



瑞安房地產
SHUI ON LAND

INTERIM REPORT 2024 二零二四年度中期業績報告



SHUI ON LAND LIMITED
瑞安房地產有限公司

Incorporated in the Cayman islands with limited liability

於開曼群島註冊成立之有限責任公司

STOCK CODE 股份代號 272

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A Leading Urban Solution Provider in China

As a member of Shui On Group, Shui On Land (Stock Code: 272) is a leading urban solution provider, principally engaged in property development, property investment and management across China. The Company specialises in urban regeneration, as well as development and operation of communities that prioritise culture, social engagement, and sustainability.

As of 30 June 2024, the Company has a landbank of 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), representing 14 development projects located in the prime areas of five major cities in China. It is also one of the largest private commercial property owners and managers in Shanghai, with a total portfolio of RMB79 billion of commercial assets in Shanghai.

The Company was established in 2004 and was listed on the Hong Kong Stock Exchange in 2006. Shui On Land is included in the Hang Seng Composite Index, Hang Seng Composite Industry Index – Properties & Construction, Bloomberg Gender-Equality Index as well as Bloomberg ESG Score Universe.



VINCENT H. S. LO
Chairman

The operating environment in the first half of 2024 ("1H 2024") remained extremely challenging as China's economy and its property sector continued a gradual process of adjustment. Together with extensive geo-political tensions and weak consumer confidence, this resulted in sluggish overall activity in the China property market.

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 year-on-year net profit decline, mainly due to a lack of residential property completions and hence property sales. The Group's net gearing increased marginally to 53% as of 30 June 2024, while cash and bank deposits totalled RMB10,543 million.

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).

Shanghai High-end Residential Market Outperforms

China's property sector is undergoing a significant structural correction and has not yet shown any signs of a meaningful recovery. Total residential sales in 1H 2024 fell by 22.2% and 49.3% respectively in terms of sales area when compared to the same periods of 2023 and 2021. Government has enacted a series of measures at the national and local level to help stimulate demand and reduce inventory. The relaxation of purchase restrictions, combined with unprecedented reductions in mortgage rates and down-payment ratios, has improved market sentiment somewhat. However, it remains to be seen if the improvement can be sustained. The only bright spot has been the high-end residential segment in Shanghai. Primary sales of housing units above RMB20 million in Shanghai increased 57.8% in 1H 2024 compared to the first half of 2023, to a total of 2,853 units transacted. This surge in sales was driven by



“We have long focused on top-tier cities and the mid to high-end residential segments. Our goal is to reinforce our leadership position through a “Best-in-Class” product strategy.”



solid demand for better living environment and quality and the city's enduring attraction to high-net worth individuals not only from Shanghai but from the rest of China.

The Group has been well positioned to benefit from these changing market dynamics. We have long focused on top-tier cities and the mid to high-end residential segments. Our goal is to reinforce our leadership position through a “Best-in-Class” product strategy. In recent years, we have further enhanced our brand in Shanghai through the success of the entire series of Lakeville developments stretching back to 2002. This has provided us with opportunities to expand the Group's market share, based on our Asset Light Strategy.

Building on our track record in high-end residential development in Shanghai, our two current major projects, Lakeville Phase 6 and Riverville, remain on target to launch sales in the second half of 2024. Lakeville Phase 6 is the latest addition to Lakeville series in the

Shanghai Xintiandi community and will redefine the Puxi skyline. It enjoys not only an enviable location but offers rarely available lake views. Its unique architectural features, people-oriented design and high-quality lifestyle make it the epitome of luxury living. Riding on the legendary Shanghai Xintiandi, the Lakeville brand has always attracted a large group of loyal customers and we expect phase 6 to be the city's most sought-after project in the near future. It therefore represents a strong residential sales pipeline that will contribute to second-half contract sales. Complementing it, Riverville is a high-end, low-density residential development located on the left bank of the Huangpu River that extends the Lakeville brand to the broader market. We believe these two upcoming residential launches in Shanghai will further solidify our luxury sector leadership position in the city.

A Resilient Commercial Property Portfolio

The Group's total rental and related income (including joint ventures and associates) rose by 16% in the first half of the year. We have worked hard to maintain high occupancy rates across the portfolio in a very competitive leasing market. As of 30 June 2024, our commercial property portfolio recorded stable average occupancy rates of 93% for retail properties and 91% for mature offices. The Group excels in content innovation that focuses on culture, nature and social engagement, and it underpins the high occupancy rates and reliable rental streams we enjoy across our portfolio.

Panlong Tiandi is the most recent example of our ability to create a masterpiece of urban design. Pioneering the concept of the "Urban Retreat", it has successfully transformed an ancient water town into a landmark that showcases Jiangnan heritage in a modern setting. In only the first anniversary since its opening, customer traffic has exceeded 25 million, while sales during the May Day holiday this year reached more than RMB25 million, making it the most popular Urban Retreat destination in Shanghai.

CPIC Xintiandi Commercial Centre is our next major commercial development under construction in Shanghai, comprising three office towers and a retail podium, Xintiandi Galleria. This new landmark represents the expansion of Shanghai Xintiandi in response to urban regeneration and evolving consumer trends. The T3 office building was completed and commenced full operations in 2023. The T2 office building was completed in May this year and its prime location and high-quality workplaces have attracted many major tenants, enabling it to achieve an occupancy rate of 65% as of 30 August 2024. The remaining 250 m. tall super high-rise office T1 building is on schedule for completion in the second half this year, while Xintiandi Galleria will open in 2025. Bringing heritage to life, Xintiandi Galleria inherits Shanghai Xintiandi's "DNA" and draws on the nature and culture of the local neighbourhood. It will provide consumers with diversified offerings and enriching experiences via an array of world-class cultural content. It also boasts a 6,500 sq.m.

panoramic canopy, Shanghai's largest, creating a day-and-night, all-weather commercial complex. The increase in leasable office and retail space in Shanghai Xintiandi will add another stream of recurrent rental and fee income to our growing portfolio.

New Sustainability Initiatives

The Group's long-standing commitment to "be a pioneer of sustainable premium urban communities" is reaffirmed by the many initiatives we are bringing forth in 2024 to address key environmental, social and governance (ESG) issues that are most relevant to our business.

To strengthen Shui On Land's 5C Sustainability Strategy, we have translated corporate sustainability goals into project-specific and departmental targets that provide the foundation for concrete actions. Our new corporate Biodiversity and Diversity & Inclusion policies reinforce our dedication to promoting a well-balanced natural environment and a positive workplace. The sustainability data platform we launched recently is enabling us to collect, track, and manage key metrics across the 5C pillars. This is delivering valuable insights that assist our management team when making decisions affecting sustainability.

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 in renewable electricity.

We continue to earn accolades for our progress and achievements in sustainability. During the first half of the year, we were honoured with the "Climate Leadership Award" given by the Carbon Disclosure Project. This recognises our leadership in climate disclosure, as well as our commitment and actions to reduce carbon emissions across our value chain. We were also included in the 2024 Fortune China ESG Impact List for the second year in a row.

In the second half of the year, we will focus on strengthening the resilience of our assets to climate-induced risks, particularly to exceptional rainfall and heatwaves. We have begun a systematic process to assess our protective measures and procedures to withstand and react to extreme weather events. Concurrently, we are conducting a thorough review to evaluate climate-related transition risks that may affect us under different scenarios over the medium to long term.

Capital Management and Outlook

Since the start of the property sector credit crisis in 2021, the offshore lending market has stayed virtually shut to developers in China. Ensuring sufficient liquidity has therefore been the Group's utmost priority. The Group has successfully fulfilled all financial obligations. 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. In addition to debt repurchases, we have adopted various financing methods to improve liquidity, including the issue of Commercial Mortgage-Backed Securities and asset disposals. This testifies to our high-quality assets, capability in capital management and commitment to all our stakeholders.

The property market recovery is likely to be slow and painful, while the offshore lending market will remain dysfunctional for some time. The Group is therefore cautious on the near-term business outlook, as liquidity for the property industry is expected to remain tight overall. We will continue to manage our finances prudently, constantly reviewing the markets and adopting the most appropriate debt management strategies which balance the interests of all stakeholders.

Given our success with the Urban Retreat concept, we are well positioned to take advantage of the coming wave of "Urban Village" transformations in the Yangtze River Delta and Greater Bay Area. Our expertise in urban regeneration projects of different types and at different scales will enable us to continue to attract strong partners wanting to work with us.

When running a business in adverse conditions, it is vital to have an experienced and capable management team. To assist me in leading the Board and setting the Group's strategic direction, Ms. Stephanie B. Y. Lo has been appointed as Vice Chairman of the Board with effect from 28 May 2024. Throughout her tenure as Executive Director, she has demonstrated exceptional leadership in the execution of our strategic vision. I have full confidence in Stephanie, who will inject new energy into the Group as we navigate the difficult times ahead, guided by our vision of sustainable long-term growth.

Appreciation to all our Stakeholders

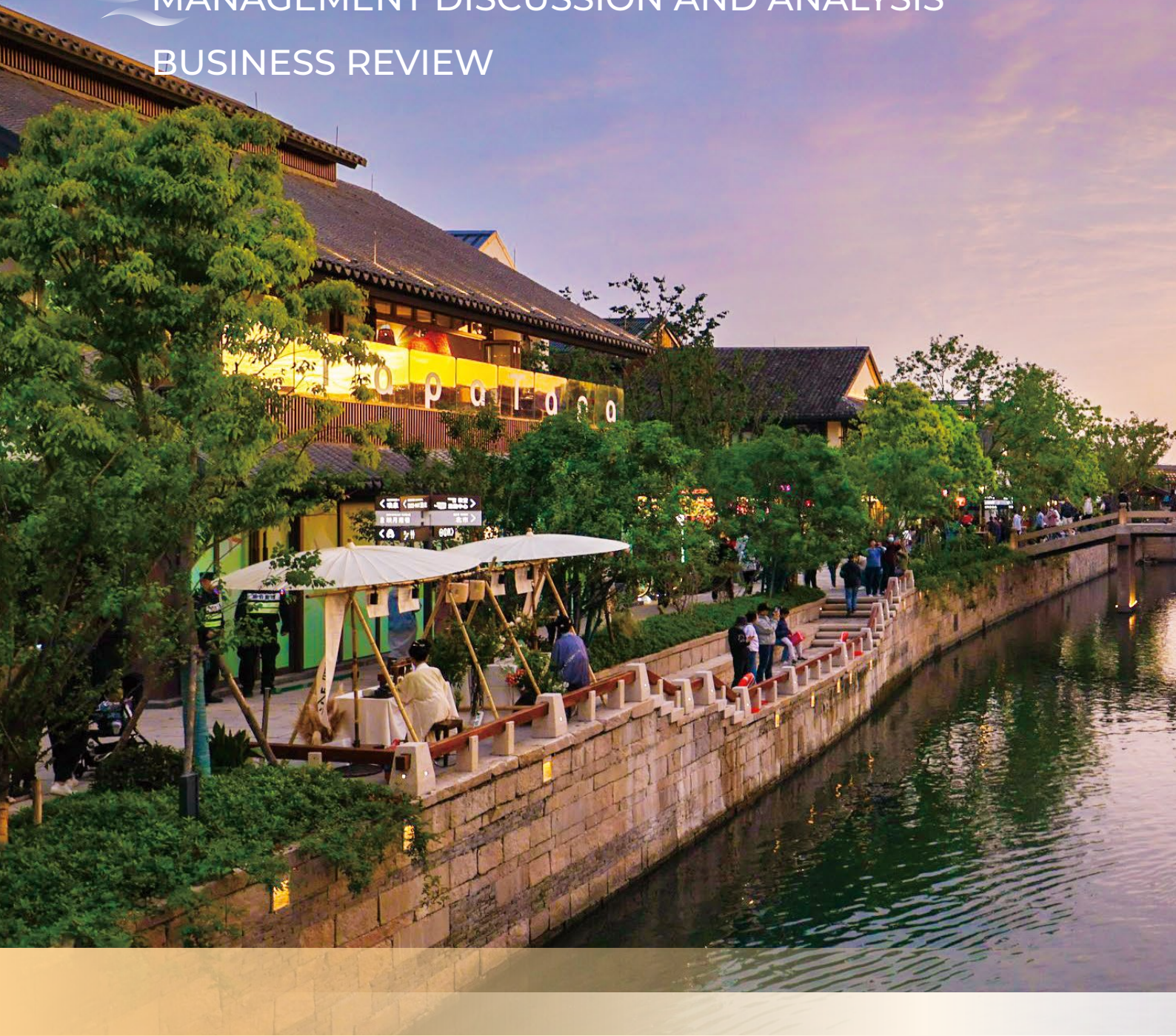
I extend my thanks to my fellow directors for their wise counsel over the past months, and to the entire management team and all employees for their hard work and dedications. I thank also our shareholders, business partners and customers for their support. The road ahead will not be easy, but we have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



VINCENT H. S. LO
Chairman
Hong Kong, 30 August, 2024

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

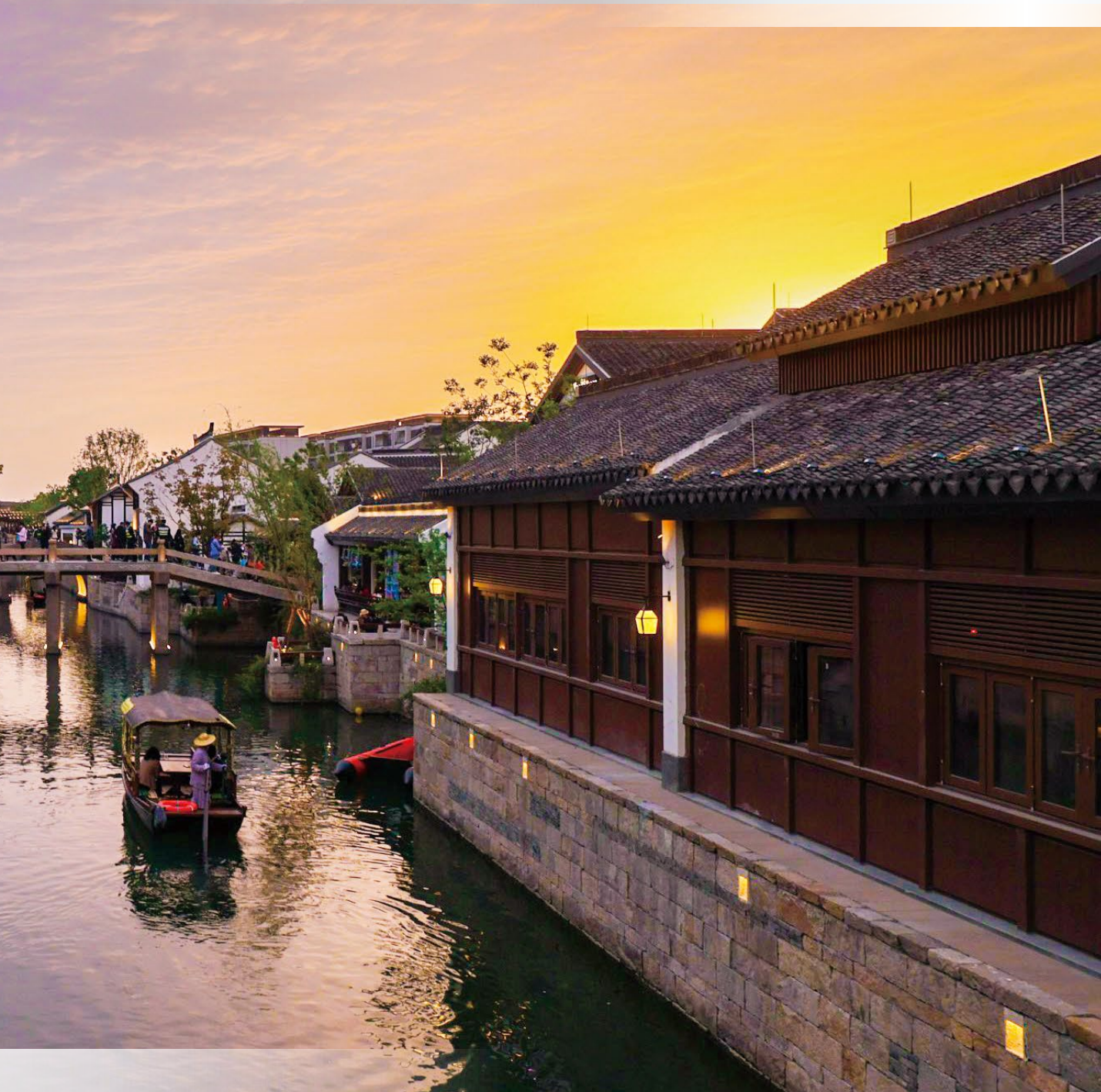


Maintained profitability under extremely challenging market conditions:

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.

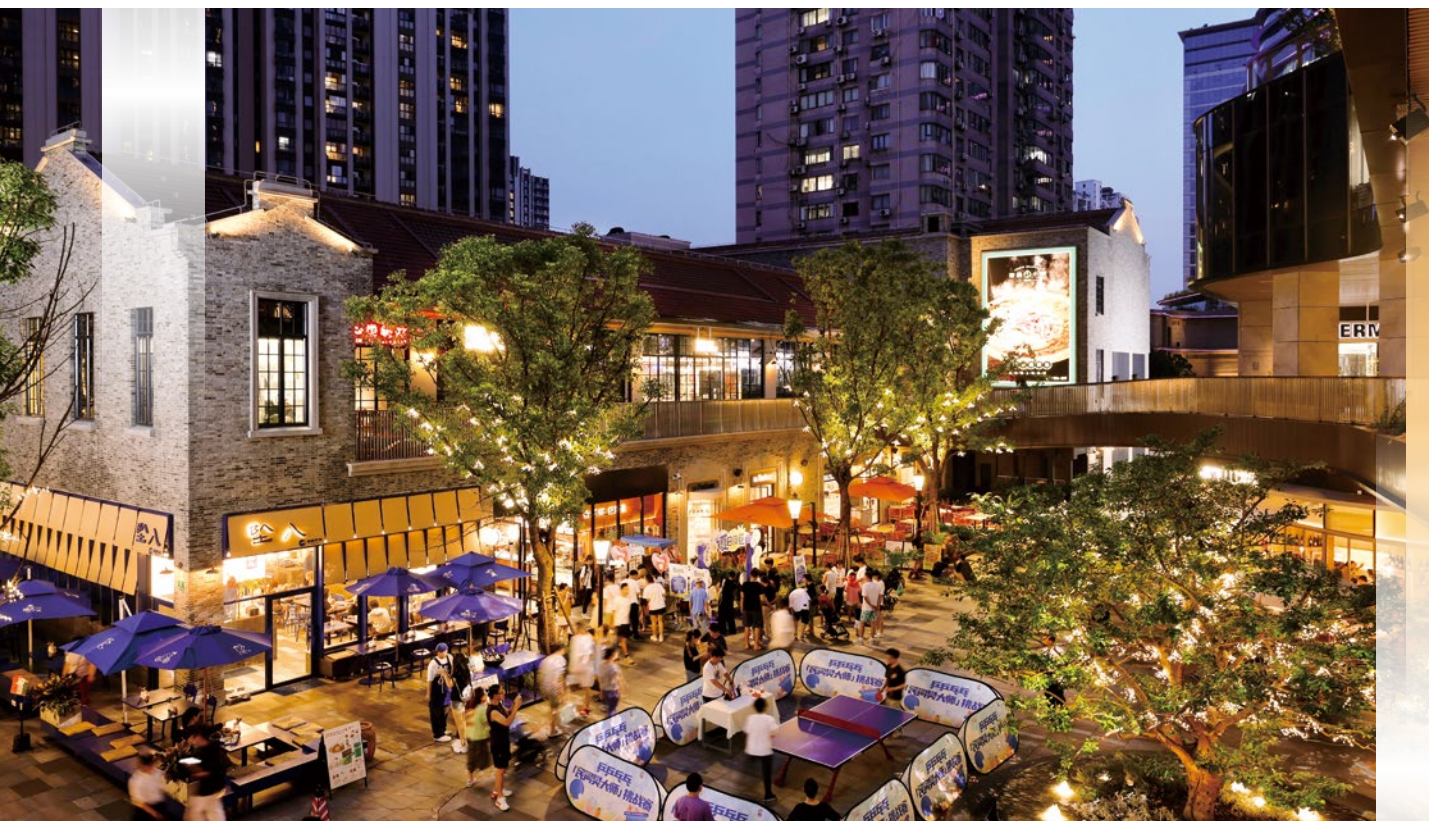


Dedicated to continuing a prudent yet proactive capital management strategy:

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.



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"):

Project	1H 2024			1H 2023		
	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 Tiandi²						
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
Carparks²	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:

Project	1H 2024			1H 2023		
	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 sq.m.	Estimated Gross Saleable Resource RMB' billion	The Group's Interests	Estimated Attributable Sales 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.

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.



MANAGEMENT DISCUSSION AND ANALYSIS

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	2,333,000¹	(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 PROPERTY – 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.

MANAGEMENT DISCUSSION AND ANALYSIS

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
		sq.m.	1H 2024	1H 2023	%	30 Jun 2024	31 Dec 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 Fang¹	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		2,135,000²	1,764	1,515	16%			

Notes:

- 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.
- 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.

MANAGEMENT DISCUSSION AND ANALYSIS

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				Sub-total	Clubhouse, carpark, and other facilities	Total
	Residential	Office	Retail	Hotel/ serviced apartments			
	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:

- 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.
- 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%.
- 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%.
- 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%.
- The Group has a 25.00% interest in Lot 124 office and retail uses and a 50.00% interest in Lot 122.
- The Group has a 49.00% interest in Lot 167B.

MANAGEMENT DISCUSSION AND ANALYSIS

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 industrial investment falling 7.7%, and property investment contracting by 20.3%, 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.

MANAGEMENT DISCUSSION AND ANALYSIS

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 above mentioned 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		Change %
	2024 RMB'million	2023 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 RMB'million	Due within one year RMB'million	Due in more than one year but not exceeding two years RMB'million	Due in more than two years but not exceeding five years RMB'million	Due in more than five years 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 balances) 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.



INDEPENDENT REVIEW REPORT



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TO THE BOARD OF DIRECTORS OF SHUI ON LAND LIMITED

(Incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 30 to 57, which comprises the condensed consolidated statement of financial position of Shui On Land Limited (the "Company") and its subsidiaries (the "Group") as of 30 June 2024 and the related condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the six-month period then ended, and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 *Interim Financial Reporting* ("IAS 34") issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard 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. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with IAS 34.

Ernst & Young
Certified Public Accountants

Hong Kong
30 August 2024

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

	Notes	Six months ended 30 June	
		2024 RMB'million (Unaudited)	2023 RMB'million (Unaudited)
Revenue	3A	2,073	6,431
Cost of sales		(718)	(3,482)
Gross profit		1,355	2,949
Other income	4	308	210
Selling and marketing expenses		(54)	(107)
General and administrative expenses		(408)	(530)
Decrease in fair value of the investment properties	10	(33)	(88)
Other gains and losses	4	(53)	(185)
Share of results of associates and joint ventures		243	689
Finance costs, inclusive of exchange differences	5	(1,076)	(1,068)
Profit before tax	6	282	1,870
Tax	7	(99)	(957)
Profit for the period		183	913
Attributable to:			
Shareholders of the Company		72	618
Non-controlling shareholders of subsidiaries		111	295
		183	913
Earnings per share attributable to shareholders of the Company	9		
– Basic		RMB0.9 cents	RMB7.7 cents
– Diluted		RMB0.9 cents	RMB7.7 cents

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2024

	Six months ended 30 June	
	2024 RMB'million (Unaudited)	2023 RMB'million (Unaudited)
Profit for the period	183	913
Other comprehensive income/(expense)		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange difference arising on translation of foreign operations	(88)	(638)
The effective portion of changes in the fair value of hedging instruments designated as cash flow hedges	27	67
Reclassification from hedge reserve to profit or loss arising from hedging instruments	(5)	(39)
Share of other comprehensive income/(expenses) of an associate and a joint venture	24	(19)
<i>Item that will not be reclassified subsequently to profit or loss:</i>		
Surplus on revaluation of properties transferred from property and equipment to completed investment properties, net of tax	4	6
Other comprehensive expenses for the period	(38)	(623)
Total comprehensive income for the period	145	290
Total comprehensive income/(expense) attributable to:		
Shareholders of the Company	33	(8)
Non-controlling shareholders of subsidiaries	112	298
	145	290

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 JUNE 2024

	Notes	30 June 2024 RMB'million (Unaudited)	31 December 2023 RMB'million (Audited)
Non-current assets			
Investment properties	10	49,639	49,604
Interests in associates	11	8,632	8,932
Interests in joint ventures	12	14,380	13,696
Property and equipment		882	970
Right-of-use assets		15	17
Receivables, deposits, and prepayments	13	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	13	1,407	3,164
Amounts due from associates	11	221	207
Loans to/amounts due from joint ventures	12	6,256	5,967
Loan to a non-controlling shareholder of a subsidiary		5	8
Amounts due from related companies		409	406
Contract assets	14	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	15	3,909	4,183
Contract liabilities		4,099	4,005
Bank and other borrowings		4,768	8,410
Senior notes	16	7,126	3,563
Receipts under securitisation arrangements	17	40	40
Tax liabilities		2,878	3,404
Amounts due to non-controlling shareholders of subsidiaries		35	58
Amounts due to associates	11	181	593
Loans from/amounts due to joint ventures	12	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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

30 JUNE 2024

		30 June 2024 RMB'million (Unaudited)	31 December 2023 RMB'million (Audited)
	Notes		
Net current assets		1,902	1,516
Total assets less current liabilities		76,710	75,357
Non-current liabilities			
Bank and other borrowings		14,510	9,266
Senior notes	16	2,841	6,335
Receipts under securitisation arrangements	17	4,298	4,319
Deferred tax liabilities		4,665	4,677
Accounts payable, deposits received, and accrued charges	15	690	696
Loans from an associate	11	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	19	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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2024

	Attributable to shareholders of the Company				Non-controlling interests RMB'million	Total RMB'million
	Share capital RMB'million	Reserves RMB'million (Note 19)	Retained earnings RMB'million	Sub-total RMB'million		
On 1 January 2024 (audited)	146	16,513	22,204	38,863	5,286	44,149
Profit for the period	–	–	72	72	111	183
Exchange difference arising on translation of foreign operations	–	(88)	–	(88)	–	(88)
The effective portion of changes in the fair value of hedging instruments designated as cash flow hedges	–	27	–	27	–	27
Reclassification from hedge reserve to profit or loss arising from hedging instruments	–	(5)	–	(5)	–	(5)
Surplus on revaluation of properties transferred from property and equipment to completed investment properties, net of tax	–	3	–	3	1	4
Share of other comprehensive income of an associate and a joint venture	–	24	–	24	–	24
Total comprehensive income for the period	–	(39)	72	33	112	145
Capital injection by a non-controlling shareholder of a subsidiary	–	–	–	–	1	1
Capital reduction by non-controlling shareholders of subsidiaries	–	–	–	–	(24)	(24)
Dividend declared to non-controlling shareholders of subsidiaries	–	–	–	–	(15)	(15)
Repayment of equity loans from a non-controlling shareholder of subsidiaries	–	–	–	–	(60)	(60)
2023 final dividend	–	–	(423)	(423)	–	(423)
On 30 June 2024 (unaudited)	146	16,474*	21,853*	38,473	5,300	43,773

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2023

	Attributable to shareholders of the Company				Non-controlling interests RMB'million	Total RMB'million
	Share capital RMB'million	Reserves RMB'million (Note 19)	Retained earnings RMB'million	Sub-total RMB'million		
On 1 January 2023 (audited)	146	16,908	22,096	39,150	5,251	44,401
Profit for the period	–	–	618	618	295	913
Exchange difference arising on translation of foreign operations	–	(638)	–	(638)	–	(638)
The effective portion of changes in the fair value of hedging instruments designated as cash flow hedges	–	67	–	67	–	67
Reclassification from hedge reserve to profit or loss arising from hedging instruments	–	(39)	–	(39)	–	(39)
Surplus on revaluation of properties transferred from property and equipment to completed investment properties, net of tax	–	3	–	3	3	6
Share of other comprehensive expenses of an associate and a joint venture	–	(19)	–	(19)	–	(19)
Total comprehensive income for the period	–	(626)	618	(8)	298	290
Capital injection by non-controlling shareholders of subsidiaries	–	–	–	–	21	21
Capital reduction by non-controlling shareholders of subsidiaries	–	–	–	–	(27)	(27)
Dividend declared to a non-controlling shareholder of a subsidiary	–	–	–	–	(19)	(19)
2022 final dividend	–	–	(466)	(466)	–	(466)
On 30 June 2023 (unaudited)	146	16,282*	22,248*	38,676	5,524	44,200

* These reserve accounts comprise the consolidated reserves of RMB38,327 million and RMB38,530 million as of 30 June 2024 and 30 June 2023, respectively.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

	Six months ended 30 June	
	2024 RMB'million (Unaudited)	2023 RMB'million (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating cash flow before changes in working capital	968	2,424
(Increase)/decrease in properties under development for sale and held for sale	(44)	2,775
Decrease/(increase) in receivables, deposits, and prepayments	116	(1,027)
Decrease in contract assets	41	88
Decrease in accounts payable, deposits received, and accrued charges	(219)	(491)
Increase/(decrease) in contract liabilities	94	(1,547)
Other changes in working capital	58	(39)
Cash generated from operations	1,014	2,183
Tax paid	(574)	(1,316)
Net cash generated from operating activities	440	867
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	63	125
Additions to investment properties	(15)	(142)
Loans to joint ventures	(118)	(43)
Investments in joint ventures	(45)	(951)
Repayments from a joint venture	–	180
Proceeds from disposal of assets classified as held for sale	1,206	–
Repayments from a non-controlling shareholder of a subsidiary	8	–
Dividend received from a joint venture	279	139
Other investing cash flows	(35)	10
Net cash generated from/(used in) investing activities	1,343	(682)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2024

	Six months ended 30 June	
	2024 RMB'million (Unaudited)	2023 RMB'million (Unaudited)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of lease liabilities	(7)	(6)
Issue of receipts under securitisation arrangements	–	4,400
Direct transaction costs related to issue of receipts under securitisation arrangements	(4)	(10)
Repayment of receipts under securitisation arrangements	(20)	(10)
Drawdown of bank and other borrowings	6,051	3,551
Repayments of bank and other borrowings	(4,517)	(8,109)
Decrease/(increase) in pledged bank deposits	84	(522)
Settlements for derivative financial instruments designated as cash flow hedges	–	401
Interest paid	(1,176)	(1,180)
Payment of dividends	(423)	(466)
Dividend payment to non-controlling shareholders of subsidiaries	(15)	(33)
Capital injected by non-controlling shareholders	1	21
Capital reduction paid to non-controlling shareholders	–	(156)
Repayment to a non-controlling shareholder of subsidiaries	(60)	–
Loans from a joint venture	100	–
Loans from an associate	–	250
Net cash generated from/(used in) financing activities	14	(1,869)
Net increase/(decrease) in cash and cash equivalents	1,797	(1,684)
Cash and cash equivalents at the beginning of the period	5,745	11,176
Effect of foreign exchange rate changes, net	(87)	33
Cash and cash equivalents at the end of the period	7,455	9,525
Analysis of the balances of cash and cash equivalents		
Bank balances and cash	7,455	9,525

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 JUNE 2024

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

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.
- (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.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

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

- (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.

3A. REVENUE INFORMATION

Disaggregation of revenue from contracts with customers

	Six months ended 30 June	
	2024 RMB'million (Unaudited)	2023 RMB'million (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

3A. 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 RMB'million (Unaudited)	2023 RMB'million (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

3B. 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

3B. SEGMENTAL INFORMATION (continued)

For the six months ended 30 June 2024 (Unaudited)

	Reportable segment						Consolidated RMB'million
	Property development RMB'million	Property investment RMB'million	Property management RMB'million	Construction RMB'million	Total RMB'million	Others 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

3B. SEGMENTAL INFORMATION (continued)

For the six months ended 30 June 2023 (Unaudited)

	Reportable segment						
	Property development RMB'million	Property investment RMB'million	Property management RMB'million	Construction RMB'million	Total RMB'million	Others RMB'million	Consolidated RMB'million
SEGMENT REVENUE							
Segment revenue of the Group	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.

4. OTHER INCOME, OTHER GAINS AND LOSSES

	Six months ended 30 June	
	2024 RMB'million (Unaudited)	2023 RMB'million (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)

5. FINANCE COSTS, INCLUSIVE OF EXCHANGE DIFFERENCES

	Six months ended 30 June	
	2024 RMB'million (Unaudited)	2023 RMB'million (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

6. PROFIT BEFORE TAX

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

	Six months ended 30 June	
	2024 RMB'million (Unaudited)	2023 RMB'million (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

7. TAX

	Six months ended 30 June	
	2024 RMB'million (Unaudited)	2023 RMB'million (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.

8. DIVIDENDS

	Six months ended 30 June	
	2024 RMB'million (Unaudited)	2023 RMB'million (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).

9. 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))	RMB0.9 cents HKD1.0 cents	RMB7.7 cents HKD8.7 cents
Diluted earnings per share (note (b))	RMB0.9 cents HKD1.0 cents	RMB7.7 cents HKD8.7 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.

10. INVESTMENT PROPERTIES

	30 June 2024 RMB'million (Unaudited)	31 December 2023 RMB'million (Audited)
Completed investment properties held to earn rentals or for capital appreciation or both	47,591	47,581
Investment properties under construction or development,		
stated at fair value	1,850	1,871
stated at cost	78	78
	1,928	1,949
Investment property – sublease of right-of-use assets	120	74
	49,639	49,604

The movements of investment properties during the current and prior periods are as follows:

	Completed investment properties at fair value RMB'million	Investment properties under construction or development at fair value RMB'million	Investment properties under construction or development at cost RMB'million	Investment property – sublease of right-of-use assets RMB'million	Total RMB'million
On 1 January 2024 (audited)	47,581	1,871	78	74	49,604
(Decrease)/increase	(31)	–	–	52	21
Transfer from property and equipment	47	–	–	–	47
Decrease in fair value recognised in profit or loss	(6)	(21)	–	(6)	(33)
On 30 June 2024 (unaudited)	47,591	1,850	78	120	49,639
On 1 January 2023 (audited)	47,193	4,297	91	84	51,665
Increase	21	256	7	–	284
Transfer upon construction commenced	–	21	(21)	–	–
Transfer from property and equipment	72	–	–	–	72
Increase/(decrease) in fair value recognised in profit or loss	8	(91)	–	(5)	(88)
On 30 June 2023 (unaudited)	47,294	4,483	77	79	51,933

10. INVESTMENT PROPERTIES (continued)

The fair values of the Group's investment properties on 30 June 2024 and 31 December 2023 have been arrived at on the basis of valuations carried out on those dates by Knight Frank Petty Limited, independent qualified professional valuers not connected to the Group.

For completed investment properties and investment properties sublease of right-of-use assets, the valuations have been arrived at by using the income approach term and reversion method by capitalizing the net income shown on tenancy schedules, and the market rentals of all lettable units of the properties which are assessed by reference to the rentals achieved in the lettable units as well as other lettings of similar properties in the neighbourhood. The capitalisation rate adopted is made by reference to the yield rates observed by the valuers for similar properties in the locality and adjusted based on the valuers' knowledge of the factors specific to the respective properties.

For the investment properties under construction or development that are measured at fair value, the valuations have been arrived at assuming that the investment properties will be completed in accordance with the development proposals and the relevant approvals for the proposals have been obtained. The key input in the valuations is the market value of the completed investment properties, which is estimated with reference to sales evidence of similar properties in the nearest locality, with adjustments made to account for differences in locations and other factors specific to the respective properties based on the valuers' judgement. Costs of development are also taken into account including construction costs, finance costs and professional fees, as well as the developer's profit margin which reflects the remaining risks associated with the development of the properties at the valuation date and the return that the developer would require for bringing them to completion status, which is determined by the valuers based on the analyses of recent land transactions and market values of similar completed properties in the respective locations.

On 30 June 2024, the Group's investment properties with a total carrying amount of RMB34,542 million (31 December 2023: RMB33,017 million) were pledged to secure banking facilities granted to the Group (note 20).

11. INTERESTS IN ASSOCIATES/AMOUNTS DUE FROM/LOANS FROM/ AMOUNTS DUE TO ASSOCIATES

	30 June 2024 RMB'million (Unaudited)	31 December 2023 RMB'million (Audited)
Interests in associates		
– Cost of investments, unlisted	7,232	7,615
– Share of post-acquisition results, net of effect on elimination of unrealised intercompany transactions	1,386	1,331
– Share of other comprehensive income/(expense) of an associate	14	(14)
	8,632	8,932
Amounts due from associates – current		
– Unsecured, interest-free and repayable on demand	221	207
Amounts due to associates – current		
– Unsecured, interest-free and repayable on demand	181	593
Loans from an associate – non-current		
– Unsecured, fixed-rate at 3.65% to 3.85% and repayable within three years	5,825	5,825

12. INTERESTS IN JOINT VENTURES/LOANS TO/LOANS FROM/AMOUNTS DUE FROM/AMOUNTS DUE TO JOINT VENTURES

	30 June 2024 RMB'million (Unaudited)	31 December 2023 RMB'million (Audited)
Interests in joint ventures		
– Costs of investments, unlisted	12,905	12,256
– Impairment provision	(376)	(376)
– Share of post-acquisition results, net of effect on elimination of unrealised intercompany transactions	94	111
– Share of other comprehensive expense of a joint venture	(23)	(19)
	12,600	11,972
Amounts due from joint ventures – non-current		
– Unsecured, interest-free	1,780	1,724
	14,380	13,696
Loans to joint ventures – current		
– Unsecured, fixed rate at 3.45% to 7.00%	6,144	5,865
Amounts due from joint ventures – current		
– Unsecured, interest-free and repayable on demand	112	102
	6,256	5,967
Loans from a joint venture – current		
– Unsecured, fixed-rate at 3.45% to 3.65%	188	90
Amounts due to joint ventures – current		
– Unsecured, interest-free and repayable on demand	66	63
	254	153

13. 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.

14. CONTRACT ASSETS

	30 June 2024 RMB'million (Unaudited)	31 December 2023 RMB'million (Audited)
Construction	178	219

The contract assets primarily relate to the Group's rights to consideration for work completed and not billed because the rights are conditional on the Group's future performance in achieving specified milestones at the reporting date on construction. The contract assets are transferred to trade receivables when the rights become unconditional.

14. CONTRACT ASSETS (continued)

The Group's construction contracts include payment schedules which require stage payments over the construction period once certain specified milestones are reached. The Group typically achieves specified milestones and thus have the right to bill the customers when the progress certificate, settlement letter or payment notice is obtained.

15. ACCOUNTS PAYABLE, DEPOSITS RECEIVED, AND ACCRUED CHARGES

	30 June 2024 RMB'million (Unaudited)	31 December 2023 RMB'million (Audited)
Current portion comprises:		
Trade payables (note)	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

Note:

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.

16. SENIOR NOTES

	30 June 2024 RMB'million (Unaudited)	31 December 2023 RMB'million (Audited)
At the beginning of period/year	9,898	13,255
Interest charged during the period/year	289	764
Gain on redemption of senior notes	–	(25)
Less: interest paid	(282)	(755)
Less: redemption of senior notes	–	(3,611)
Exchange realignment	62	270
At the end of period/year	9,967	9,898
Less: amount due within one year shown under current liabilities	7,126	3,563
At the end of period/year and payable after one year	2,841	6,335

As of 30 June 2024, the effective interest rates on the senior notes ranged from 5.50% to 6.25% (2023: 5.50% to 6.25%) per annum. The senior notes are unsecured and guaranteed by the Company.

17. RECEIPTS UNDER SECURITISATION ARRANGEMENTS

On 27 April 2023, Shanghai Rui Qiao Property Development Co., Ltd. a wholly-owned subsidiary of the Company, obtained financing under securitisation arrangements (the "Receipts Under Securitisation Arrangements") with an aggregate principal amount of RMB4,401 million at 100% of face value, comprising (i) RMB4,400 million with a term of fixed annual coupon rate of 3.9% and quarter distribution, and (ii) RMB1 million with a term of no annual coupon rate. The Receipts Under Securitisation Arrangements are listed on the Shanghai Stock Exchange and will be repaid by instalments till 26 March 2041. The Receipts Under Securitisation Arrangements are assets backed securitisation collateralised by certain commercial assets held by Shanghai Rui Qiao Property Development Co., Ltd. and its certain future rental income.

The movement of the Receipts Under Securitisation Arrangements is set out below:

	30 June 2024 RMB'million (Unaudited)	31 December 2023 RMB'million (Audited)
At the beginning of period/year	4,359	–
Issue of receipts under securitisation arrangements	–	4,400
Less: transaction costs directly attributable to issue of receipts under securitisation arrangements	(4)	(10)
Interest charged during the period/year	92	128
Less: interest paid	(89)	(120)
Less: interest payable	–	(9)
Less: repayment of receipts under securitisation arrangements	(20)	(30)
At the end of period/year	4,338	4,359
Less: amount due within one year shown under current liabilities	(40)	(40)
At the end of period/year and payable after one year	4,298	4,319

18. DISPOSAL OF A SUBSIDIARY

In December 2023, the Group agreed with Shanghai Hongrui Shouyuan Consulting Management Partnership (Limited Partnership) to dispose of its 65% equity interest in Shanghai Jiu Ze Property Co., Ltd. ("Hong Shou Fang") at an initial consideration of RMB1,206 million. This transaction was completed on 17 January 2024. Pursuant to the audited closing account, the final consideration was adjusted to RMB1,209 million in August 2024.

The net assets of Hong Shou Fang at the date of completion were as follows:

	RMB'million
Net assets disposed of:	
Investment properties	2,605
Bank balances and cash	62
Other assets	38
Accounts payable, deposits received, and accrued charges	(249)
Bank borrowings	(599)
Net assets disposed of	1,857
Loss on disposal of a subsidiary:	
Cash consideration	1,206
Less: transaction costs	(5)
Less: net assets disposed of	(1,857)
Add: fair value of the remaining interests in the joint venture	649
Loss on disposal	(7)

19. RESERVES

	Share premium RMB'million	Merger reserve RMB'million	Special reserve RMB'million	Share award reserve RMB'million	Exchange reserve RMB'million	Hedge reserve RMB'million	Other reserves RMB'million	Property revaluation reserves RMB'million	Total RMB'million
On 1 January 2024 (audited)	18,052	122	(135)	10	(1,399)	(20)	(230)	113	16,513
Exchange difference arising on translation of foreign operations	-	-	-	-	(88)	-	-	-	(88)
Reclassification from hedge reserve to profit or loss arising from hedging instruments	-	-	-	-	-	(5)	-	-	(5)
The effective portion of changes in the fair value of hedging instruments designated as cash flow hedges	-	-	-	-	-	27	-	-	27
Surplus on revaluation of properties transferred from property and equipment to completed investment properties, net of tax	-	-	-	-	-	-	-	3	3
Share of other comprehensive income of an associate and a joint venture	-	-	-	-	-	-	24	-	24
Total other comprehensive expenses for the period	-	-	-	-	(88)	22	24	3	(39)
On 30 June 2024 (unaudited)	18,052	122	(135)	10	(1,487)	2	(206)	116	16,474

19. RESERVES (continued)

	Share premium RMB'million	Merger reserve RMB'million	Special reserve RMB'million	Share award reserve RMB'million	Exchange reserve RMB'million	Hedge reserve RMB'million	Other reserves RMB'million	Property revaluation reserves RMB'million	Total RMB'million
On 1 January 2023 (audited)	18,052	122	(135)	10	(1,015)	(11)	(225)	110	16,908
Exchange difference arising on translation of foreign operations	–	–	–	–	(638)	–	–	–	(638)
Reclassification from hedge reserve to profit or loss arising from hedging instruments	–	–	–	–	–	(39)	–	–	(39)
The effective portion of changes in the fair value of hedging instruments designated as cash flow hedges	–	–	–	–	–	67	–	–	67
Surplus on revaluation of properties transferred from property and equipment to completed investment properties, net of tax	–	–	–	–	–	–	–	3	3
Share of other comprehensive expenses of an associate and a joint venture	–	–	–	–	–	–	(19)	–	(19)
Total other comprehensive expenses for the period	–	–	–	–	(638)	28	(19)	3	(626)
On 30 June 2023 (unaudited)	18,052	122	(135)	10	(1,653)	17	(244)	113	16,282

20. PLEDGE OF ASSETS

The following assets are pledged to banks as security to obtain certain banking facilities at the end of the reporting period:

	30 June 2024 RMB'million (Unaudited)	31 December 2023 RMB'million (Audited)
Investment properties	34,542	33,017
Property and equipment	65	83
Right-of-use assets	5	5
Properties under development for sale	–	961
Receivables	186	192
Bank deposits	3,088	3,172
Assets classified as held for sale	–	1,867
	37,886	39,297

In addition, the equity interests in a certain subsidiary with a carrying amount of net assets of RMB2,969 million as of 30 June 2024 are pledged to banks as securities to obtain banking facilities granted to the Group at the end of the reporting period.

21. COMMITMENTS AND CONTINGENCIES

(a) Capital and other commitments

At the end of the reporting period, the Group has the following commitments:

	30 June 2024 RMB'million (Unaudited)	31 December 2023 RMB'million (Audited)
Contracted but not provided for:		
Development costs for investment properties under construction or development	–	12
Development costs for properties under development held for sale	171	348
Investments in joint ventures	3,985	4,029
	4,156	4,389

(b) Contingent liabilities

The Group provided guarantees of RMB137 million on 30 June 2024 (31 December 2023: RMB145 million) to banks in favour of its customers regarding mortgage loans provided by the banks to those customers for the purchase of the Group's developed properties. These guarantees provided by the Group to the banks will be released upon receiving the building ownership certificates of the respective properties by the banks from the customers as a pledge for security to the mortgage loans granted.

In determining whether provision for losses should be recognised in respect of the Group's financial guarantee contracts, the directors of the Company exercise judgement in the evaluation of the probability of outflow of resources that will be required and the assessment of whether a reliable estimate of the amount of the obligation can be made.

In the opinion of the directors of the Company, the provision for losses for the financial guarantee contracts of the Group was insignificant at initial recognition as the guaranteed amounts should be significantly lower than the values of properties. The Group is entitled to possess a property if there is any default by a customer, and the directors of the Company consider that the possibility of default of the parties involved is remote, and accordingly, no value has been recognised in the condensed consolidated statement of financial position as of 30 June 2024. Should the actual outcome be different from the expected, provisions for losses will be recognised in the condensed consolidated financial information.

22. RELATED PARTY TRANSACTIONS

- (a) Apart from the related party transactions and balances disclosed elsewhere in the condensed consolidated financial information, the Group had the following transactions with related parties during the current and prior periods:

	Six months ended 30 June	
	2024 RMB'million (Unaudited)	2023 RMB'million (Unaudited)
<i>Shui On Company Limited ("SOCL") (note 1) and its subsidiaries other than those of the Group</i>		
Rental expense	2	2
Renovation expense	1	1
Service cost reimbursement	1	1
<i>SOCAM Development Limited ("SOCAM") (note 2) and its subsidiaries, being subsidiaries of SOCL</i>		
Rental and building management fee income	1	1
Smart facility enhancement work expenditure	1	–
<i>Great Eagle Holdings Limited ("GE") (note 3) and its subsidiaries</i>		
Hotel management fee	1	–
Rental and building management fee income	–	2
<i>Associates</i>		
Revenue from construction services	1	1
Revenue from real estate asset management service	15	17
Interest expense	110	108
Rental and building management fee expenses	–	2
<i>Joint ventures</i>		
Interest income	224	80
Revenue from real estate asset management service	57	49
Revenue from project management service	33	51
Revenue from construction services	156	83
Rental and building management fee income	1	1
Revenue from consulting service	4	4
Service cost reimbursement	16	21
Interest expense	3	1
Rental and building management fee expenses	2	–
<i>Non-controlling shareholders of subsidiaries</i>		
Management service fee expense	9	10
<i>Key management personnel</i>		
Short-term benefits	42	83

Notes:

- Shui On Company Limited is a private limited liability company incorporated in the British Virgin Islands and its ultimate controlling party is Mr. Vincent H.S. LO, who is also the Chairman and Executive Director of the Company.
- SOCAM Development Limited, a subsidiary of SOCL, is listed on the Hong Kong Stock Exchange.
- Great Eagle Holdings Limited is a company listed on the Hong Kong Stock Exchange. Dr. Lo Ka Shui is a substantial shareholder of Great Eagle Holdings Limited, he is an associate of Mr. Vincent H.S. LO, who is the Chairman and Executive Director of the Company.

These transactions were carried out in accordance with the terms and conditions mutually agreed by the parties involved.

22. RELATED PARTY TRANSACTIONS (continued)

(b) Other transactions with related parties:

On 25 March 2024, Shanghai Panlong Tiandi Co., Ltd. ("Panlong Tiandi", a non-wholly owned subsidiary of the Company) disposed of a hotel to Shanghai Qingpu Xujing Asset Management Co., Ltd. ("Shanghai Qingpu Xujing", the non-controlling shareholder of Panlong Tiandi) at a consideration of RMB105 million.

Panlong Tiandi entered into a tenancy agreement with Shanghai Qingpu Xujing to lease back the hotel with a lease term of 14 years and accordingly, the Group recognised a right-of-use asset and a lease liability of RMB52 million.

23. 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.

24. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

The interim condensed consolidated financial information was approved and authorised for issue by the Board of Directors on 30 August 2024.

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 of Directors of the Company (the "Board") does not recommend the payment of an interim dividend for the six months ended 30 June 2024 (2023: HKD0.032 per share).

DIRECTORS' INTERESTS IN SECURITIES

At 30 June 2024, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which (i) were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have been taken under such provisions of the SFO); or (ii) were recorded in the register required to be kept under section 352 of the SFO; or (iii) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") were as follows:

(a) Long position in the shares and the underlying shares of the Company

Name of Directors	Number of ordinary shares			Total	Approximate percentage of interests to the issued share capital of the Company (Note 3)
	Personal interests	Family interests	Other interests		
Mr. Vincent H. S. LO ("Mr. Lo")	–	1,849,521 (Note 1)	4,511,756,251 (Note 2)	4,513,605,772	56.23%
Ms. Stephanie B. Y. LO ("Ms. Lo")	–	–	4,511,756,251 (Note 2)	4,511,756,251	56.21%
Ms. Jessica Y. WANG ("Ms. Wang")	670,500	–	–	670,500	0.008%
Professor Gary C. BIDDLE ("Professor Biddle")	305,381	–	–	305,381	0.0038%

Notes:

- (1) These shares were beneficially owned by Ms. Loletta CHU ("Mrs. Lo"), the spouse of Mr. Lo. Mr. Lo was deemed to be interested in 1,849,521 shares under Part XV of the SFO.
- (2) These shares were held by Shui On Company Limited ("SOCL") through its controlled corporations, comprising 1,725,493,996 shares, 2,756,414,318 shares, and 29,847,937 shares held by Shui On Properties Limited ("SOP"), Shui On Investment Company Limited ("SOI"), and New Rainbow Investments Limited ("NRI"), respectively, whereas SOP was a wholly-owned subsidiary of SOI. NRI was a wholly-owned subsidiary of SOCAM Development Limited ("SOCAM") which in turn was held by SOCL as to 63.29% as of 30 June 2024. SOCL was held under the Bosrich Unit Trust, the trustee of which was Bosrich Holdings (PTC) Inc. ("Bosrich"). The units of the Bosrich Unit Trust were the property of a discretionary trust, with Mr. Lo as the founder and a discretionary beneficiary, Ms. Lo as a discretionary beneficiary, and HSBC International Trustee Limited ("HSBC Trustee") as the trustee. Accordingly, Mr. Lo, Mrs. Lo, Ms. Lo, Bosrich and HSBC Trustee were deemed to be interested in such shares under Part XV of the SFO.
- (3) These percentages have been compiled based on the total number of issued shares (i.e., 8,027,265,324 shares) of the Company at 30 June 2024.

(b) Long position in the shares of the associated corporation of the Company – SOCAM

Name of Directors	Number of ordinary shares			Total	Approximate percentage of interests to the issued share capital (Note 3)
	Personal interests	Family interests	Other interests		
Mr. Lo	–	312,000 (Note 1)	236,309,000 (Note 2)	236,621,000	63.37%
Ms. Lo	–	–	236,309,000 (Note 2)	236,309,000	63.29%

Notes:

- (1) These shares were beneficially owned by Mrs. Lo, the spouse of Mr. Lo. Mr. Lo was deemed to be interested in 312,000 shares under Part XV of the SFO.
- (2) These shares were beneficially owned by SOCL. SOCL was held under the Bosrich Unit Trust, the trustee of which was Bosrich. The units of the Bosrich Unit Trust were the property of a discretionary trust, with Mr. Lo as the founder and a discretionary beneficiary, Ms. Lo as a discretionary beneficiary, and HSBC Trustee as the trustee. Accordingly, Mr. Lo, Mrs. Lo, Ms. Lo, Bosrich and HSBC Trustee were deemed to be interested in such shares under Part XV of the SFO.
- (3) These percentages have been compiled based on the total number of issued shares (i.e., 373,346,164 shares) of SOCAM at 30 June 2024.

(c) Interests in the debentures of the associated corporation of the Company

Name of Directors	Name of associated corporation	Nature of interests	Amount of debentures
Mr. Lo	Shui On Development (Holding) Limited ("SODH")	Founder and discretionary beneficiary of a trust	USD14,800,000 (Note 1)
		Family interests	USD1,400,000 (Note 2)
Ms. Lo	SODH	Discretionary beneficiary of a trust	USD14,800,000 (Note 1)

Notes:

- (1) These debentures were held by SOCL through its controlled corporations, comprising debentures amounting to USD1,000,000 and USD13,800,000, held by SOCAM and SOI, respectively, whereas SOCAM was held by SOCL as to 63.29% at 30 June 2024. SOI was an indirect wholly-owned subsidiary of SOCL. SOCL was held under the Bosrich Unit Trust, the trustee of which was Bosrich. The units of the Bosrich Unit Trust were the property of a discretionary trust, with Mr. Lo as the founder and a discretionary beneficiary, Ms. Lo as a discretionary beneficiary, and HSBC Trustee as the trustee. Accordingly, Mr. Lo, Mrs. Lo, Ms. Lo, Bosrich and HSBC Trustee were deemed to be interested in such debentures under Part XV of the SFO.
- (2) These debentures were beneficially owned by Mrs. Lo, the spouse of Mr. Lo. Mr. Lo was deemed to be interested in such debentures under Part XV of the SFO.

Save as disclosed above, at 30 June 2024, none of the Directors or the chief executive of the Company had an interest or short position in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register of interests required to be kept by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SECURITIES

At 30 June 2024, the persons or corporations (other than a Director or chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO were as follows:

Name of shareholders	Capacity/ Nature of interests	Total number of ordinary shares and underlying shares	Approximate percentage of interests to the issued share capital of the Company (Note 4)
Mrs. Lo	Family and personal interests	4,513,605,772 (Notes 1 & 3)	56.23%
HSBC Trustee	Trustee	4,511,756,251 (Notes 2 & 3)	56.21%
Bosrich	Trustee	4,511,756,251 (Notes 2 & 3)	56.21%
SOCL	Interests of controlled corporation	4,511,756,251 (Notes 2 & 3)	56.21%

Notes:

- (1) These shares comprised 1,849,521 shares beneficially owned by Mrs. Lo and 4,511,756,251 shares in which Mr. Lo, the spouse of Mrs. Lo, had a deemed interest under Part XV of the SFO as mentioned in Note (2) below. Accordingly, Mrs. Lo was also deemed to be interested in 4,511,756,251 shares under Part XV of the SFO.
- (2) These shares were held by SOCL through its controlled corporations, comprising 1,725,493,996 shares, 2,756,414,318 shares, and 29,847,937 shares held by SOP, SOI, and NRI, respectively, whereas SOP was a wholly-owned subsidiary of SOI. NRI was a wholly-owned subsidiary of SOCAM which in turn was held by SOCL as to 63.29% as of 30 June 2024. SOCL was held under the Bosrich Unit Trust, the trustee of which was Bosrich. The units of the Bosrich Unit Trust were the property of a discretionary trust, with Mr. Lo as the founder and a discretionary beneficiary, Ms. Lo as a discretionary beneficiary, and HSBC Trustee as the trustee. Accordingly, Mr. Lo, Mrs. Lo, Ms. Lo, Bosrich and HSBC Trustee were deemed to be interested in such shares under Part XV of the SFO.
- (3) All the interests stated above represent long positions.
- (4) These percentages have been compiled based on the total number of issued shares (i.e., 8,027,265,324 shares) of the Company at 30 June 2024.

Save as disclosed above, at 30 June 2024, the Directors are not aware of any other person or corporation (other than a Director or chief executive of the Company), having an interest or short position in the shares or underlying shares of the Company as recorded in the register of interests required to be kept by the Company under section 336 of the SFO.

SHARE OPTION SCHEME AND SHARE AWARD SCHEMES

Share Option Scheme

A share option scheme (the “Share Option Scheme”) was adopted by the Company on 24 May 2017 for a period of 10 years commencing on the adoption date and ending on 23 May 2027. No share option has been granted under the Share Option Scheme since its adoption. Therefore, there was no share option outstanding as at the beginning and the end of the six months ended 30 June 2024 and no share option lapsed or was exercised or cancelled during the six months ended 30 June 2024. At the beginning and the end of the six months ended 30 June 2024, the number of options available for grant in respect thereof is 802,663,018 shares of the Company (the “Shares”).

Shares Award Schemes

The connected employee share award scheme (the “Connected Employee Share Award Scheme”) and the employee share award scheme (the “Employee Share Award Scheme”) (collectively, the “Share Award Schemes”) were adopted by the Company on 1 April 2015. The Connected Employee Share Award Scheme was adopted for chief executive officers, directors, or employees who are connected persons of the Company. The Employee Share Award Scheme was adopted for employees other than those covered under the Connected Employee Share Award Scheme.

On 1 April 2015, the Board resolved to grant (i) Awards (as defined in the Share Award Schemes) for a total of 17,149,000 Award Shares (as defined in the Share Award Schemes) to 15 connected employees^(Note) of the Group under the Connected Employee Share Award Scheme and (ii) Awards for a total of 7,705,000 Award Shares to 13 employees of the Group under the Employee Share Award Scheme respectively at no consideration (collectively, the “Awarded Shares”).

The Awarded Shares shall vest upon conditions relating to the Group’s performance, and the individual performance being met during the period from 2014 to 2016. The key performance measures were taken with reference to the Group’s financial performance and strategic growth. All the Awarded Shares disclosed above were either vested in tranches or lapsed between 2015 and 2019. At the beginning and the end of the six months ended 30 June 2024, there were no unvested Awards granted under the Share Award Schemes.

During the six months ended 30 June 2024, no Award has been granted under the Share Award Schemes. During the six months ended 30 June 2024, no Award under the Share Award Schemes was vested, cancelled, or lapsed.

Since the adoption of the Share Award Schemes, 7,143,750 Award Shares (excluding the 17,710,250 Shares lapsed and held in the trusts for the Share Award Schemes, which comprise 13,725,875 Shares for grant under the Connected Employees Share Award Scheme and 3,984,375 Shares for grant under the Employee Share Award Scheme) were utilised under such scheme mandate. Accordingly, the total number of Award Shares available for grant under the Share Award Schemes at the beginning and the end of the six months ended 30 June 2024 (based on the then issued Shares) were both 394,219,516 Award Shares.

The number of shares that may be issued in respect of options and awards granted under the Share Option Scheme and the Share Award Schemes during the six months ended 30 June 2024 divided by the weighted average number of Shares in issue for the year ended 30 June 2024 is not applicable since there was no grant of options or awards during the period.

Note: The 15 connected employees of the Group were Mr. Daniel Yim Keung Wan, Mr. Philip Kun To Wong, Mr. Tang Ka Wah, Mr. Charles Wing Ming Chan, Ms. Jessica Ying Wang, Mr. Matthew Qing Guo, Mr. Willie Kim Lun Uy, Mr. Bryan Kin Wang Chan, Mr. Timmy Tat Man Leung, Mr. Adam Kim Fung Li, Mr. Dixon Man, Mr. Allan Bin Zhang, Ms. Sarah Ying Xian Zhang, Mr. Alfred Jun Ao Wu, and Mr. Frankie Kwok Fai Lai. Mr. Daniel Yim Keung Wan, Mr. Philip Kun To Wong, Mr. Tang Ka Wah, Mr. Charles Wing Ming Chan, Mr. Bryan Kin Wang Chan, Mr. Alfred Jun Ao Wu, and Mr. Frankie Kwok Fai Lai have left the Group. Mr. Matthew Qing Guo left the Group in 2018 and rejoined the Group in 2022. The award shares granted but unvested to Mr. Guo lapsed in 2018 when he left the Group.

CORPORATE GOVERNANCE

The Company reviews its corporate governance practices from time to time to ensure it complies with all the applicable code provisions set out in the Corporate Governance Code (the “CG Code”) contained in Appendix C1 of the Listing Rules and aligns with its latest developments. The Board believes that good corporate governance is essential to the success of the Company, the enhancement of shareholder value, and stakeholders’ confidence in the Company.

Compliance with the CG Code

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 specified in the section headed “Annual General Meeting” below.

Model Code for Securities Transactions

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.

Specific enquiry has been made of all the Directors, and the 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.

To comply with the CG Code, the Company has established and adopted a Code for Securities Transactions by Relevant Employees (as defined in the Listing Rules), on terms no less exacting than the Model Code, to regulate dealings in the securities of the Company by certain employees of the Company or any of its subsidiaries who are considered to be likely in possession of unpublished inside information in relation to the Company or its securities because of their offices or employment.

No incident of non-compliance with the Model Code by the Directors and the Code for Securities Transactions by Relevant Employees was noted by the Company during the six months ended 30 June 2024.

Board Composition

As a commitment to good corporate governance, the Company’s Articles of Association stipulate that subject to the provisions contained therein, the Board shall include a majority of Independent Non-executive Directors (“INEDs”). Subsequent to Dr. Roger L. McCARTHY’s retirement as an INED of the Company at the conclusion of the annual general meeting of the Company held on 28 May 2024 (the “2024 AGM”) and as of the date of this report, the Board comprises eleven members in total, with four Executive Directors and seven INEDs.

In conformity with the Board Diversity Policy adopted by the Company, the composition of the Board reflects the necessary balance of gender, skills, experience, and diversity of perspectives desirable for effective leadership of the Company and independence in decision-making.

In addition, the respective functions of the Board and the management are established and set out in writing for the delegation of day-to-day operational responsibility to the management of the Company.

Chairman and Chief Executive

The roles of the Chairman and the Chief Executive of the Company are separated and performed by Mr. Lo and Ms. Wang, respectively. The division of responsibilities between the Chairman and the Chief Executive is established and set out in writing, a copy of which has been published on the Company's website. Ms. Lo was appointed as the Vice Chairman of the Company on 28 May 2024 to assist Mr. Lo in leading the Board in deciding on the direction and future development of the Company.

Board Committees

The Board has established five Board committees with defined terms of reference, namely the Audit and Risk Committee, the Remuneration Committee, the Nomination Committee, the Sustainability Committee, and the Strategy Committee, for overseeing particular aspects of the Company's affairs.

Audit and Risk Committee

The Audit and Risk Committee was established to review the financial information of the Group, oversee the Group's financial reporting system, risk management and internal control systems, and assist the Board and its Chairman in performing the corporate governance functions of the Company. The Audit and Risk Committee also reviews the relationship with the external auditor including but not limited to their work, fees, and terms of engagement, and makes recommendations to the Board on the appointment, reappointment, and removal of the external auditor.

The Audit and Risk Committee consists of three members, namely Professor Biddle, Mr. Albert K. P. NG ("Mr. Ng"), and Mr. Gregory K. L. SO, all of whom are INEDs. The Chairman of the Audit and Risk Committee is Professor Biddle who possesses appropriate professional qualifications, accounting, and related financial management expertise.

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 systems adopted by the Company. The Audit and Risk Committee does not disagree with the accounting treatments adopted.

Remuneration Committee

The Remuneration Committee was established to evaluate the performance of the Directors and senior management and make recommendations on their remuneration packages and evaluate and make recommendations on employee benefit arrangements.

The Remuneration Committee consists of three members, namely Mr. Anthony J. L. NIGHTINGALE ("Mr. Nightingale") (Chairman of the Remuneration Committee), Mr. Lo, and Professor Biddle. The majority of the members of the Remuneration Committee are INEDs.

Nomination Committee

The Nomination Committee was established to review the structure, size, and composition of the Board and the Board Diversity Policy, identify individuals suitably qualified to become members of the Board, and assess the independence of INEDs.

The Nomination Committee consists of three members, namely Mr. Shane S. TEDJARATI ("Mr. Tedjarati") (Chairman of the Nomination Committee), Professor Biddle, and Ms. Lo. The majority of the members of the Nomination Committee are INEDs.

Sustainability Committee

The Sustainability Committee was established to assist the Board in producing enhanced shareholder value by providing ongoing insights into sustainable development trends and market practices and to advise the Board on the development and implementation of the sustainable development strategy of the Group and compliance with the Environmental, Social and Governance (“ESG”) Reporting Guide or such equivalent guide, practice note or code set out in the Listing Rules and amended from time to time and other third party’s ESG disclosure requirements.

The Sustainability Committee consists of four members, namely Ms. Ya Ting WU (Chairman of the Sustainability Committee), Ms. Randy W. S. LAI, Ms. Lo, and Ms. Wang. Half of the members of the Sustainability Committee are INEDs.

Strategy Committee

The Strategy Committee was established to provide guidance on the long-term strategic positioning, the vision plan, and the medium to long-term challenges of the Group and review and make recommendations to the Board on the formulation of the near to medium-term strategic focus.

The Strategy Committee consists of seven members, namely Mr. Lo (Co-chair of the Strategy Committee), Mr. Tedjarati (Co-chair of the Strategy Committee), Professor Biddle, Mr. Nightingale, Mr. Ng, Ms. Lo, and Mr. Douglas H. H. SUNG. The majority of the members of the Strategy Committee are INEDs.

Induction, Training, and Continuing Development for Directors

The Directors are continually updated on legal and regulatory developments, as well as business and market changes, to facilitate the discharge of their responsibilities. During the six months ended 30 June 2024, the Directors attended three training sessions organised by the Company and perused three ESG-related articles provided by the Company.

In addition, individual Directors participated in forums and workshops organised by external professional consultants for continuous professional development.

Annual General Meeting

The Chairman of the Board, most of the Directors, the Chairmen of the Audit and Risk Committee, the Remuneration Committee, the Nomination Committee, the Sustainability Committee, and the Strategy Committee, or in their absence, another member of the committees and the external auditor were present at the 2024 AGM, and the meeting provided a useful forum for shareholders to exchange views with the Board. 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. Tedjarati, the INED of the Company, could not attend the 2024 AGM due to other business engagements. Save for the above, all the INEDs attended the 2024 AGM.

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.

DISCLOSURE UNDER RULE 13.21 OF THE LISTING RULES

On 3 March 2020, a written agreement (the “2025 SODH Indenture”) was entered into between the Company as guarantor, SODH as issuer, and DB Trustee (Hong Kong) Limited (“DB”) as trustee of the USD400 million in 5.50% senior notes due 2025 issued by SODH (the “2025 SODH Notes”), pursuant to which the 2025 SODH Notes were issued. The 2025 SODH Indenture provides that upon the occurrence of a change of control (as defined in the 2025 SODH Indenture), the Company or SODH will make an offer to repurchase all outstanding 2025 SODH Notes, at a purchase price equal to 101% of the principal amount thereof plus accrued and unpaid interest, if any, at the date of repurchase. Details of the transaction were set out in the announcement of the Company dated 3 March 2020.

On 20 February 2020, SODH commenced the Exchange and Tender Offer to the Eligible Holders of USD500 million in 5.70% senior notes due 2021 (the “2021 Notes”) and USD500 million in 6.25% senior notes due 2021 (the “2021 SODH Notes”). On 28 February 2020, the Company determined to accept USD64,972,000 for the exchange of the 2021 Notes and USD24,942,000 for the exchange of the 2021 SODH Notes. Pursuant to the Exchange Offer, USD89,914,000 new notes were issued which formed a single series with the 2025 SODH Notes with the aggregate principal amount of USD489,914,000. Details of the transaction were set out in the announcements of the Company dated 20 February 2020, 21 February 2020, 2 March 2020, and 3 March 2020.

On 24 August 2020, a written agreement (the “2024 SODH Indenture”) was entered into between the Company as guarantor, SODH as issuer, and DB as trustee of the USD500 million in 6.15% senior notes due 2024 issued by SODH (the “2024 SODH Notes”), pursuant to which the 2024 SODH Notes were issued. The 2024 SODH Indenture provides that upon the occurrence of a change of control (as defined in the 2024 SODH Indenture), the Company or SODH will make an offer to repurchase all outstanding 2024 SODH Notes, at a purchase price equal to 101% of the principal amount thereof plus accrued and unpaid interest, if any, at the date of repurchase. Details of the transaction were set out in the announcement of the Company dated 24 August 2020.

On 29 June 2021, a written agreement (the “2026 SODH Indenture”) was entered into between the Company as guarantor, SODH as issuer, and DB as trustee of the USD400 million in 5.50% senior notes due 2026 issued by SODH (the “2026 SODH Notes”), pursuant to which the 2026 SODH Notes were issued. The 2026 SODH Indenture provides that upon the occurrence of a change of control (as defined in the 2026 SODH Indenture), the Company or SODH will make an offer to repurchase all outstanding 2026 SODH Notes, at a purchase price equal to 101% of the principal amount thereof plus accrued and unpaid interest, if any, at the date of repurchase. Details of the transaction were set out in the announcement of the Company dated 29 June 2021.

Any breach of the above obligations will cause a default in respect of the 2024 SODH Notes, the 2025 SODH Notes, and the 2026 SODH Notes, which may trigger cross defaults in other outstanding debts of the Group, in the aggregate amount of approximately RMB5,029 million at 30 June 2024.

CHANGES IN INFORMATION OF DIRECTORS UNDER RULE 13.51B(1) OF THE LISTING RULES

Pursuant to Rule 13.51B(1) of the Listing Rules, changes in the biographical details of the Directors of the Company are as follows:

Name of Director	Details of Change
Ms. Lo	was appointed as the Vice Chairman of the Company with effect from 28 May 2024.

Save as disclosed above, after having made all reasonable enquiries, the Company is not aware of any other information which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the date of the Company’s annual report 2023.

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.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Vincent H. S. LO (Chairman)
Ms. Stephanie B. Y. LO (Vice Chairman)
Ms. Jessica Y. WANG (Chief Executive Officer)
Mr. Douglas H. H. SUNG
(Chief Financial Officer and Chief Investment Officer)

Independent Non-executive Directors

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
Ms. Randy W. S. LAI

AUDIT AND RISK COMMITTEE

Professor Gary C. BIDDLE (Chairman)
Mr. Albert K. P. NG
Mr. Gregory K. L. SO

REMUNERATION COMMITTEE

Mr. Anthony J. L. NIGHTINGALE (Chairman)
Mr. Vincent H. S. LO
Professor Gary C. BIDDLE

NOMINATION COMMITTEE

Mr. Shane S. TEDJARATI (Chairman)
Professor Gary C. BIDDLE
Ms. Stephanie B. Y. LO

SUSTAINABILITY COMMITTEE

Ms. Ya Ting WU (Chairman)
Ms. Randy W. S. LAI
Ms. Stephanie B. Y. LO
Ms. Jessica Y. WANG

STRATEGY COMMITTEE

Mr. Vincent H. S. LO (Co-chair)
Mr. Shane S. TEDJARATI (Co-chair)
Professor Gary C. BIDDLE
Mr. Anthony J. L. NIGHTINGALE
Mr. Albert K. P. NG
Ms. Stephanie B. Y. LO
Mr. Douglas H. H. SUNG

COMPANY SECRETARY

Mr. UY Kim Lun

AUDITOR

Ernst & Young
Registered Public Interest Entity Auditor

LEGAL ADVISERS

Freshfields Bruckhaus Deringer
Mayer Brown

REGISTERED OFFICE

One Nexus Way
Camana Bay
Grand Cayman, KY1-9005
Cayman Islands

CORPORATE HEADQUARTERS

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PRC

(Hong Kong) 34/F, Shui On Centre
6-8 Harbour Road
Wan Chai
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PLACE OF BUSINESS IN HONG KONG

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PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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P.O. Box 1586
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Camana Bay
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BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor
Services Limited
Shops 1712-1716, 17/F, Hopewell Centre
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Wan Chai
Hong Kong

PRINCIPAL BANKERS

Bank of Communications Co., Limited
Bank of China Limited
China Merchants Bank Co., Limited
Industrial and Commercial Bank of
China Limited
Shanghai Pudong Development
Bank Co., Limited
United Overseas Bank Limited

STOCK CODE

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