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 2024 Interim Results

HIGHLIGHTS

- **Maintained profitability under extremely challenging market conditions:** In the first half of 2024 ("1H 2024"), China's economy and property sector faced ongoing challenges. Continuing economic adjustments, extensive geopolitical tensions, and low consumer confidence resulted in sluggish property activity in China. Despite the difficult macro-economic conditions, the Group was able to record a profit of RMB183 million in the first six months of 2024, with profit attributable to shareholders of RMB72 million. This nonetheless represents a substantial year-on-year net profit decline, which was mainly due to a lack of new residential property completions and hence property sales.

- **Resilient commercial property portfolio yielded increase in rental income:** The Group opened two new commercial properties in 2023 with great success, namely Panlong Tiandi and Hong Shou Fang. Total rental and related income (including joint ventures and associates) for the period increased to RMB1,764 million, representing a growth of 16% year-on-year.

- **Dedicated to continuing a prudent yet proactive capital management strategy:** The Group has been maintaining a stable balance sheet. As of 30 June 2024, the net gearing ratio increased marginally to 53%, while cash and bank deposits totalled RMB10,543 million. As of 29 August 2024, a total RMB40.6 billion offshore debts (gross amount), including USD493.5 million senior notes due on 24 August 2024, have been repaid since 2021. We are cautious on the near-term business outlook as the overall liquidity for the property industry will likely remain tight, and will continue to manage our finances prudently, constantly reviewing the markets and adopting the most appropriate debt management strategies.

- **Global recognition for sustainability initiatives:** During 1H 2024, the Group continued to earn accolades for its progress and achievements in sustainability, receiving the "Climate Leadership Award" from the Carbon Disclosure Project for its transparency and actions in reducing carbon emissions. The Group was also included in the Fortune China ESG Impact List for the second consecutive year, further recognising its commitment to environmental, social, and governance practices.

Website: www.shuionland.com

PERFORMANCE HIGHLIGHTS

	1H 2024	1H 2023	Year-on-Year Growth/ (Decline)
Total rental and related income (RMB'million)[1]	**1,764**	**1,515**	**16%**
Contracted sales (RMB'million)	**623**	**4,564**	**(86%)**
Subscribed sales (RMB'million)	**251**	**606**	**(59%)**
Selected Financial Information (RMB'million)			
Revenue	2,073	6,431	(68%)
Property sales recognised as revenue	143	4,662	(97%)
Rental and related income (excluding associates and joint ventures)	1,257	1,131	11%
Gross profit	1,355	2,949	(54%)
Profit for the period	183	913	(80%)
Profit attributable to shareholders of the Company	72	618	(88%)
Selected Financial Ratios			
Gross profit margin	65%	46%	19ppt
Net profit margin	9%	14%	(5ppt)
Earnings per share (basic), RMB cents	0.9	7.7	(88%)

Selected Balance Sheet Data (RMB'million)	30 June 2024	31 December 2023	Changes
Total assets	100,375	100,998	(1%)
Cash and bank deposits	10,543	8,917	18%
Total indebtedness	33,583	31,933	5%
Net debt	23,040	23,016	-
Total equity	43,773	44,149	(1%)
Net gearing (Net debt-to-equity ratio)	53%	52%	1ppt
Landbank (GFA, million sq.m.)			
Total leasable and saleable landbank	6.0	6.2	(3%)
Attributable leasable and saleable landbank	3.8	3.9	(3%)

[1] *Including rental income from Shanghai RHXC commercial partnership portfolio, 5 Corporate Avenue and Xintiandi Hubindao, Nanjing IFC, CPIC Xintiandi Commercial Centre (CPIC Life Tower) and Hong Shou Fang, in which the Group has 49.5%, 44.55%, 50%, 25% and 35% effective interests, respectively.*

BUSINESS REVIEW

Shui On Land is a leading property developer, owner, and asset manager of mixed-use projects 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. With more than 20 years of experience in investing and building in China, the Group has completed several renowned mixed-use developments focusing on large-scale, mixed-use property projects in prime locations and developed strong expertise in urban regeneration. The Group also owns and manages a significant investment property portfolio under its wholly-owned subsidiary, Shui On Xintiandi (“SXTD”). Our two businesses are complementary, which enables the Group to provide comprehensive, high-quality products and services across the spectrum of the 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, and building and sustaining vibrant communities. Sustainability is at the core of 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 2024

- During 1H 2024, the Group recorded property sales of RMB143 million. Including joint ventures and associates, property sales totalled RMB1,691 million. Contracted sales were RMB623 million, comprising residential property sales of RMB477 million and commercial property sales of RMB146 million. Total locked-in sales, including that of joint ventures and associates, was RMB7,818 million for delivery and to be recognised in the second half of 2024 (“2H 2024”) and beyond.

- Our commercial property portfolio has delivered growing recurrent rental income. Including properties held by joint ventures and associates, total rental and related income increased by 16% year-on-year to RMB1,764 million in 1H 2024, of which 77% was contributed by our portfolio in Shanghai. The increase in the period was mainly contributed by two new openings last year, namely Panlong Tiandi and Hong Shou Fang. Both are urban regeneration projects which have become landmarks in their districts. Shopper traffic has been high, and they have enjoyed comprehensive coverage on social media.

- In December 2023, the Group agreed with Shanghai Hongrui Shouyuan Consulting Management Partnership (Limited Partnership), an investment vehicle of Dajia Life Insurance Co., Ltd., to dispose of a 65% equity interest in the Hong Shou Fang project, for a final consideration of RMB1,209 million. The transaction was completed in January 2024. This is in line with our Asset Light Strategy to build enduring partnerships with strategic long-term investors to expand our portfolio of assets.

- As part of our ongoing efforts to address climate change, Shanghai Xintiandi has achieved 100% renewable electricity for all its operational properties from 1 July 2024. This marks a significant milestone, being the first integrated commercial complex in Shanghai’s city core to be entirely powered by renewable electricity.

PROPERTY SALES PERFORMANCE

Recognised Property Sales

For 1H 2024, total recognised property sales were RMB1,691 million (after deduction of applicable taxes). The average selling price ("ASP") excluding carparks was RMB14,600 per sq.m.. The decline in net profit mainly resulted from a lower level of residential completion during the period.

The table below summarises by project the recognised property sales (stated after the deduction of applicable taxes) for 1H 2024 and the first half of 2023 ("1H 2023"):

	1H 2024			1H 2023		
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
Ruihong Tiandi						
Residential (Lot 7)	-	-	-	16,833	160,700	115,000
Residential (Lot 167A)	-	-	-	9,183	83,800	119,900
Panlong Tiandi						
Residential	34	400	92,500	4,239	70,200	66,100
Hotel	97	4,800	21,900	-	-	-
Optics Valley Innovation Tiandi						
Residential	68	3,200	23,100	27	1,300	22,300
Office	685	67,900	11,000	-	-	-
Chongqing Tiandi[2]						
Residential	725	43,100	22,400	3,811	165,500	25,100
Retail/Office (Loft)	24	2,400	10,800	111	12,300	12,300
Sub-total	**1,633**	**121,800**	**14,600**	**34,309**	**494,500**	**76,100**
Carparks[2]	58			397		
Grand Total	**1,691**	**121,800**	**15,100**	**34,706**	**494,500**	**77,000**
Recognised as:						
- property sales in revenue of the Group	143			4,662		
- revenue of associates	758			20,815		
- revenue of joint ventures	790			9,229		
Grand Total	**1,691**			**34,706**		

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 RMB725 million, retail space of RMB24 million, and carparks sales of RMB6 million were contributed by the Chongqing Tiandi partnership portfolio and were recognised as revenue of associates in 1H 2024. 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 for 1H 2024 decreased by 86% to RMB623 million compared with that for the corresponding period in 2023, with residential property sales accounting for 77% and the remainder contributed by the sale of commercial units. The decrease was mainly due to a lack of major new residential launches during the period, and a sluggish overall housing market in China. We target more launches in 2H 2024 and beyond, mainly in Shanghai (subject to construction progress and the timing of government pre-sale approval). The ASP for residential property sales was RMB37,300 per sq.m. in 1H 2024, compared to RMB53,900 per sq.m. in 1H 2023, as a higher proportion of contracted property sales was generated from lower ASP projects outside of Shanghai during this period.

As of 30 June 2024:

i) total subscribed sales of RMB251 million were subject to formal sales and purchase agreements in the coming months.
ii) total locked-in sales of RMB7,818 million were recorded and available for delivery to customers and to be recognised in the Group's financial results in 2H 2024 and beyond.

The table below provides an analysis by project of contracted sales (stated before the deduction of applicable taxes) for 1H 2024 and 1H 2023:

	1H 2024			1H 2023		
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
Ruihong Tiandi (Lot 7)[1]	-	-	-	6[3]	-	-
Ruihong Tiandi (Lot 167A)[2]	-	-	-	(16)[3]	-	-
Panlong Tiandi	50	600	83,300	205	2,800	73,200
Wuhan Tiandi	99	1,900	52,100	2,900	46,400	62,400
Wuhan Changjiang Tiandi	222	6,700	33,100	-	-	-
Optics Valley Innovation Tiandi	69	3,400	20,300	225	9,500	23,700
Chongqing Tiandi[4]	4	200	24,400	375	18,400	24,900
Carparks	33	-	-	386	-	-
Sub-total	**477**	**12,800**	**37,300**	**4,196**	**77,800**	**53,900**
Commercial property sales:						
Ruihong Tiandi (Lot 167A)[2]	17	200	85,000	-	-	-
Panlong Tiandi						
Hotel	105	4,800	21,900	-	-	-
Wuhan Tiandi	-	-	-	38	800	47,500
Chongqing Tiandi[4]						
Office (Loft)	21	2,200	9,500	260	21,500	12,100
Retail	-	-	-	70	6,800	10,300
Carparks	3	-	-	-	-	-
Sub-total	**146**	**7,200**	**20,300**	**368**	**29,100**	**12,600**
Grand Total	**623**	**20,000**	**31,200**	**4,564**	**106,900**	**42,700**

Notes:

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 2024 and Beyond

The Group has approximately 240,100 sq.m. of residential gross floor area ("GFA") spanning seven projects available for sale and pre-sale in 2H 2024 and beyond, as summarised below:

Project	Product	Available for sale and pre-sale in 2H 2024 and beyond		
		GFA in sq.m.	Group's interests	Attributable GFA in sq.m.
Shanghai Taipingqiao Lot 118	High-rises	2,100	99%	2,100
Shanghai Taipingqiao Lot 122	High-rises	56,600	50%	28,300
Riverville	Townhouses	21,400	60%	12,800
Wuhan Tiandi	High-rises	1,000	100%	1,000
Optics Valley Innovation Tiandi	High-rises	49,900	50%	25,000
Wuhan Changjiang Tiandi	High-rises	107,900	50%	54,000
Chongqing Tiandi	High-rises	1,200	19.80%	200
Total		**240,100**		**123,400**

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

PROPERTY DEVELOPMENT

Residential Development Saleable Resources as of 30 June 2024

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	2,100	0.4	99%	0.4
Shanghai Taipingqiao Lot 122	80,600	19.2	50%	9.6
Riverville	21,400	4.5	60%	2.7
Shanghai Sub-total	**104,100**	**24.1**		**12.7**
Wuhan Changjiang Tiandi[2]	724,200	36.6	50%	18.3
Wuhan Tiandi	41,200	2.2	100%	2.2
Optics Valley Innovation Tiandi	147,300	3.5	50%	1.8
Chongqing Tiandi	1,200	0.03	19.80%	0.01
Other Cities Sub-total	**913,900**	**42.3**		**22.3**
Grand Total	**1,018,000**	**66.4**		**35.0**

Notes:

1 *This table represents saleable resources not yet recorded as contracted sales as of 30 June 2024.*

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. (including a GFA of 6,000 sq.m. underground space) for residential use and a GFA of 18,000 sq.m. (including a GFA of 3,600 sq.m. underground space) for retail shops. The construction work commenced in March 2023, and it is planned for sale in 2H 2024. The Group holds a 50% interest in the development.

Riverville **-** The site was acquired in December 2022 with a total GFA of 30,000 sq.m. (including a GFA of 8,500 sq.m. underground space) 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 160 – 410 sq.m.. Pre-sale for this project is targeted to be in 2H 2024. The Group holds a 60% interest in the development.

Wuhan Changjiang Tiandi **-** The site was acquired in December 2021 with an estimated saleable GFA of 751,000 sq.m. for residential use. Lot B4 has a total residential GFA of 135,000 sq.m., and sales of the first batch started in September 2023. As of 30 June 2024, 180 units with a total GFA of 27,200 sq.m. were contracted. The Group holds a 50% 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 was launched in May 2023. The pre-sale price was the highest ever achieved in Wuhan. The project is planned for delivery in 2H 2024.

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. Despite the challenging market, by using a variety of strategies, the project team was able to rank top for sales of high-end products (above 180 sq.m.) in the centre of Optics Valley. As of 30 June 2024, a total of 20,100 sq.m. of residential GFA was delivered to customers, and 123 units with GFA 22,900 sq.m. were contracted. The Group holds a 50% interest in the development.

Commercial Properties under Development and for Future Development as of 30 June 2024

Project	Office GFA	Retail GFA	Total GFA	The Group's interests	Attributable GFA
	sq.m.	sq.m.	sq.m.		sq.m.
CPIC Xintiandi Commercial Centre (Lot 124)[1]	122,000	22,000	144,000	25.00%	36,000
Shanghai Taipingqiao Lot 122	-	18,000	18,000	50.00%	9,000
Ruihong Tiandi Lot 167B	107,000	12,000	119,000	49.00%	58,300
Shanghai Sub-total	**229,000**	**52,000**	**281,000**		**103,300**
Wuhan Tiandi	70,000	4,000	74,000	100.00%	74,000
Optics Valley Innovation Tiandi	362,000	339,000	701,000	50.00%	350,500
Wuhan Changjiang Tiandi	56,000	232,000+30,000[2]	318,000	50.00%	159,000
Lingnan Tiandi	450,000	107,000+80,000[2]	637,000	100.00%	637,000
Chongqing Tiandi	228,000	65,000+25,000[2]	318,000	19.80%	63,000
Other Cities Sub-total	**1,166,000**	**882,000**	**2,048,000**		**1,283,500**
Grand Total	**1,395,000**	**934,000**	**2,329,000**		**1,386,800**

Notes:

1 *The CPIC Xintiandi Commercial Centre project includes three lots, namely Lot 123, Lot 124, and Lot 132, with a total GFA of 274,000 sq.m.. Lot 132 (CPIC Life Tower), with a total GFA of 30,000 sq.m. of office, was completed and handed over to CPIC in 2023. Lot 123 (Tower 2) and Lot 124 (Tower 1 underground) were completed in 1H 2024. The office Tower 1 aboveground and retail podium of Lot 123 and 124 are to be completed for operations in phases in 2H 2024 and 2025, respectively.*

2 *Hotel use.*

LANDBANK

As of 30 June 2024, the Group's landbank was 8.3 million sq.m. (comprising 6.0 million sq.m. of leasable and saleable area and 2.3 million sq.m. for clubhouses, car parking spaces, and other facilities) spanning 14 development projects located in the prime areas of five major cities in China, namely: Shanghai, Nanjing, Wuhan, Foshan, and Chongqing. The leasable and saleable GFA attributable to the Group was 3.8 million sq.m.. Of the total leasable and saleable GFA of 6.0 million sq.m., approximately 2.5 million sq.m. was completed and held for sale and/or investment, approximately 1.2 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 2024, including that of its joint ventures and associates, is summarised below:

Project	Approximate/Estimated leasable and saleable GFA: Residential	Office	Retail	Hotel/ serviced apartments	Sub-total	Clubhouse, carpark, and other facilities	Total
	sq.m.	sq.m.	sq.m.	sq.m.	sq.m.	sq.m.	sq.m.
Completed properties:							
Shanghai Taipingqiao[1]	2,000	159,000	190,000	-	**351,000**	192,000	**543,000**
Ruihong Tiandi[2]	-	145,000	300,000	-	**445,000**	265,000	**710,000**
KIC Shanghai[3]	-	164,000	67,000	22,000	**253,000**	142,000	**395,000**
The Hub	-	90,000	173,000	-	**263,000**	72,000	**335,000**
Panlong Tiandi	-	-	42,000	-	**42,000**	78,000	**120,000**
Hong Shou Fang	-	48,000	14,000	-	**62,000**	21,000	**83,000**
Inno KIC	-	41,000	4,000	-	**45,000**	18,000	**63,000**
Wuhan Tiandi	-	165,000	239,000	-	**404,000**	268,000	**672,000**
Optics Valley Innovation Tiandi	53,000	27,000	18,000	-	**98,000**	175,000	**273,000**
Lingnan Tiandi	-	16,000	157,000	43,000	**216,000**	92,000	**308,000**
Chongqing Tiandi[4]	-	23,000	226,000	-	**249,000**	490,000	**739,000**
Nanjing IFC	-	72,000	28,000	-	**100,000**	18,000	**118,000**
Sub-total	**55,000**	**950,000**	**1,458,000**	**65,000**	**2,528,000**	**1,831,000**	**4,359,000**
Properties under development:							
Shanghai Taipingqiao[5]	87,000	122,000	40,000	-	**249,000**	71,000	**320,000**
Ruihong Tiandi[6]	-	107,000	12,000	-	**119,000**	38,000	**157,000**
Riverville	30,000	-	-	-	**30,000**	22,000	**52,000**
Wuhan Tiandi	71,000	-	1,000	-	**72,000**	37,000	**109,000**
Optics Valley Innovation Tiandi	-	181,000	52,000	-	**233,000**	165,000	**398,000**
Wuhan Changjiang Tiandi	221,000	-	7,000	-	**228,000**	63,000	**291,000**
Chongqing Tiandi	28,000	228,000	-	25,000	**281,000**	47,000	**328,000**
Sub-total	**437,000**	**638,000**	**112,000**	**25,000**	**1,212,000**	**443,000**	**1,655,000**
Properties for future development:							
Wuhan Tiandi	39,000	70,000	3,000	-	**112,000**	-	**112,000**
Optics Valley Innovation Tiandi	97,000	181,000	287,000	-	**565,000**	-	**565,000**
Wuhan Changjiang Tiandi	563,000	56,000	225,000	30,000	**874,000**	42,000	**916,000**
Lingnan Tiandi	28,000	450,000	107,000	80,000	**665,000**	-	**665,000**
Chongqing Tiandi	-	-	65,000	-	**65,000**	-	**65,000**
Sub-total	**727,000**	**757,000**	**687,000**	**110,000**	**2,281,000**	**42,000**	**2,323,000**
Total landbank GFA	**1,219,000**	**2,345,000**	**2,257,000**	**200,000**	**6,021,000**	**2,316,000**	**8,337,000**

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&Lot 123 and Lot 123&124 underground space 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% and Lot 167A, in which the Group has an effective interest of 49.00%.*

3 *The Group has 44.27% effective interests in all the remaining lots, except for KIC Shanghai 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, Lot B13, Lot B24-6 Phase I and Lot B11 Phase I, in which the Group has effective interests of 19.80%.*

5 *The Group has a 25.00% interest in Lot 124 office and retail uses and a 50.00% interest in Lot 122.*

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

INVESTMENT PROPERTIES

Valuation of Investment Properties

As of 30 June 2024, the carrying value of the Group's investment properties at valuation (excluding hotels for operation and self-use properties) was RMB100,223 million, with a total GFA of 2,753,000 sq.m.. The properties located in Shanghai, Wuhan, Foshan, Nanjing, and Chongqing, respectively, contributed 79%, 9%, 6%, 3% and 3% of the carrying value.

The table below summarises the carrying value of the Group's investment properties at valuation as of 30 June 2024, together with the change in fair value for 1H 2024:

Project	Leasable GFA	Increase /(decrease) in fair value for 1H 2024	Carrying value as of 30 June 2024	Fair value gain/(loss) to carrying value	Attributable carrying value to the Group
	sq.m.	RMB'million	RMB'million	%	RMB'million
Completed investment properties at valuation					
Shanghai Taipingqiao					
Shanghai Xintiandi and Xintiandi Style II	80,000	23	8,281	0.3%	8,261
Shui On Plaza and Xintiandi Plaza	53,000	(42)	3,988	(1.1%)	3,232
5 Corporate Avenue, Xintiandi Hubindao	79,000	(1)	6,707	(0.0%)	2,988
CPIC Xintiandi Commercial Centre Lots 132,123 and 124 underground	130,000	(83)	9,794	(0.8%)	2,449
Ruihong Tiandi	441,000	(178)	15,579	(1.1%)	7,712
The Hub	263,000	(52)	8,811	(0.6%)	8,811
KIC Shanghai	252,000	35	8,554	0.4%	3,955
Inno KIC	45,000	3	1,478	0.2%	1,478
Panlong Tiandi	42,000	48	1,361	3.5%	1,089
Hong Shou Fang	62,000	68	2,673	2.5%	936
Wuhan Tiandi	402,000	4	9,165	0.0%	9,165
Lingnan Tiandi	158,000	(24)	4,417	(0.5%)	4,417
Chongqing Tiandi	128,000	(1)	1,536	(0.1%)	1,521
Chongqing In City	98,000	-	1,664	-	329
Nanjing IFC	100,000	(27)	2,927	(0.9%)	1,464
Sub-total	2,333,000[1]	(227)	86,935	(0.3%)	57,807
Investment properties under development at valuation					
CPIC Xintiandi Commercial Centre Lot 124 aboveground	144,000	130	11,318	1.1%	2,830
Foshan Lot A	254,000	(21)	1,850	(1.1%)	1,850
Sub-total	398,000	109	13,168	0.8%	4,680
Investment properties – sublease of right-of-use assets					
Nanjing Inno Zhujiang Lu	17,000	(5)	69	(7.2%)	69
Panlong Hotel	5,000	(1)	51	(2.0%)	41
Sub-total	22,000	(6)	120	(5.0%)	110
Grand Total	**2,753,000**	**(124)**	**100,223**	**(0.1%)**	**62,597**
Grand Total (excluding associates and joint ventures)	**1,699,000**	**(33)**	**49,561**	**(0.1%)**	**43,889**

Note:
[1] *Self-use properties (total GFA 12,000 sq.m. with carrying value of RMB696 million) are classified as property and equipment in the interim condensed consolidated statement of financial position, and the respective leasable GFA and carrying value are excluded from this table.*

SXTD: the Group's flagship commercial business unit

SXTD is the Group's property investment and management arm. It operates three major business segments of the Group:

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

Property Investment

Retail portfolio occupancy remained stable and averaged 93% as of 30 June 2024. Overall sales and shopper traffic in our portfolio for 1H 2024 have increased by 11% and 20% respectively. Rental reversion, however, has turned negative given the slower-than-expected market recovery.

The office market has been more challenging, given the economic slowdown and oversupply. Many businesses have slowed their activity or suspended their expansion or relocation plans. Occupancy of our more mature office properties remained stable with an average occupancy rate of 91%. This bears testimony to our high-quality assets and services, as well as the prime locations of our properties. Rental reversion, however, has turned negative as of 30 June 2024 in the face of strong competition. While the more recently opened offices faced immense pressure, it is encouraging to see that overall occupancy for the office portfolio improved from 66% as of 31 December 2023 to 73% as of 30 June 2024.

Performance of Investment Properties

Rental and related income for the Group increased by 11% to RMB1,257 million in 1H 2024 compared to RMB1,131 million in 1H 2023. The increase was driven by additional rental contributions from the opening of Panlong Tiandi.

Including rental and related income from joint venture and associate properties, the total rental and related income increased by 16% year-on-year to RMB1,764 million in 1H 2024, of which 77% was contributed by the portfolio located in Shanghai, with the remainder from other cities in China.

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

Project	**Product**	**Leasable GFA**	**Rental & related income RMB'million**		**Changes**	**Occupancy rate**		**Changes**
			1H	**1H**		**30 Jun**	**31 Dec**	
		sq.m.	**2024**	**2023**	**%**	**2024**	**2023**	**ppt**
Shanghai Taipingqiao								
Shanghai Xintiandi	Office/ Retail	54,000	235	209	12%	94%	97%	(3)
Xintiandi Style II	Retail	26,000	34	35	(3%)	88%	91%	(3)
Shui On Plaza & Xintiandi Plaza	Office / Retail	53,000	67	75	(11%)	97%	91%	6
5 Corporate Avenue, Xintiandi Hubindao	Office / Retail	79,000	114	118	(3%)	90%	93%	(3)
CPIC Xintiandi Commercial Centre Lot 132	Office	30,000	58	-	n/a	100%	100%	-
Ruihong Tiandi								
Hall of the Moon, Hall of the Stars, The Palette, Hall of the Sun	Retail	296,000	171	167	2%	89%	86%	3
Ruihong Corporate Avenue	Office	145,000	50	36	39%	53%	39%	14
The Hub	Office/ Retail	263,000	247	204	21%	94%	92%	2
KIC Shanghai	Office/Retail	252,000	245	225	9%	93%	95%	(2)
Inno KIC	Office/ Retail	45,000	32	32	-	90%	93%	(3)
Panlong Tiandi	Retail	42,000	58	21	176%	92%	87%	5
Hong Shou Fang[1]	Office/ Retail	62,000	52	-	n/a	95%	93%	2
Wuhan Tiandi	Office/ Retail	402,000	185	188	(2%)	68%	63%	5
Lingnan Tiandi	Office/ Retail	158,000	112	108	4%	92%	93%	(1)
Chongqing Tiandi	Retail	128,000	35	34	3%	99%	97%	2
Nanjing IFC	Office/Retail	100,000	69	63	10%	84%	81%	3
Grand Total		**2,135,000**[2]	**1,764**	**1,515**	**16%**			

Notes:

[1] *Hong Shou Fang office with 48,000 sq.m. GFA commenced operations in the third quarter of 2023 and its occupancy rate is excluded from the above table. The Group disposed of a 65% equity interest in this project as announced in December 2023. The transaction was completed in January 2024.*

[2] *A total GFA of 12,000 sq.m. located at Shanghai Shui On Plaza, KIC Shanghai, Wuhan Tiandi, and Lingnan Tiandi was occupied by the Group and was excluded from the above table.*

Retail Tenant Mix
As of 30 June 2024

	By occupied GFA
Food & beverage	32.3%
Fashion & beauty	22.8%
Entertainment	15.7%
Services	14.2%
Children & family	8.3%
Supermarket & hypermarket	3.0%
Showroom	1.8%
Hotel & serviced apartment	1.4%
Others	0.5%
Total	**100%**

Office Tenant Mix
As of 30 June 2024

	By occupied GFA
High-tech & TMT	20.6%
Consumer products & services	14.0%
Banking, insurance & financial services	12.8%
Professional services	11.0%
Biological, pharmaceutical & medical	8.8%
Real estate & construction	8.1%
Automation & manufacturing	7.3%
Education, culture & innovation	5.4%
Business centre & co-working	3.7%
Commercial	2.9%
Others	5.4%
Total	**100%**

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 2024, the total GFA under management of commercial and residential properties was 4.1 million sq.m. and 4.9 million sq.m. respectively.

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. As of 30 June 2024, our asset management projects include 5 Corporate Avenue and Xintiandi Hubindao, Nanjing IFC, commercial properties in the Ruihong Tiandi, CPIC Xintiandi Commercial Centre (Lot 132 and Lot 123), and Nanjing Inno Zhujiang Lu. The total valuation of the projects we managed amounted to RMB35.0 billion as of 30 June 2024, with a total GFA of 767,000 sq.m..

Our Projects and Latest Updates

Shanghai Taipingqiao:

Shanghai Taipingqiao is a large-scale, flagship community project in the heart of Shanghai. It 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, 13, and 14, fronting the popular Huai Hai Middle Road business district. The Group began the multi-phase development of Taipingqiao in 1996, comprising various commercial, office, and residential plots. The Shanghai Taipingqiao comprises commercial and office properties, including Shanghai Xintiandi, Xintiandi Style II, Shui On Plaza, Xintiandi Plaza, 5 Corporate Avenue, and Xintiandi Hubindao. Our flagship project, Shanghai Xintiandi, is at the heart of the Shanghai Taipingqiao. Featuring the preservation of cultural heritage, Shanghai Xintiandi has been successfully established as an iconic landmark that offers a carefully blended experience of old Shanghai culture and modern lifestyles that has made the Community a premier lifestyle destination for both residents of Shanghai and visitors. Not only does Shanghai Xintiandi continue to attract consumers and new tenants from across the world, it also serves as a popular venue for hosting international festivals and local events, such as Shanghai Fashion Week and the XINTIANDI Performing Arts Festival.

Xintiandi Style II's AEI was completed, and it was 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 had reached 88% as of 30 June 2024.

The CPIC Xintiandi Commercial Centre is a commercial complex with three towers of premium Grade A office buildings and a street style all-weather shopping and leisure/entertainment area. The project includes three lots, namely Lot 123, Lot 124, and Lot 132, with a total GFA of 274,000 sq.m.. Lot 132 (CPIC Life Tower), with a total GFA of 30,000 sq.m. of office, was completed and handed over to CPIC in 2023. Lot 123 (Tower 2) and Lot 124 (Tower 1 underground) were completed in 1H 2024. The office Tower 1 aboveground and retail podium of Lot 123 and 124 are to be completed for operations in phases in 2H 2024 and 2025, respectively.

The Hub:

Located at the heart of the Hongqiao central business district ("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, Shanghai Hongqiao International Airport, five underground metro lines, the 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. Strategically located 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.

Ruihong Tiandi:

Ruihong Tiandi ("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 Ruihong Tiandi 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.

Panlong Tiandi:

Panlong Tiandi comprises residential sites, culture and recreation areas, restaurant and hotel development, as well as greenery and open space for the public. The project is located in Shanghai's Qingpu District, part of the Hongqiao CBD. It is next to Panlong Station on Shanghai Metro Line 17 and just two train stops or 3 km away from the Hongqiao Transportation Hub. The Panlong Tiandi project won the Gold Award for Best Futura Mega Project in 2020 given by MIPIM Asia Awards. The retail facilities were opened at the end of April 2023, and it is one of Shanghai's most successful urban village transformations. With over 1.1 million visitors in its first week of operation and approximately 6.8 million in the first two months, Panlong Tiandi has become a new cultural landmark for the Yangtze River Delta area and a new destination combining cultural heritage, modern lifestyle, and community engagement.

KIC Shanghai:

KIC Shanghai is a mixed-use technology innovation and knowledge community strategically located in Wujiaochang in 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, tailored to the needs of tenants in knowledge-based industries. In addition to office space and services, KIC comprises retail and mixed-use areas, including University Avenue and the KIC Village Zone, which offer the community a wide selection of gourmet cuisine, 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 KIC Shanghai 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.

Hong Shou Fang:

The Hong Shou Fang project is an urban regeneration project located at the gateway of Changshou Road, the most popular commercial street in Shanghai's Putuo District. The site is only 2 km from Nanjing West Road, one of the most prominent CBDs in Shanghai, and is directly linked to Changshou Road Station, the interchange station of Metro Lines 7 and 13. The project encompasses a commercial complex with 48,000 sq.m. GFA of Grade A office and 14,000 sq.m. of entertainment, restaurants, and retail area achieved through the restoration of the existing historic buildings. The project was opened at the end of September 2023.

In December 2023, Shanghai Hongrui Shouyuan Consulting Management Partnership (Limited Partnership), an investment vehicle of Dajia Life Insurance Co., Ltd., agreed with the Group to acquire a 65% equity interest in the Hong Shou Fang project for a final consideration of RMB1,209 million. The transaction was completed in January 2024.

Wuhan Tiandi:

Wuhan Tiandi is a large-scale, mixed-use community project comprising office, 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.

Following a successful repositioning, we have optimised the tenant mix and food and beverage offerings of its retail facilities, introducing new tenants focusing on young premium customers. It has become a retail and social destination in Wuhan that offers lifestyle experiences to this clientele.

The project also includes 1 Corporate Avenue, a high-rise Grade A office building spanning 73 stories completed in September 2021. The first batch of tenants began entering the office in 2022.

Lingnan Tiandi:

Lingnan Tiandi 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, being the location of two stations on 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 selection of terrace restaurants and retail options.

Chongqing Tiandi:

Chongqing Tiandi 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 within the surrounding hillsides.

The project has recorded strong rental growth and reached 99% occupancy as of 30 June 2024, following a repositioning targeting a young premium clientele. It offers a wide range of retail, food, and beverages as well as entertainment facilities to office tenants and residents in the neighbourhood.

Nanjing IFC:

We acquired a mixed-use Grade A landmark property in Nanjing with Grosvenor Group 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.

Given the challenging market conditions in the commercial property market, the Group will focus on improving its existing portfolio, strengthening its competitive advantages focused on community and culture. The success of Panlong Tiandi and Hong Shou Fang have demonstrated our strength in creating cultural landmarks, making "Urban Retreat" a new product driver promoting sustainable living. Together with the upcoming completion of CPIC Xintiandi Commercial Centre, we believe this will further solidify our leadership position of commercial property portfolio in Shanghai.

FINANCIAL REVIEW

The Group's ***revenue*** for the six months ended 30 June 2024 ("1H 2024") decreased by 68% to RMB2,073 million, compared to RMB6,431 million for the six months ended 30 June 2023 ("1H 2023"), due mainly to a decrease in recognised property sales. There was no residential completion and delivery in the period under review.

Property sales in 1H 2024 were RMB143 million (1H 2023: RMB4,662 million), of which RMB135 million (1H 2023: RMB4,346 million) was contributed by Panlong Tiandi.

Rental and related income from property investment for 1H 2024 was RMB1,257 million (1H 2023: RMB1,131 million), representing a 11% year-on-year growth. The increase was mainly from the commercial properties in Shanghai, in particular from Panlong Tiandi, which was opened at the end of April 2023.

Rental and related income from the Group's Shanghai properties, which accounted for 74% (1H 2023: 71%) of the total, rose by 15% to RMB925 million (1H 2023: RMB801 million). The Group's non-Shanghai properties maintained rental and related income at a stable level of RMB332 million in 1H 2024 (1H 2023: RMB330 million).

Property management income for 1H 2024 increased by 11% to RMB303 million (1H 2023: RMB273 million), of which RMB225 million (1H 2023: RMB205 million) was from services rendered to commercial properties, representing a 10% year-on-year growth. The remaining income of RMB78 million (1H 2023: RMB68 million) was from residential properties.

Construction income generated by the construction business advanced to RMB170 million in 1H 2024 (1H 2023: RMB145 million).

Gross profit in 1H 2024 declined by 54% to RMB1,355 million (1H 2023: RMB2,949 million) in line with the decrease in revenue, while ***gross profit margin*** grew to 65% (1H 2023: 46%) due to the higher proportion of gross profit contributed by property investment.

Other income in 1H 2024 increased by 47% to RMB308 million (1H 2023: RMB210 million), mainly comprising bank interest income and interest income from joint ventures. More interest income derived from loans to joint ventures was recognised in 1H 2024.

Selling and marketing expenses in 1H 2024 fell 50% to RMB54 million (1H 2023: RMB107 million) due to a lower level of property sales in 1H 2024.

General and administrative expenses, which are comprised of staff costs, depreciation charges, and advisory costs incurred, reduced by 23% to RMB408 million in 1H 2024 (1H 2023: RMB530 million), mainly as a result of effective cost control.

Decrease in the fair value of investment properties totalled RMB33 million in 1H 2024 (1H 2023: RMB88 million). The investment property portfolio in Shanghai recorded a valuation gain of RMB14 million, which was offset by a revaluation loss of RMB47 million in the investment property portfolio outside Shanghai. The section on "Investment Properties" in the Business Review part of this report provides detailed descriptions of these properties.

Other gains and losses recorded a net loss of RMB53 million in 1H 2024 (1H 2023: net loss of RMB185 million), comprised of:

Gains/(losses)	**1H 2024 RMB'million**	1H 2023 RMB'million
Cost arising from hedging activities	**-**	(8)
Loss from fair value change of derivative financial instruments	**-**	(163)
Provision for impairment losses on property and equipment	**-**	(68)
Others	**(53)**	54
Total	**(53)**	(185)

Share of results of associates and joint ventures recorded a net gain of RMB243 million in 1H 2024 (1H 2023: net gain of RMB689 million). Net gains from residential projects including property sales and savings in the final settlement of construction costs and land appreciation tax settlement in 1H 2024, amounted to RMB235 million (1H 2023: RMB764 million), which principally comprised RMB121 million (1H 2023: RMB681 million) from the joint-venture project with GRANDJOY in RHXC, RMB80 million (1H 2023: nil) from RHXC Park Vera (Lot 167A, disclosed as joint venture), RMB9 million (1H 2023: RMB115 million) from the partnership portfolio in Chongqing (disclosed as associates) and RMB48 million (1H 2023: loss of RMB22 million) from Optics Valley Innovation Tiandi. Net gains from commercial properties totalled RMB8 million (1H 2023: net loss of RMB75 million) which included a net effect of revaluation gain of RMB16 million (1H 2023: net loss of RMB13 million).

Finance costs, inclusive of exchange differences, totalled RMB1,076 million in 1H 2024 (1H 2023: RMB1,068 million), comprising finance costs of RMB990 million (1H 2023: RMB1,047 million) and a net exchange loss of RMB86 million (1H 2023: RMB21 million). Total interest costs receded by 5% to RMB1,094 million (1H 2023: RMB1,156 million) due to the lower average cost of debt of 5.98% in 1H 2024 (1H 2023: 6.55%). Of the abovementioned interest costs, 10% (1H 2023: 9%) or RMB104 million (1H 2023: RMB109 million) was capitalised as the cost of property development, with the remaining 90% (1H 2023: 91%) of interest costs relating to mortgage loans on completed properties and borrowings for general working capital purposes being accounted for as expenses.

Taxation totalled RMB99 million in 1H 2024 (1H 2023: RMB957 million). The decrease was due to lower property sales profit. People's Republic of China ("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 progressive rates ranging from 30% to 60% based on the appreciation value, which is the proceeds of property sales less deductible expenditures, including costs of land, development, and construction.

Profit for the period 1H 2024 was RMB183 million (1H 2023: RMB913 million).

Profit attributable to shareholders of the Company for 1H 2024 was RMB72 million (1H 2023: RMB618 million).

The core earnings of the Group are as follows:

	Six months ended 30 June		
	2024	2023	Change
	RMB'million	RMB'million	%
Profit attributable to shareholders of the Company	**72**	618	(88%)
Decrease in fair value of investment properties, net of tax	**37**	80	
Share of results of associates and joint ventures			
- fair value (gain)/loss of investment properties, net of tax	**(16)**	13	
	21	93	
Non-controlling interests	**15**	(13)	
Net effect of changes in the valuation	**36**	80	
Profit attributable to shareholders of the Company before revaluation	**108**	698	(85%)
Core earnings of the Group	**108**	698	(85%)

Earnings per share for 1H 2024 were RMB0.9 cents, calculated based on a weighted average of approximately 8,009 million shares in issue in 1H 2024 (1H 2023: earnings per share of RMB7.7 cents, calculated based on a weighted average of approximately 8,009 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 and the Group's financial position as of 30 June 2024, the Board does not recommend the payment of an interim dividend in 2024 (1H 2023: HKD0.032 per share).

Major Disposal

In December 2023, the Group entered into an agreement with Shanghai Hongrui Shouyuan Consulting Management Partnership (Limited Partnership) to dispose of its 65% interest in Hong Shou Fang. The equity disposal was completed in January 2024 and the audited final consideration was RMB1,209 million. Pursuant to the agreement, the asset management service income and performance evaluation mechanism are correlated to the income of Hong Shou Fang. The risks to the Group associated with the performance evaluation mechanism and the surplus cash commitment therein are considered low.

Liquidity, Capital Structure, and Gearing Ratio

The structure of the Group's borrowings as of 30 June 2024 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 and other borrowings – RMB	13,443	1,605	1,350	5,165	5,323
Bank borrowings – HKD	504	380	124	-	-
Bank borrowings – USD	5,331	2,783	496	2,052	-
Senior notes – USD	9,967	7,126	2,841	-	-
Receipts under securitisation arrangements – RMB	4,338	40	40	210	4,048
Total	**33,583**	**11,934**	**4,851**	**7,427**	**9,371**

Cash and bank deposits as of 30 June 2024 totalled RMB10,543 million (31 December 2023: RMB8,917 million), which included RMB3,088 million (31 December 2023: RMB3,172 million) of deposits pledged to banks and RMB4,269 million (31 December 2023: RMB2,033 million) of restricted bank balances which can only be applied to designated projects of the Group. During 1H 2024, the Group repaid RMB4.54 billion (gross amount) of borrowings.

As of 30 June 2024, the Group's net debt (excess of the sum of senior notes, bank and other borrowings and receipts under securitisation arrangements net of bank balances and cash including pledged bank deposits and restricted bank deposits) was RMB23,040 million (31 December 2023: RMB23,016 million), and its total equity was RMB43,773 million (31 December 2023: RMB44,149 million). The Group's net gearing ratio was 53% as of 30 June 2024 (31 December 2023: 52%), calculated based on the net debt over the total equity.

As of 30 June 2024, total HKD/USD borrowings (including both hedged and unhedged positions) amounted to RMB15,802 million (31 December 2023: RMB18,400 million) comprising 47% of total borrowings (31 December 2023: 58%).

The total undrawn banking facilities available to the Group amounted to approximately RMB3,424 million as of 30 June 2024 (31 December 2023: RMB3,716 million).

Pledged Assets

As of 30 June 2024, the Group had pledged investment properties, property and equipment, right-of-use assets, receivables, bank deposits, and the equity interests in a subsidiary totalling RMB40,855 million (31 December 2023: RMB42,304 million) to secure the Group's borrowings totalling RMB18,738 million (31 December 2023: RMB16,214 million).

Capital and Other Development Related Commitments

As of 30 June 2024, the Group had contracted commitments for development costs, capital expenditure, and other investments of RMB4,156 million (31 December 2023: RMB4,389 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 Group will continue to take a very prudent approach to capital management and place healthy cashflow as a top priority in liquidity management.

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 in 2020 and 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 2024, the Group had entered into USD104 million of cross currency swaps to hedge the USD currency risk against the RMB. The Group continues to monitor its exposure to exchange rate risk closely. It may consider employing 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 15 years. 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.

As of 30 June 2024, the Group had various outstanding loans that bear variable rates of interest linked to Hong Kong Inter-bank Offered Rates, the Secured Overnight Financing Rate ("SOFR"), and the Loan Prime Rate. The Group has hedged against the variability of cash flow arising from interest rate fluctuations by entering into cross currency swaps in which the Group received interest at variable rates at SOFR and paid interest at fixed rates, based on the notional amount of USD104 million. The Group continues to monitor its exposure to interest rate risk closely. It may consider employing additional derivative financial instruments to hedge against its remaining exposure to interest rate risk, if necessary.

Save as disclosed above, as of 30 June 2024, the Group does not hold any other derivative financial instruments linked to exchange rates or interest rates. The Group continues to monitor its exposure to exchange rate and interest rate risks closely and may employ derivative financial instruments to hedge against risk.

Contingent Liabilities

The Group had provided guarantees of RMB137 million as of 30 June 2024 (31 December 2023: RMB145 million) to banks in favour of its customers in respect of mortgage loans provided by banks to those home-buyers 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 home-buyers 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 2024 as follows:

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Notes	**Six months ended 30 June 2024 (Unaudited)**		Six months ended 30 June 2023 (Unaudited)	
		HKD'million *(Note 2)*	**RMB'million**	HKD'million *(Note 2)*	RMB'million
Revenue	*4*	**2,281**	**2,073**	7,237	6,431
Cost of sales		**(790)**	**(718)**	(3,918)	(3,482)
Gross profit		**1,491**	**1,355**	3,319	2,949
Other income	*5*	**339**	**308**	236	210
Selling and marketing expenses		**(59)**	**(54)**	(120)	(107)
General and administrative expenses		**(449)**	**(408)**	(596)	(530)
Decrease in fair value of the investment properties		**(36)**	**(33)**	(99)	(88)
Other gains and losses	*5*	**(59)**	**(53)**	(208)	(185)
Share of results of associates and joint ventures		**267**	**243**	775	689
Finance costs, inclusive of exchange differences	*6*	**(1,184)**	**(1,076)**	(1,202)	(1,068)
Profit before tax	*7*	**310**	**282**	2,105	1,870
Tax	*8*	**(109)**	**(99)**	(1,077)	(957)
Profit for the period		**201**	**183**	1,028	913
Attributable to:					
Shareholders of the Company		**79**	**72**	696	618
Non-controlling shareholders of subsidiaries		**122**	**111**	332	295
		201	**183**	1,028	913
Earnings per share attributable to shareholders of the Company	*10*				
-Basic		**HKD1.0 cents**	**RMB0.9 cents**	HKD8.7 cents	RMB7.7 cents
-Diluted		**HKD1.0 cents**	**RMB0.9 cents**	HKD8.7 cents	RMB7.7 cents

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 June 2024 (Unaudited)		Six months ended 30 June 2023 (Unaudited)	
	HKD'million *(Note 2)*	**RMB'million**	HKD'million *(Note 2)*	RMB'million
Profit for the period	**201**	**183**	1,028	913
Other comprehensive income/(expense)				
Items that may be reclassified subsequently to profit or loss:				
Exchange difference arising on translation of foreign operations	**(96)**	**(88)**	(718)	(638)
The effective portion of changes in the fair value of hedging instruments designated as cash flow hedges	**30**	**27**	75	67
Reclassification from hedge reserve to profit or loss arising from hedging instruments	**(6)**	**(5)**	(44)	(39)
Share of other comprehensive expenses of an associate and a joint venture	**26**	**24**	(21)	(19)
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	**4**	**4**	7	6
Other comprehensive expenses for the period	**(42)**	**(38)**	(701)	(623)
Total comprehensive income for the period	**159**	**145**	327	290
Total comprehensive income/(expense) attributable to:				
Shareholders of the Company	**36**	**33**	(8)	(8)
Non-controlling shareholders of subsidiaries	**123**	**112**	335	298
	159	**145**	327	290

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**30 June 2024 RMB'million (Unaudited)**	31 December 2023 RMB'million (Audited)
Non-current assets			
Investment properties		**49,639**	49,604
Interests in associates		**8,632**	8,932
Interests in joint ventures		**14,380**	13,696
Property and equipment		**882**	970
Right-of-use assets		**15**	17
Receivables, deposits, and prepayments	*11*	**279**	317
Pledged bank deposits		**851**	-
Loans to a non-controlling shareholder of a subsidiary		**3**	8
Deferred tax assets		**66**	230
Other non-current assets		**61**	67
		74,808	73,841
Current assets			
Properties under development for sale		**3,894**	1,957
Properties held for sale		**920**	1,069
Receivables, deposits, and prepayments	*11*	**1,407**	3,164
Amounts due from associates		**221**	207
Loans to/amounts due from joint ventures		**6,256**	5,967
Loan to a non-controlling shareholder of a subsidiary		**5**	8
Amounts due from related companies		**409**	406
Contract assets		**178**	219
Pledged bank deposits		**2,237**	3,172
Bank balances and cash		**7,455**	5,745
Prepaid taxes		**128**	79
Assets classified as held for sale		**2,457**	5,164
		25,567	27,157
Current liabilities			
Accounts payable, deposits received, and accrued charges	*12*	**3,909**	4,183
Contract liabilities		**4,099**	4,005
Bank and other borrowings		**4,768**	8,410
Senior notes		**7,126**	3,563
Receipts under securitisation arrangements		**40**	40
Tax liabilities		**2,878**	3,404
Amounts due to non-controlling shareholders of subsidiaries		**35**	58
Amounts due to associates		**181**	593
Loans from/amounts due to joint ventures		**254**	153
Amounts due to related companies		**346**	346
Liability arising from a rental guarantee arrangement		**20**	28
Lease liabilities		**9**	8
Liabilities associated with assets classified as held for sale		**-**	850
		23,665	25,641
Net current assets		**1,902**	1,516
Total assets less current liabilities		**76,710**	75,357

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION - CONTINUED

	Notes	**30 June 2024 RMB'million (Unaudited)**	31 December 2023 RMB'million (Audited)
Non-current liabilities			
Bank and other borrowings		**14,510**	9,266
Senior notes		**2,841**	6,335
Receipts under securitisation arrangements		**4,298**	4,319
Deferred tax liabilities		**4,665**	4,677
Accounts payable, deposits received, and accrued charges	*12*	**690**	696
Loans from an associate		**5,825**	5,825
Lease liabilities		**96**	50
Defined benefit liabilities		**9**	9
Derivative financial instruments		**3**	31
		32,937	31,208
Capital and reserves			
Share capital		**146**	146
Reserves		**38,327**	38,717
Equity attributable to shareholders of the Company		**38,473**	38,863
Non-controlling interests		**5,300**	5,286
Total equity		**43,773**	44,149
Total equity and non-current liabilities		**76,710**	75,357

Notes to the interim condensed consolidated financial information:

1. General

The interim condensed consolidated financial information for the six months ended 30 June 2024 has been prepared in accordance with the applicable disclosure requirements of Appendix D2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") 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 2023.

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 rates of RMB1.000 to HKD1.1003 for the six months ended 30 June 2024 and RMB1.000 to HKD1.1253 for the six months ended 30 June 2023, 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 2023, except for the adoption of the following revised International Financial Reporting Standards ("IFRSs") for the first time for the current period's financial information.

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

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

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

3. Changes in Accounting Policies and Disclosures - continued

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

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

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

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

4A. Revenue Information

Disaggregation of revenue from contracts with customers

	Six months ended 30 June	
	2024	2023
	RMB'million	RMB'million
	(Unaudited)	(Unaudited)
Property development:		
Property sales	**143**	4,662
Property management:		
Property management fee income	**303**	273
Construction	**170**	145
Others	**200**	220
	816	5,300
Geographical markets:		
Shanghai	**581**	4,966
Wuhan	**103**	243
Foshan	**67**	64
Chongqing	**34**	16
Nanjing	**31**	11
	816	5,300
Timing of revenue recognition		
At a point in time	**143**	4,662
Over time	**673**	638
	816	5,300

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	
	2024	2023
	RMB'million	RMB'million
	(Unaudited)	(Unaudited)
Property development:		
Property sales	**143**	4,662
Property management:		
Property management fee income	**303**	273
Construction	**170**	145
Others	**200**	220
Revenue from contracts with customers	**816**	5,300
Property investment:		
(property investment segment)		
Rental income from investment properties	**1,108**	1,020
Rental-related income	**149**	111
Total	**2,073**	6,431

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 2024 (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	**143**	**1,257**	**303**	**170**	**1,873**	**200**	**2,073**
SEGMENT RESULTS							
Segment results of the Group	**22**	**900**	**58**	**(1)**	**979**	**48**	**1,027**
Interest income							**287**
Share of results of associates and joint ventures							**243**
Finance costs, inclusive of exchange differences							**(1,076)**
Other gains and losses							**(53)**
Unallocated income							**24**
Unallocated expenses							**(170)**
Profit before tax							**282**
Tax							**(99)**
Profit for the period							**183**

4B. Segmental Information - continued

	Six months ended 30 June 2023 (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	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

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	
	2024	2023
	RMB'million	RMB'million
	(Unaudited)	(Unaudited)
Other income		
Interest income from banks	**63**	108
Interest income from loans to joint ventures	**224**	80
Government grants	**8**	17
Others	**13**	5
	308	210
Other gains and losses		
Cost arising from hedging activities	**-**	(8)
Loss from fair value change of derivative financial instruments	**-**	(163)
Provision for impairment losses on property and equipment	**-**	(68)
Others	**(53)**	54
	(53)	(185)

6. Finance Costs, Inclusive of Exchange Differences

	Six months ended 30 June	
	2024	2023
	RMB'million	RMB'million
	(Unaudited)	(Unaudited)
Interest on bank and other borrowings	**551**	580
Interest on receipts under securitisation arrangements	**92**	41
Interest on loans from an associate and a joint venture	**113**	109
Interest on senior notes	**289**	387
Interest expenses from lease liabilities	**2**	1
Total interest costs	**1,047**	1,118
Less: Amount capitalised to investment properties under construction or development and properties under development for sale	**(104)**	(109)
Interest expenses charged to profit or loss	**943**	1,009
Net exchange loss	**86**	21
Others	**47**	38
	1,076	1,068

7. Profit Before Tax

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

	Six months ended 30 June	
	2024	2023
	RMB'million	RMB'million
	(Unaudited)	(Unaudited)
Depreciation of property and equipment	**45**	61
Depreciation of right-of-use assets	**2**	3
Employee benefit expenses		
Directors' emoluments		
Fees	**2**	2
Salaries, bonuses, and other benefits	**11**	29
	13	31
Other staff costs		
Salaries, bonuses, and other benefits	**412**	528
Retirement benefit costs	**27**	25
	439	553
Total employee benefit expenses	**452**	584
Less: Amount capitalised to investment properties under construction or development and properties under development for sale	**(30)**	(52)
	422	532
Cost of properties sold recognised as an expense	**47**	2,869
(Reversal of)/provision for impairment losses on properties held for sale (included in "cost of sales")	**(6)**	27
Lease payments relating to short-term leases and low-value leases	**1**	3

8. Tax

	Six months ended 30 June	
	2024	2023
	RMB'million	RMB'million
	(Unaudited)	(Unaudited)
Hong Kong profits tax		
- Charge for the period	**-**	8
PRC enterprise income tax ("EIT")		
- Charge for the period	**116**	348
Deferred tax		
- (Credit)/charge for the period	**(73)**	177
PRC land appreciation tax ("LAT")		
- Charge for the period	**7**	294
PRC withholding tax		
- Charge for the period	**49**	130
	99	957

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits 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	
	2024	2023
	RMB'million	RMB'million
	(Unaudited)	(Unaudited)
Final dividend paid in respect of 2023 of HKD0.058 per share (2023: final dividend paid in respect of 2022 of HKD0.064 per share)	**423**	466

Having taken into consideration the Group's financial performance during the period and the Group's financial position as of 30 June 2024, the Board does not recommend the payment of an interim dividend in 2024 (six months ended 30 June 2023: HKD0.032 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:

Earnings	Six months ended 30 June **2024** **RMB'million** **(Unaudited)**	2023 RMB'million (Unaudited)
Earnings for basic/diluted earnings per share, being profit for the period attributable to shareholders of the Company	**72**	618

Number of shares	Six months ended 30 June **2024** **million** **(Unaudited)**	2023 million (Unaudited)
The weighted average number of ordinary shares for basic earnings per share (*note (a)*)	**8,009**	8,009
Effect of dilutive potential ordinary shares	**-**	-
The weighted average number of ordinary shares for diluted earnings per share	**8,009**	8,009

Basic earnings per share *(note (b))*	**RMB 0.9 cents** **HKD 1.0 cents**	RMB 7.7 cents HKD 8.7 cents
Diluted earnings per share *(note (b))*	**RMB 0.9 cents** **HKD 1.0 cents**	RMB 7.7 cents HKD 8.7 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 2023: 17,710,250) shares held by a share award scheme trust.

(b) The figures expressed in Hong Kong dollars presented above are shown for reference only and have been arrived at based on the exchange rates of RMB1.000 to HKD1.1003 for the six months ended 30 June 2024 and RMB1.000 to HKD1.1253 for the six months ended 30 June 2023, being the average exchange rates that prevailed during the respective periods.

11. Receivables, Deposits, and Prepayments

	30 June 2024 **RMB'million** **(Unaudited)**	31 December 2023 RMB'million (Audited)
Non-current portion comprises:		
Trade receivables (*note(b)*)		
- rental receivables	**279**	317
Current portion comprises:		
Trade receivables (*note(b)*)		
- rental receivables	**120**	112
- goods and services	**225**	250
- operating lease receivables	**82**	65
Prepayments of relocation costs (*note(a)*)	**336**	2,119
Receivables from the disposal of an associate and a joint venture	**19**	19
Other deposits, prepayments, and receivables	**581**	578
Value-added tax recoverable	**44**	21
	1,407	3,164

Notes:

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

(b) Trade receivables comprise:

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

(ii) 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 2024 and 31 December 2023, trade receivables from contracts with customers amounted to RMB225 million and RMB250 million, respectively.

Included in the Group's receivables, deposits, and prepayments are trade receivable balances of RMB706 million (2023: RMB744 million), of which 61% (2023: 66%) are not yet past due, 17% (2023: 25%) are past due less than 90 days, and 22% (2023: 9%) are past due over 90 days, as compared to when revenue was recognised.

Out of the past due balances, RMB157 million (2023: RMB68 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 2024 RMB'million (Unaudited)	31 December 2023 RMB'million (Audited)
Current portion comprises:		
Trade payables	**1,399**	1,817
Land and relocation cost payables	**787**	742
Deed tax and other tax payables	**91**	93
Deposits received in advance for the rental of investment properties	**421**	443
Value-added tax payables	**57**	50
Value-added tax arising from contract liabilities	**246**	240
Other payables and accrued charges	**908**	798
	3,909	4,183
Non-current portion comprises:		
Deposits received in advance for the rental of investment properties	**590**	551
Other payables	**100**	145
	690	696

Included in the Group's accounts payable, deposits received, and accrued charges are trade payable balances of RMB1,399 million (2023: RMB1,817 million), of which 96 % (2023: 83%) are aged less than 30 days, 2 % (2023: 14%) are aged between 31 and 90 days, and 2 % (2023: 3%) are aged more than 90 days, based on the invoice date.

13. Event After the Reporting Period

In August 2024, the Group fully repaid an aggregate principal amount of USD500 million in senior notes at a yield of 6.15% per annum.

MARKET OUTLOOK

The global economy maintained steady growth in 1H 2024, with inflation moderating and trade dynamics in the advanced economies and Asia improving. Amid persistent challenges arising from the military conflicts in the Middle East and Ukraine, slowing household consumption and employment growth in the United States have resulted in rising financial market volatility, increasing the likelihood of an interest rate cut by the Federal Reserve Board in September. Growing protectionism and geopolitical tensions have sparked concerns over economic fragmentation and international discord. In view of rising trade tensions and policy uncertainty, the World Bank projects global economic growth stabilising at 2.7% during 2024-2026, below the 3.1% annual average recorded in the decade before the COVID-19 pandemic.

China's gross domestic product ("GDP") growth slowed to 4.7% in the second quarter of 2024 ("Q2 2024") from 5.3% in the first quarter of 2024 ("Q1 2024"). Economic growth was supported by robust industrial production and exports, which registered increases of 3.6% and 6.0% respectively in 1H 2024. Strong external demand boosted China's trade surplus to a record high of RMB289.6 billion in June. In contrast, domestic consumption remained soft, with retail sales in the first half of the year rising 3.7% owing to moderating income growth and weak household confidence. In July, the Third Plenary Session of the 20th Central Committee of the Communist Party of China ("Third Plenum") pledged to achieve high quality development, and reform will be undertaken to mitigate economic challenges and improve people's livelihoods. Economic policies will be implemented to channel a greater share of income to households, a prerequisite for invigorating domestic demand and rebalancing the economy towards domestic consumption.

A prolonged and deep property market correction has been the main drag on economic growth. Real estate investment, which contracted around 10% annually in both 2022 and 2023, fell by another 10.1% during 1H 2024. Both central and local governments have rolled out comprehensive easing policies to stabilise the property sector. The financial regulatory authorities have initiated a whitelist programme for the financing of unfinished pre-sold housing and pledged to provide up to RMB500 billion local governments acquisition of unsold housing units and repurpose them into social housing. On the demand side, the authorities have further lowered the downpayment ratio and mortgage rates. Purchase restrictions in major cities, including Tier I cities, have been relaxed. Driven by these supportive policies, the contraction in home sales, both in value and floor area, showed nascent signs of stabilisation in July.

Shanghai's commercial office market has been undergoing intense competition as landlords proactively cut rents to attract tenants. According to data published by Jones Lang LaSalle ("JLL"), net absorption of Grade A office space in Q2 2024 was 115,700 sq. m., compared to 58,500 sq. m. in Q1 2024, while the average rent decreased by 4.3% quarter-on-quarter to RMB6.6 per sq. m. per day. Faced with the large pipeline of supply coming on stream in the second half of the year, landlords have been eager to capture demand for corporate office upgrades through offering incentives to attract tenants from decentralised locations to central areas. Downward pressure on Shanghai Grade A office rents is therefore forecast to persist in the short term.

Shanghai's retail property market recorded a net take-up of 2,300 sq. m. in Q2 2024 with vacancy rate improved to 7.1%, reversing the contraction in the previous quarters, according to data tracked by JLL. New leasing activities were mainly from food and beverage, sportswear, and fast fashion businesses. With outdoor sporting activities gaining popularity, international sporting brands have increased their presence in Shanghai, debuting and expanding retail outlets. Meanwhile, international tourist arrivals, driven by China's visa exemption programme, have increased nearly threefold from a year ago. The influx of foreign travelers is expected to boost consumer traffic for restaurants, fast fashion, and discount store retailers. However, a further slowdown in overall consumption and the continued outflow of luxury goods consumption overseas have continued to exert pressure on Shanghai's retail property market. According to JLL, overall retail property rents dropped by 1.2% in 1H 2024 compared to the end of 2023, but the market rents are expected to stabilise in the second half of the year.

In 1H 2024, Shanghai's economic growth moderated to 4.8%, with retail consumption spending facing downward pressure. Despite the steep property downturn, high-end residential real estate in Shanghai has remained an attractive asset class, with sales transactions staying firm and real estate investment achieving a solid 8.4% growth. The municipality's leading industries, including integrated circuits, artificial intelligence, and biomedicine, remained robust, with the integrated circuit sector achieving 6.1% growth. The government has implemented new policy measures to support development of the "Five New Towns", focusing on the development of high-tech industries. Plans are underway to accelerate the construction of more rail transit lines, with a goal of shortening travel times from the new towns to the city core to below 45 minutes.

Chongqing's economy strengthened in 1H 2024, with GDP reaching RMB1,513.8 billion, representing a 6.1% growth. The Chengdu-Chongqing Economic Circle development is underway to strengthen regional industrial development and support high-quality, coordinated regional development. The major project list for Joint Construction of the Chengdu-Chongqing Economic Circle was announced, with an earmarked total investment of RMB3.6 trillion. In 1H 2024, Chongqing's retail sales increased 3.9% to RMB768.5 billion. The government's industrial transformation and upgrading drive has accelerated the municipality's high-tech industry development. New energy vehicle production has doubled, enabling Chongqing to attain the status of the leading city for automobile production in China.

Wuhan recorded 5.3% GDP growth in 1H 2024, propelled by industrial value-added growth of 7.6% and retail sales growth of 5.6%. The city's fixed asset investment increased 2.6% in 1H 2024, with real estate investment growth contracting by 4.4%. Wuhan remains a magnet for talent, retaining 960,000 university graduates during the past three years. Wuhan has been designated a pilot zone for driverless robotaxis, in line with its goal of becoming a science and technology innovation centre of national significance. The city aims to foster the development of intelligent manufacturing and will stage various international events, including the Intelligent Construction Competition, Smart City and Smart Construction Industry Expo.

Foshan was severely hit by the property market slump, which dragged its GDP growth down to 1.7% in 1H 2024. Amid strong economic headwinds, investment in the manufacturing sector achieved stable growth of 7.9%. Foshan's cultural and tourism industries have strong development prospects, based on the city's rich heritage and cultural resources. The government plans to harness productivity gains by channeling resources into high-tech manufacturing, including biomedicine, new energy, new materials, and high-end equipment. By 2026, 100 pilot platforms for these industries will be established and equipped with comprehensive public service functions.

Nanjing achieved GDP growth of 4.4% in 1H 2024, with retail sales rising by 3.4% and the services sector achieving value-added growth of 4.6%. Nanjing's tourism industry has remained a bright spot, with the city consistently ranking as a top destination for domestic holiday travel in recent years. The city has been grappling with the property market downturn, with infrastructure investment rising 11.2%, but property investment contracting by 9.5%, in 1H 2024. The government has vowed to improve the business environment further, to support and attract investment into high-tech industries, including quantum computing technology, artificial intelligence, and third-generation semiconductors.

The Third Plenum has laid out China's development blueprint for achieving a major economic transformation through deepening structural reforms to realise Chinese-style modernisation. Against the current backdrop of financial market volatility and geopolitical tensions, the central government has committed to an economic growth target of 5% this year. More proactive counter-cyclical policies are expected to be introduced in the second half of the year to support household consumption and stabilise the property market. However, financing to the property sector will remain tight, and the process of debt restructuring will take time. Given the circumstances, we will closely monitor the market situation and remain prudent in pursuing suitable opportunities in accordance with our Asset Light Strategy.

INTERIM DIVIDEND

Having taken into consideration the Group's financial performance during the period and the Group's financial position as of 30 June 2024, the Board does not recommend the payment of an interim dividend for the six months ended 30 June 2024 (2023: HKD0.032 per share).

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 2024.

CORPORATE GOVERNANCE

The Company reviews its corporate governance practices from time to time to ensure they comply with all the applicable code provisions set out in the Corporate Governance Code (the "CG Code") contained in Appendix C1 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 2024, 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, the Independent Non-executive Director ("INED") of the Company, could not attend the annual general meeting held on 28 May 2024 (the "2024 AGM") due to other business engagements. Save for the above, all the INEDs attended the 2024 AGM.

The Audit and Risk Committee has reviewed the Group's unaudited condensed consolidated financial statements for the six months ended 30 June 2024, 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 C3 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 2024.

EMPLOYEES AND REMUNERATION POLICY

As of 30 June 2024, the number of employees in the Group was 2,982 (31 December 2023: 3,054); which included the headcount of the property management business at 1,517 (31 December 2023: 1,548) and the headcount of the construction and fitting out business at 131 (31 December 2023: 139). The Group provides a comprehensive benefits package for all employees and 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 2024, 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

I extend my thanks to my fellow directors for their wise counsel over the past months, and to the entire management team and all employees for their hard work and dedications. I thank also our shareholders, business partners and customers for their support. The road ahead will not be easy, but we have all the elements needed to ensure that we will continue to make positive progress.

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

Hong Kong, 30 August 2024

At the date of this announcement, the executive directors of the Company are Mr. Vincent H. S. LO (Chairman), Ms. Stephanie B. Y. LO (Vice Chairman), 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, 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 about 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. These forward-looking statements reflect our current views concerning 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*