949 million (1H 2022: RMB2,821 million) alongside the increase in revenue, while ***gross profit margin*** declined to 46% (1H 2022: 64%) due to a lower proportion of gross profit contributed by property investments which have a higher gross profit margin.

Other income in 1H 2023 increased by 65% to RMB210 million (1H 2022: RMB127 million), mainly due to higher interest income from joint ventures recognised in 1H 2023.

Selling and marketing expenses in 1H 2023 increased by 15% to RMB107 million (1H 2022: RMB93 million) due to a higher amount of sales commissions recognised in 1H 2023.

General and administrative expenses, which are comprised of staff costs, depreciation charges, and advisory costs, increased slightly to RMB530 million in 1H 2023 (1H 2022: RMB509 million).

A decrease in the fair value of investment properties totalled RMB88 million in 1H 2023 (1H 2022: increase of RMB64 million). The investment property portfolio in Shanghai and outside Shanghai recorded valuation losses of RMB53 million and RMB35 million, respectively. The section on "Investment Properties" in the Business Review Section provides detailed descriptions of these properties.

Other gains and losses recorded a net loss of RMB185 million in 1H 2023 (1H 2022: net loss of RMB134 million), comprised of:

(Losses)/Gains	**1H 2023 RMB'million**	1H 2022 RMB'million
Cost arising from hedging activities	**(8)**	(173)
(Loss)/gain from fair value change of derivative financial instruments	**(163)**	58
Provision for impairment losses on property and equipment	**(68)**	-
Provision for impairment losses under expected credit loss model	**-**	(15)
Others	**54**	(4)
Total	**(185)**	(134)

Share of results of associates and joint ventures recorded a net gain of RMB689 million in 1H 2023 (1H 2022: net loss of RMB73 million). The gain in 1H 2023 was mainly from the property sales in the joint venture project with GRANDJOY in Shanghai RHXC and the partnership portfolio in Chongqing (disclosed as associates), which recorded a gain of RMB796 million in 1H 2023 (1H 2022: loss of RMB14 million). The gain was partially offset by the revaluation loss for CPIC Xintiandi Commercial Center, which amounted to RMB160 million in 1H 2023 (1H 2022: loss of RMB119 million). The Group has a 25% effective interests in this project.

Finance costs, inclusive of exchange differences, totalled RMB1,068 million in 1H 2023 (1H 2022: RMB1,176 million). Total interest costs increased by 33% to RMB1,118 million (1H 2022: RMB839 million), along with a higher average cost of debt of 6.55% in 1H 2023 (1H 2022: 5.12%). Of the abovementioned interest costs, 10% (1H 2022: 18%) or RMB109 million (1H 2022: RMB151 million) was capitalised as the cost of property development, with the remaining 90% (1H 2022: 82%) relating to mortgage loans on completed properties and borrowings for general working capital purposes accounted for as expenses.

Taxation totalled RMB957 million in 1H 2023 (1H 2022: RMB248 million). The year-on-year increase resulted in part from higher property sales profit for Shanghai Panlong Tiandi during the period. 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 property sales less deductible expenditures, including costs of land, development, and construction.

Profit in 1H 2023 was RMB913 million (1H 2022: RMB779 million).

Profit attributable to shareholders of the Company in 1H 2023 was RMB618 million (1H 2022: RMB450 million).

The core earnings of the Group are as follows:

	Six months ended 30 June		
	2023	2022	Change
	RMB'million	RMB'million	%
Profit attributable to shareholders of the Company	**618**	450	37%
Decrease/(increase) in fair value of the investment properties, net of tax	**80**	(55)	
Share of results of joint ventures			
- fair value loss/(gain) of the investment properties, net of tax	**13**	(8)	
	93	(63)	
Non-controlling interests	**(13)**	16	
Net effect of changes in the valuation	**80**	(47)	
Profit attributable to shareholders of the Company before revaluation	**698**	403	73%
Add:			
Profit attributable to owners of perpetual capital securities	**-**	116	
Core earnings of the Group	**698**	519	34%

Earnings per share in 1H 2023 was RMB7.7 cents, calculated based on a weighted average of approximately 8,009 million shares in issue in 1H 2023 (1H 2022: RMB5.6 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 bank borrowings.

Having taken into consideration the Group's financial performance during the period, the Board has resolved to recommend the payment of a 2023 interim dividend of HKD0.032 per share (1H 2022: HKD0.036 per share).

Liquidity, Capital Structure, and Gearing Ratio

On 27 April 2023, Shanghai Rui Qiao Property Development Co., Ltd, a wholly-owned subsidiary of the Company, obtained financing under securitisation arrangements (the "Receipts Under Securitisation Arrangements") with an aggregate principal amount of RMB4,401 million at 100% of face value comprising (i) RMB4,400 million with a term of fixed annual coupon rate of 3.9% and quarter distribution from June 2023 till March 2041, and (ii) RMB1 million with a term of no annual coupon rate. The Receipts Under Securitisation Arrangements are listed on the Shanghai Stock Exchange.

The structure of the Group's borrowings as of 30 June 2023 is summarised below:

	Total	**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	7,011	1,838	527	1,134	3,512
Bank borrowings – HKD	1,533	1,034	382	117	-
Bank borrowings – USD	7,452	5,246	1,864	342	-
Senior notes – USD	13,762	3,625	7,261	2,876	-
Receipts under securitisation arrangements – RMB	4,380	40	40	155	4,145
Total	**34,138**	**11,783**	**10,074**	**4,624**	**7,657**

Cash and bank deposits as of 30 June 2023 totalled RMB12,239 million (31 December 2022: RMB13,368 million), which included RMB2,714 million (31 December 2022: RMB2,192 million) of deposits pledged to banks and RMB3,307 million (31 December 2022: RMB1,691 million) of restricted bank balances which can only be applied to designated property development projects of the Group.

As of 30 June 2023, the Group's net debt was RMB21,899 million (31 December 2022: RMB20,144 million), and its total equity was RMB44,200 million (31 December 2022: RMB44,401 million). The Group's net gearing ratio was 50% (31 December 2022: 45%), calculated based on the excess of the sum of senior notes, bank borrowings, and receipts under securitisation arrangements net of bank balances and cash (including pledged bank deposits and restricted bank balances) over the total equity.

As of 30 June 2023, HKD/USD borrowings, including senior notes (unhedged), net off HKD/USD cash, amounted to approximately RMB20,606 million, comprising approximately 60% of the total borrowings (31 December 2022: 40%).

Total undrawn banking facilities available to the Group amounted to approximately RMB4,546 million as of 30 June 2023 (31 December 2022: RMB2,196 million).

Pledged Assets

As of 30 June 2023, the Group had pledged investment properties, property, and equipment, right-of-use assets, properties under development for sale, receivables, and bank deposits totalling RMB37,149 million (31 December 2022: RMB35,536 million) to secure the Group's borrowings of RMB14,018 million (31 December 2022: RMB10,662 million).

Capital and Other Development-Related Commitments

As of 30 June 2023, the Group had contracted commitments for development costs, capital expenditure, and other investments of RMB5,052 million (31 December 2022: RMB5,771 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.

Exchange Rate and Interest Rate Risks

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

However, a portion of the revenue is converted into other currencies to meet our foreign-currency-denominated debt obligations, such as bank borrowings denominated in HKD and USD and senior notes denominated in USD issued from 2019 to 2021. Thus, to the extent that the Group has a net currency exposure, there is exposure to fluctuations in foreign exchange rates. As of 30 June 2023, the Group had approximately USD200 million in forward contracts to hedge the USD currency risk against RMB. The Group continues to closely monitor its exposure to exchange rate risk. It 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 one to fifteen years for project construction loans and mortgage loans. Increases in interest rates would raise interest expenses relating to the outstanding variable rate borrowings and the cost of new debt. Fluctuations in interest rates may also lead to significant fluctuations in the fair value of the debt obligations.

On 30 June 2023, the Group had various outstanding loans that bear variable interests linked to Hong Kong Inter-bank Offered Rates ("HIBOR"), Secured Overnight Financing Rate ("SOFR"), and Loan Prime Rate ("LPR"). The Group has hedged against the variability of cash flow arising from interest rate fluctuations by entering into interest rate swaps in which the Group would receive interest at variable rates at HIBOR and pay interests at fixed rates ranging from 0.54% to 2.75%, based on the notional aggregate amounts of HKD500 million. The Group continues to closely monitor its exposure to interest rate risk. It may further consider additional derivative financial instruments to hedge against its remaining exposure to interest rate risk, if necessary.

Save for disclosed above, as of 30 June 2023, the Group does not hold any other derivative financial instruments 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 RMB1,582 million on 30 June 2023 (31 December 2022: RMB1,983 million) to banks in favour of its customers regarding 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 unaudited consolidated results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 June 2023 as follows:

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Notes	**Six months ended 30 June 2023 (Unaudited)**		Six months ended 30 June 2022 (Unaudited)	
		HKD'million *(Note 2)*	**RMB'million**	HKD'million *(Note 2)*	RMB'million
Revenue	*4*	**7,237**	**6,431**	5,313	4,415
Cost of sales		**(3,918)**	**(3,482)**	(1,918)	(1,594)
Gross profit		**3,319**	**2,949**	3,395	2,821
Other income	*5*	**236**	**210**	153	127
Selling and marketing expenses		**(120)**	**(107)**	(112)	(93)
General and administrative expenses		**(596)**	**(530)**	(613)	(509)
(Decrease)/increase in fair value of the investment properties		**(99)**	**(88)**	77	64
Other gains and losses	*5*	**(208)**	**(185)**	(161)	(134)
Share of results of associates and joint ventures		**775**	**689**	(88)	(73)
Finance costs, inclusive of exchange differences	*6*	**(1,202)**	**(1,068)**	(1,415)	(1,176)
Profit before tax	*7*	**2,105**	**1,870**	1,236	1,027
Tax	*8*	**(1,077)**	**(957)**	(298)	(248)
Profit for the period		**1,028**	**913**	938	779
Attributable to:					
Shareholders of the Company		**696**	**618**	542	450
Non-controlling shareholders of subsidiaries		**332**	**295**	256	213
Owners of perpetual capital securities		**-**	**-**	140	116
		332	**295**	396	329
		1,028	**913**	938	779
Earnings per share attributable to the shareholders of the Company	*10*				
-Basic		**HKD8.7 cents**	**RMB7.7 cents**	HKD6.7 cents	RMB5.6 cents
-Diluted		**HKD8.7 cents**	**RMB7.7 cents**	HKD6.7 cents	RMB5.6 cents

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 June 2023 (Unaudited)		Six months ended 30 June 2022 (Unaudited)	
	HKD'million *(Note 2)*	**RMB'million**	HKD'million *(Note 2)*	RMB'million
Profit for the period	**1,028**	**913**	938	779
Other comprehensive (expense)/income				
Items that may be reclassified subsequently to profit or loss:				
Exchange difference arising on translation of foreign operations	**(718)**	**(638)**	1	1
The effective portion of changes in the fair value of currency forward contracts designated as cash flow hedges	**75**	**67**	548	455
The effective portion of changes in the fair value of interest rate swaps designated as cash flow hedges	**-**	**-**	42	35
Reclassification from hedge reserve to profit or loss arising from currency forward contracts	**(44)**	**(39)**	(671)	(558)
Share of other comprehensive expenses of an associate and a joint venture	**(21)**	**(19)**	(61)	(51)
Items that will not be reclassified subsequently to profit or loss:				
Surplus on revaluation of properties transferred from property and equipment to completed investment properties, net of tax	**7**	**6**	17	14
Other comprehensive expenses for the period	**(701)**	**(623)**	(124)	(104)
Total comprehensive income for the period	**327**	**290**	814	675
Total comprehensive (expense)/income attributable to:				
Shareholders of the Company	**(8)**	**(8)**	408	338
Non-controlling shareholders of subsidiaries	**335**	**298**	266	221
Owners of perpetual capital securities	**-**	**-**	140	116
	335	**298**	406	337
	327	**290**	814	675

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**30 June 2023 RMB'million (Unaudited)**	31 December 2022 RMB'million (Audited)
Non-current assets			
Investment properties		**51,933**	51,665
Interests in associates		**8,805**	8,010
Interests in joint ventures		**14,043**	13,154
Property and equipment		**1,045**	1,197
Right-of-use assets		**18**	46
Receivables, deposits, and prepayments	*11*	**316**	298
Pledged bank deposits		**-**	2,192
Loan to a non-controlling shareholder		**19**	22
Deferred tax assets		**95**	282
Other non-current assets		**93**	106
		76,367	76,972
Current assets			
Properties under development for sale		**1,726**	4,541
Properties held for sale		**1,904**	1,759
Receivables, deposits, and prepayments	*11*	**2,454**	1,603
Amounts due from associates		**308**	193
Loans to/amounts due from joint ventures		**4,885**	4,926
Amounts due from related companies		**421**	411
Contract assets		**234**	322
Derivative financial instruments		**68**	492
Pledged bank deposits		**2,714**	-
Bank balances and cash		**9,525**	11,176
Prepaid taxes		**140**	26
Assets classified as held for sale		**2,457**	2,457
		26,836	27,906
Current liabilities			
Accounts payable, deposits received, and accrued charges	*12*	**4,955**	5,311
Contract liabilities		**3,869**	5,416
Bank borrowings		**8,118**	8,069
Senior notes		**3,625**	3,491
Receipts under securitisation arrangements		**40**	-
Tax liabilities		**3,618**	4,035
Amounts due to non-controlling shareholders of subsidiaries		**63**	204
Amounts due to associates		**478**	557
Loans from/amounts due to joint ventures		**235**	45
Amounts due to related companies		**354**	357
Liability arising from a rental guarantee arrangement		**28**	28
Lease liabilities		**10**	11
		25,393	**27,524**
Net current assets		**1,443**	**382**
Total assets less current liabilities		**77,810**	**77,354**

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION - CONTINUED

	Notes	**30 June 2023 RMB'million (Unaudited)**	31 December 2022 RMB'million (Audited)
Non-current liabilities			
Bank borrowings		**7,878**	12,188
Senior notes		**10,137**	9,764
Receipts under securitisation arrangements		**4,340**	-
Deferred tax liabilities		**4,789**	4,799
Accounts payable, deposits received, and accrued charges	*12*	**578**	560
Loans from an associate		**5,825**	5,575
Lease liabilities		**52**	56
Defined benefit liabilities		**11**	11
		33,610	32,953
Capital and reserves			
Share capital		**146**	146
Reserves		**38,530**	39,004
Equity attributable to shareholders of the Company		**38,676**	39,150
Non-controlling interests		**5,524**	5,251
		5,524	5,251
Total equity		**44,200**	44,401
Total equity and non-current liabilities		**77,810**	77,354

Notes to the interim condensed consolidated financial information:

1. General

The interim condensed consolidated financial information for the six months ended 30 June 2023 has been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and with International Accounting Standard 34 *Interim Financial Reporting* issued by the International Accounting Standards Board. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements. It should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2022.

2. Presentation

The Hong Kong dollar figures presented in the interim condensed consolidated statement of profit or loss and interim condensed consolidated statement of comprehensive income are shown for reference only. They are based on the exchange rate of RMB1.000 to HKD1.1253 for the six months ended 30 June 2023 and RMB1.000 to HKD1.2034 for the six months ended 30 June 2022, the average exchange rates that prevailed during the respective periods.

3. Changes in Accounting Policies and Disclosures

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2022, except for the adoption of the following new and revised International Financial Reporting Standards ("IFRSs") for the first time for the current period's financial information.

IFRS 17	*Insurance Contracts*
Amendments to IFRS 17	*Insurance Contracts*
Amendment to IFRS 17	*Initial Application of IFRS 17 and IFRS 9 – Comparative Information*
Amendments to IAS 1 and IFRS Practice Statement 2	*Disclosure of Accounting Policies*
Amendments to IAS 8	*Definition of Accounting Estimates*
Amendments to IAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
Amendments to IAS 12	*International Tax Reform – Pillar Two Model Rules*

The nature and impact of the new and revised IFRSs that are applicable to the Group are described below:

(a) Amendments to IAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general-purpose financial statements make based on those financial statements. Amendments to IFRS Practice Statement 2 provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has applied the amendments since 1 January 2023. The amendments did not have any impact on the Group's interim condensed consolidated financial information but are expected to affect the accounting policy disclosures in the Group's annual consolidated financial statements.

3. Changes in Accounting Policies and Disclosures –continued

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

(b) Amendments to IAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. The Group has applied the amendments to changes in accounting policies and changes in accounting estimates that occur on or after 1 January 2023. Since the Group's policy of determining accounting estimates aligns with the amendments, the amendments did not have any impact on the financial position or performance of the Group.

(c) Amendments to IAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* narrow the scope of the initial recognition exception in IAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. The Group has applied the amendments on temporary differences related to leases as of 1 January 2022, with any cumulative effect recognised as an adjustment to the balance of retained profits or other component of equity as appropriate at that date. In addition, the Group has applied the amendments prospectively to transactions other than leases that occurred on or after 1 January 2022. The amendments did not have any significant impact on the Group's financial statements.

(d) Amendments to IAS 12 *International Tax Reform – Pillar Two Model Rules* introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. Entities are required to disclose the information relating to their exposure to Pillar Two income taxes in annual periods beginning on or after 1 January 2023, However, they are not required to disclose such information for any interim periods ending on or before 31 December 2023. The Group has applied the amendments retrospectively. Since the Group did not fall within the scope of the Pillar Two model rules, the amendments did not have any impact on the Group.

4A. Revenue Information

Disaggregation of revenue from contracts with customers

	Six months ended 30 June	
	2023	2022
	RMB'million	RMB'million
	(Unaudited)	(Unaudited)
Property development:		
Property sales	**4,662**	2,449
Property management:		
Property management fee income	**273**	251
Construction	**145**	448
Others	**220**	176
	5,300	3,324
Geographical markets		
Shanghai	**4,966**	2,484
Wuhan	**243**	731
Foshan	**64**	64
Chongqing	**16**	36
Nanjing	**11**	9
	5,300	3,324
Timing of revenue recognition		
At a point in time	**4,662**	2,449
Over time	**638**	875
	5,300	3,324

4A. Revenue Information - continued

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

	Six months ended 30 June	
	2023	2022
	RMB'million	RMB'million
	(Unaudited)	(Unaudited)
Property development:		
Property sales	**4,662**	2,449
Property management:		
Property management fee income	**273**	251
Construction	**145**	448
Others	**220**	176
Revenue from contracts with customers	**5,300**	3,324
Property investment:		
(property investment segment)		
Rental income from investment properties	**1,020**	987
Rental-related income	**111**	104
Total	**6,431**	4,415

4B. Segmental Information

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

4B. Segmental Information - continued

	Six months ended 30 June 2023 (Unaudited)						
	Property development RMB'million	Property investment RMB'million	Property management RMB'million	Construction RMB'million	Reportable segment total RMB'million	Others RMB'million	Consolidated RMB'million
SEGMENT REVENUE							
Segment revenue of the Group	**4,662**	**1,131**	**273**	**145**	**6,211**	**220**	**6,431**
SEGMENT RESULTS							
Segment results of the Group	**1,658**	**732**	**42**	**7**	**2,439**	**16**	**2,455**
Interest income							**188**
Share of results of associates and joint ventures							**689**
Finance costs, inclusive of exchange differences							**(1,068)**
Other gains and losses							**(185)**
Unallocated income							**21**
Unallocated expenses							**(230)**
Profit before tax							**1,870**
Tax							**(957)**
Profit for the period							**913**

4B. Segmental Information - continued

	Six months ended 30 June 2022 (Unaudited)						
	Property development	Property investment	Property management	Construction	Reportable segment total	Others	Consolidated
	RMB'million	RMB'million	RMB'million	RMB'million	RMB'million	RMB'million	RMB'million
SEGMENT REVENUE							
Segment revenue of the Group	2,449	1,091	251	448	4,239	176	4,415
SEGMENT RESULTS							
Segment results of the Group	1,472	854	34	124	2,484	3	2,487
Interest income							115
Share of results of associates and joint ventures							(73)
Finance costs, inclusive of exchange differences							(1,176)
Other gains and losses							(134)
Unallocated income							12
Unallocated expenses							(204)
Profit before tax							1,027
Tax							(248)
Profit for the period							779

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

5. Other Income, Other Gains and Losses

	Six months ended 30 June	
	2023	2022
	RMB'million	RMB'million
	(Unaudited)	(Unaudited)
Other income		
Interest income from banks	**108**	91
Interest income from loans to joint ventures	**80**	24
Grants received from local government	**17**	8
Others	**5**	4
	210	127
Other gains and losses		
Cost arising from hedging activities	**(8)**	(173)
(Loss)/gain from fair value change of derivative financial instruments	**(163)**	58
Provision for impairment losses on property and equipment	**(68)**	-
Provision for impairment losses under expected credit loss model	**-**	(15)
Others	**54**	(4)
	(185)	(134)

6. Finance Costs, Inclusive of Exchange Differences

	Six months ended 30 June	
	2023	2022
	RMB'million	RMB'million
	(Unaudited)	(Unaudited)
Interest on borrowings	**730**	479
Interest on senior notes	**387**	358
Interest expenses from lease liabilities	**1**	2
Total interest costs	**1,118**	839
Less: Amount capitalised to investment properties under construction or development and properties under development for sale	**(109)**	(151)
Interest expense charged to profit or loss	**1,009**	688
Net exchange loss	**21**	477
Others	**38**	11
	1,068	1,176

7. Profit before Tax

The Group’s profit before tax is arrived at after charging/(crediting)

	Six months ended 30 June	
	2023	2022
	RMB'million	RMB'million
	(Unaudited)	(Unaudited)
Depreciation of property and equipment	**61**	59
Depreciation of right-of-use assets	**3**	4
Employee benefit expenses		
Directors' emoluments		
Fees	**2**	2
Salaries, bonuses, and other benefits	**29**	32
	31	34
Other staff costs		
Salaries, bonuses, and other benefits	**528**	512
Retirement benefit costs	**25**	22
	553	534
Total employee benefit expenses	**584**	568
Less: Amount capitalised to investment properties under construction or development and properties under development for sale	**(52)**	(48)
	532	520
Provision for impairment losses on receivables	**-**	15
Cost of properties sold recognised as an expense	**2,869**	848
Provision for/(reversal of) impairment losses on properties held for sale (included in "cost of sales")	**27**	(2)
Lease payments relating to short-term leases and low-value leases	**3**	8

8. Tax

	Six months ended 30 June	
	2023	2022
	RMB'million	RMB'million
	(Unaudited)	(Unaudited)
Hong Kong profits tax		
- Charge for the period	**8**	5
PRC enterprise income tax ("EIT")		
- Charge for the period	**348**	161
Deferred tax		
- Charge/(credit) for the period	**177**	(359)
PRC land appreciation tax ("LAT")		
- Charge for the period	**294**	311
PRC withholding tax		
- Charge for the period	**130**	130
	957	248

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

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

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

9. Dividends

	Six months ended 30 June	
	2023	2022
	RMB'million	RMB'million
	(Unaudited)	(Unaudited)
Final dividend paid in respect of 2022 of HKD0.064 per share (2022: final dividend paid in respect of 2021 of HKD0.084 per share)	**466**	574

Having taken into consideration the Group's financial performance during the period, the board has resolved to recommend the payment of an interim dividend of HKD0.032 per share for 2023 (1H 2022: HKD0.036 per share).

10. Earnings Per Share

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

	Six months ended 30 June	
	2023	2022
	RMB'million	RMB'million
Earnings	**(Unaudited)**	(Unaudited)
Earnings for the purpose of basic/diluted earnings per share, being profit for the period attributable to shareholders of the Company	**618**	450

	Six months ended 30 June	
	2023	2022
	million	million
Number of shares	**(Unaudited)**	(Unaudited)
The weighted average number of ordinary shares for basic earnings per share (*note (a)*)	**8,009**	8,044
Effect of dilutive potential ordinary shares *(note (b))*	**-**	-
The weighted average number of ordinary shares for diluted earnings per share	**8,009**	8,044
Basic earnings per share *(note (c))*	**RMB 7.7 cents** **HKD 8.7 cents**	RMB 5.6 cents HKD 6.7 cents
Diluted earnings per share *(note (c))*	**RMB 7.7 cents** **HKD 8.7 cents**	RMB 5.6 cents HKD 6.7 cents

Notes:

(a) The weighted average number of ordinary shares shown above has been arrived at after deducting 17,710,250 (six months ended 30 June 2022: 17,710,250) shares held by a share award scheme trust.

(b) There were no dilution effects on outstanding share options as the exercise prices of these options were higher than the average market price of the Company's shares for the six months ended 30 June 2022. All share options lapsed on 3 July 2022.

(c) The figures expressed in Hong Kong dollars presented above are shown for reference only and have been arrived at based on the exchange rate of RMB1.000 to HKD1.1253 for the six months ended 30 June 2023 and RMB1.000 to HKD1.2034 for the six months ended 30 June 2022, being the average exchange rates that prevailed during the respective periods.

11. Receivables, Deposits, and Prepayments

	30 June 2023 RMB'million (Unaudited)	31 December 2022 RMB'million (Audited)
Non-current portion comprises:		
Trade receivables *(note(b))*		
- rental receivables	**316**	298
Current portion comprises:		
Trade receivables *(note(b))*		
- rental receivables	**106**	140
- goods and services	**238**	160
- operating lease receivables	**77**	84
Prepayments of relocation costs *(note(a))*	**1,597**	640
Receivables from the disposal of an associate and a joint venture	**26**	123
Other deposits, prepayments, and receivables	**382**	434
Value-added tax recoverable	**28**	22
	2,454	1,603

Notes:

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

(b) Trade receivables comprises:

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

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

(iii) receivables arising from construction revenue of which a credit term of 40 days is granted to the customers; and

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

As of 30 June 2023 and 31 December 2022, trade receivables from contracts with customers amounted to RMB238 million and RMB160 million, respectively.

Included in the Group's receivables, deposits, and prepayments are trade receivable balances of RMB737 million (2022: RMB682 million), of which 74% (2022: 65%) are not yet past due, 13% (2022: 14%) are past due less than 90 days, and 13% (2022: 21%) are past due over 90 days, as compared to when revenue was recognised.

Out of the past due balances, RMB95 million (2022: RMB145 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 creditworthiness of each customer.

12. Accounts Payable, Deposits Received, and Accrued Charges

	30 June 2023 RMB'million (Unaudited)	31 December 2022 RMB'million (Audited)
Current portion comprises:		
Trade payables *(note)*	**2,590**	3,103
Land and relocation cost payables	**718**	783
Deed tax and other tax payables	**99**	81
Deposits received in advance for the rental of investment properties	**441**	382
Value-added tax payables	**221**	109
Value-added tax arising from contract liabilities	**232**	322
Other payables and accrued charges	**654**	531
	4,955	5,311
Non-current portion comprises:		
Land and relocation cost payables	**45**	45
Deposits received in advance for the rental of investment properties	**533**	515
	578	560

Note:

Included in the Group's accounts payable, deposits received, and accrued charges are trade payable balances of RMB2,590 million (2022: RMB3,103 million), of which 96% (2022: 92%) are aged less than 30 days, 2% (2022: 7%) are aged between 31 and 90 days, and 2% (2022: 1%) are aged more than 90 days, based on the invoice date.

MARKET OUTLOOK

Global economic growth moderated in the first half of 2023, amid mounting headwinds from sequential US interest rate hikes to curtail inflation, with tight liquidity and high borrowing costs creating unfavorable conditions for debt refinancing. At the same time, supply bottlenecks, as well as concerns relating to energy shocks, are waning, while inflation in the US and EU fell to 3.0% and 5.5%, respectively, by June 2023. The International Monetary Fund envisions a soft landing for advanced economies, with growth slowing from 2.7% in 2022 to 1.5% in 2023. The pace of global economic growth is projected to fall from 3.5% in 2022 to 3% in both 2023 and 2024.

China recorded 5.5% in GDP growth for 1H 2023 following the removal of COVID-19 restrictions. The recovery in the year-to-date was mainly fueled by the revival of domestic consumption, which accounted for 77.2% of total GDP growth. Fixed asset investment and retail sales recorded respective growth of 3.8% and 8.2% in the first half of the year, while export and foreign direct investment contracted 3.2% and 2.7%, respectively, due to sluggish external demand and weak investor confidence. The residential property market remained stagnated following an uptick in the first quarter. While housing sales revenue increased by 3.7% in 1H 2023, sales areas saw a decline of 2.8%. To mitigate the downturn, the People's Bank of China cut the one-year and five-year Loan Prime Rates (LPR) by 10 basis points in June 2023, with the purpose of invigorating residential sales and boosting market confidence.

Despite the government's pledge to enhance funding support for the real estate sector, access to financing for beleaguered property developers remained bleak. Twenty-three of the top 50 China real estate developers had so far defaulted or missed payment deadlines, causing panic in the financial markets. This prompted the government to ease home purchase restrictions, guide reductions in mortgage rates and down-payment ratios, to improve market expectations, and create a sound environment to support the stable and healthy development of the property market. However, the pace of asset disposals and debt restructuring by these cash-strapped developers has been slow, and risks of a market contagion effect remain elevated. In response, the Politburo has decided to implement a spectrum of countercyclical policies to stabilize the property market.

The Shanghai office market was undermined by a slowdown in corporate profit growth amid a soft economy, with demand for Grade A office space slowing markedly. Although there was an increase in leasing enquiries from tenants at the start of 2023, many companies have decided to postpone expansion plans in Q2, opting to freeze or trim headcounts to control their operational costs. In Shanghai, the net absorption for Grade A office in 1H 2023 was 219,000 square meters, down 31.6% from the same period last year, according to data published by Jones Lang LaSalle (JLL). Against the backdrop of abundant new supply, the vacancy rate in the Central Business District (CBD) rose by 1.1% to 11.9%, with rents registering a decline of 3.3%. The near-term outlook remains unfavorable given ample supply coming on stream in the second half year.

During 1H 2023, Shanghai's retail sales increased by 6.8%, and the catering sector registered a notable 21.4% gain in sales revenue. In the commercial retail sector, consumer traffic to shopping malls has normalized following the exit of the country's Zero-COVID policy. However, many retailers have adopted a wait-and-see attitude for store expansion despite a surge in pent-up consumption, which is largely due to weak consumer sentiment. According to JLL, retail rents in Shanghai continued to trend downwards in the first half, with prime ground floor rents falling by 5.6% compared to 1H 2022. Given the government had stepped-up policy measures to stimulate consumption, the contraction of retail property rent is expected to moderate in the second half of 2023.

Shanghai's economy is gradually recovering from the pandemic, posting GDP growth of 9.7% in the first half of the year. A dozen infrastructure projects related to the Yangtze Delta regional integration are underway, including the Shanghai East Railway Station project, which officially started construction in March 2023. In addition, sixty-two urban village redevelopment projects have been approved by the government, of which ten will be launched this year. An intercity metro line 11 connecting Suzhou and Shanghai has commenced operations, which marks closer integration of the Yangtze Delta economies and will help to create synergistic regional growth. The city's competitiveness is also helped by the municipal government's recently announced 16 measures program, pledging approximately RMB6.8 trillion to support the development of internet services platform companies.

In 1H 2023, Chongqing achieved 4.6% GDP growth, 2% higher than in 2022. The rapid development of emerging industries, such as new energy vehicles, has contributed to the city's economic transformation and high-quality development. The municipal government recently unveiled an action plan to enhance the city's R&D capabilities, build technology clusters, and optimize innovation and entrepreneurship ecosystems, targeting to double the number of high-tech enterprises in five years. An action plan to *Promote the Construction of the Chengdu-Chongqing Economic Circle (2023-2027)* was promulgated, aiming to strengthen economic cooperation and innovation between Chongqing and Chengdu and to transform the regional economy into an economic powerhouse.

In 1H 2023, Wuhan achieved GDP growth of 5%, with fixed asset investment, real estate investment, and retail sales registering growth of 5.3%, 7.7%, and 9%, respectively. The government has loosened its home purchase restriction policies, which resulted in a transaction boom at the housing fair. Plans are underway to build a high-end service industry belt along the Yangtze River to form an industry cluster for finance and insurance, creative design, and cultural tourism enterprises. The *Wuhan Metropolitan Area Development Plan* recently received approval by the National Development and Reform Commission. These development plans will further strengthen the city's dynamism and growing economic influence in Central China.

Foshan's economic growth accelerated to 5.2% in 1H 2023, supported by a gradual recovery of its manufacturing industries. In recent years, Foshan has embraced digital transformation and accelerated industry upgrading, aiming to increase industrial output to RMB 3 trillion this year. The government plans to develop its strategic emerging industries, including new energy vehicles, high-end equipment manufacturing, software, healthcare, and robotics. To stimulate the housing market, mortgage rates, and down payment ratios were lowered, and the household registration requirement was relaxed in early 2023. These supportive measures support a steady recovery of Foshan's housing market.

Nanjing's GDP increased by 5.6% in 1H 2023, buoyed by a recovery in retailing, hotel, and catering industries. Several large investment projects, including an expressway in the North Station Economic Zone, the CSSC-MacGregor Shipbuilding Equipment R&D and Manufacturing Base, and the Nanjing Robot Industry Park, were under construction. Nanjing has maintained its number six position in the PWC city competitiveness ranking for four consecutive years, helped by its strengths in transportation. urban planning and intellectual capital. To stabilize the housing market, the city issued a host of supportive policies, including the provision of subsidies to qualified home buyers, relaxation of purchase restrictions, and easings of provident fund policies.

The global economy continues to face immense challenges and uncertainties amid a tense geopolitical environment, currency swings, and a softening of trade and economic growth. Against this backdrop, economic policies in China will focus on upholding business and household confidence, ensuring the economy is on track to achieve the target growth rate of around 5%. Greater efforts will be devoted to supporting the private sector, which is the key contributor to job creation. Real estate market policies will be optimized to better support first-time buyer and upgraders demand to mitigate the risk of disorderly market adjustments. In the ensuing market shake-out period, property developers in strong financial standing will be well placed to meet the challenges and tap the unfolding opportunities.

INTERIM DIVIDEND

The Board has declared an interim dividend of HKD0.032 per share (2022: HKD0.036 per share) for the six months ended 30 June 2023, amounting to approximately RMB237 million (2022: RMB256 million) in aggregate, which is payable on or about 22 September 2023 to shareholders whose names appear on the register of members of the Company on 8 September 2023.

To qualify for the interim dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration not later than 4:30 p.m. on 8 September 2023.

PURCHASE, SALE, OR REDEMPTION/CANCELLATION OF LISTED SECURITIES

Neither the Company nor its subsidiaries have purchased, sold, or redeemed any of the Company's listed securities during the six months ended 30 June 2023.

CORPORATE GOVERNANCE

The Company reviews its corporate governance practices from time to time to ensure it complies with all the applicable code provisions set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and aligns with its latest developments. During the six months ended 30 June 2023, 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.

Code provision C.1.6 of the CG Code stated that independent non-executive directors and other non-executive directors should also attend general meetings to gain and develop a balanced understanding of the views of shareholders. Mr. Shane S. Tedjarati and Ms. Ya Ting Wu, the Independent Non-executive Directors ("INEDs") of the Company, could not attend the annual general meeting held on 24 May 2023 (the "2023 AGM") due to other business engagements. Save for the above, all the INEDs attended the 2023 AGM.

The Audit and Risk Committee has reviewed the Group's unaudited condensed consolidated financial statements for the six months ended 30 June 2023, including the accounting principles and practices and internal control system adopted by the Company. The Audit and Risk Committee does not disagree with the accounting treatments adopted.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules as the code of conduct regarding securities transactions by the Directors. Following specific enquiries by the Company, all Directors have confirmed that they have complied with the required standard set out in the Model Code during the six months ended 30 June 2023.

EMPLOYEES AND REMUNERATION POLICY

As of 30 June 2023, the number of employees in the Group was 3,084 (31 December 2022: 3,098); which included the headcount of the property management business at 1,541 (31 December 2022: 1,545), and the headcount of the construction and fitting out business at 151 (31 December 2022: 172). The Group provides a comprehensive benefits package for all employees as well as career development opportunities. This includes retirement schemes, long-term incentive schemes, medical insurance, other insurances, in-house training, on-the-job training, external seminars, and programs organised by professional bodies and educational institutes.

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

SCOPE OF WORK OF MESSRS. ERNST & YOUNG

The figures in respect of the Group's condensed consolidated statement of financial position as of 30 June 2023, the condensed consolidated statement of profit or loss, the condensed consolidated statement of comprehensive income, and the related notes thereto for the period then ended as set out in the preliminary announcement have been extracted from the Group's unaudited condensed consolidated financial statements for the period, which has been reviewed by the Group's auditor, Messrs. Ernst & Young in accordance with Hong Kong Standards on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

APPRECIATION TO ALL OUR STAKEHOLDERS

In challenging times like this, a highly experienced Board is especially important, and I wish to take this opportunity to thank my fellow directors for their continued invaluable counsel. For a sound strategy to succeed, however, it requires the wholehearted commitment of the entire organisation. On behalf of the Board, I must also express my sincere gratitude to our management team and employees for keeping us very much on track. I thank also our shareholders, business partners, and customers for their continuing support. More challenges undoubtedly lie ahead, but so are opportunities that we are in a good position to seize.

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

Hong Kong, 22 August 2023

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. Jessica Y. 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. Anthony J. L. NIGHTINGALE, Mr. Shane S. TEDJARATI, Ms. Ya Ting WU, Mr. Albert K. P. NG, Mr. Gregory K. L. SO, and Ms. Randy W. S. LAI.

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. 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*