瑞安房地產
SHUI ON LAND

INTERIM REPORT 2022
二零二二年度中期業績報告

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 272
股份代號 272

A LEADING URBAN SOLUTIONS PROVIDER IN CHINA

Headquartered in Shanghai, Shui On Land (Stock Code: 272) is a leading urban solutions provider dedicated to creating sustainable premium urban communities in China. It has a proven track record in developing large scale, mixed-use, sustainable communities, and is the flagship property development company of the Shui On Group. As of 30 June 2022, the Company has 13 projects in various stages of development in prime locations of major cities, with a landbank of 9.4 million sq.m. (6.9 million sq.m. of leasable and saleable GFA, and 2.5 million sq.m. of clubhouses, car parking spaces and other facilities). It is also one of the largest private commercial property owners and managers in Shanghai, with a total portfolio of 1.72 million sq.m. of office and retail premises, including its flagship Shanghai Xintiandi, which is currently under its management.

The Company was established in 2004 and was listed on the Hong Kong Stock Exchange on October 4, 2006. Shui On Land was included in the Hang Seng Composite Index, HSCI Composite Industry Index – Properties & Construction, Bloomberg Gender-Equality Index as well as Bloomberg ESG Score Universe.

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CHAIRMAN'S STATEMENT

The challenging macroeconomic and capital market conditions the world witnessed in the second half of 2021 had only worsened moving in the first half of 2022. The Russia-Ukraine war, with its accompanying inflationary pressures, the COVID outbreak in China and the resulting lockdowns in Shanghai and other major cities, as well as the sharp depreciation of the RMB, have impacted all aspects of China's economy and the property market. This inevitably had a negative effect on the Group's performance.

Financial Highlights

Against this backdrop, the Group recorded a profit of RMB779 million in the first half of 2022, while profit attributable to shareholders totalled RMB450 million. Despite COVID outbreak and lockdowns, the Group delivered solid operational performance demonstrating strong demand and resilience. The contracted property sales for the first half of 2022 increased by 55% year-on-year to RMB18.7 billion. For the commercial portfolio, total rental and related income (including joint ventures and associates) was RMB1,476 million, representing a growth of 8% year-on-year.

"Despite COVID outbreak and lockdowns, the Group delivered solid operational performance demonstrating strong demand and resilience. Our healthy balance sheet and prudent capital management strategy supports us to capture new market opportunities and deliver quality growth."

The Group has maintained its prudent approach to balance sheet management and remains financially strong. Supported by a healthy balance sheet, the Group redeemed the USD600,000,000 6.40% senior perpetual capital securities in June 2022 with internal resources. The net gearing ratio remained healthy at 48% (31 December 2021: 30%); with the redemption of the senior perpetual capital securities resulting in a 13% increase. Cash and bank deposits totalled RMB12,975 million.

The Board has recommended an interim dividend of HKD0.036 per share (2021: HKD0.036).

Impact of the COVID outbreak and Shanghai lockdown

During the period under review, the COVID outbreaks in China resulted in a series of lockdowns across the country, particularly Shanghai. The restrictions imposed on business and other activities, often lasting several months, significantly reduced economic growth, with second quarter GDP growth falling to 0.4%. Shanghai's property market and retail sector were especially hit by the lockdown measures.

For our commercial properties, dining, leisure and retail premises were closed, reducing footfall and sales. Although commercial properties re-opened on 1 June in Shanghai, indoor dining was not permitted before 29 June, meaning the recovery in footfall and sales in June were accordingly weak. On the residential side, new sales and construction activities ground to a halt during the lockdown. Although construction sites resumed work on 1 June, activity has been hampered by a lack of available labour and a shortage of construction materials arising from transportation blockages and the tight supply of materials.

These challenging circumstances have inevitably led to a reduction in revenue at our businesses in the short term. Among the more significant impacts, delivery of the completed Lakeville V units to buyers was delayed, meaning that recognition of sales revenue from these units is postponed to the second half of the year, lowering our overall revenue for the period under review.

The rising importance of high-quality property and asset management services

The experience of COVID-19 has reinforced demand for the high-quality of life our properties offer, based on a commitment to urban renewal and the creation of vibrant, sustainable communities. Hence, we continue to attract buyers and tenants for our properties, resulting in good sales and the continuing high levels of occupancy across our portfolio.

The worth of our outstanding property management services, moreover, became even more apparent as restrictions on normal life came into effect, we have overcome enormous logistical challenges to help our tenants. We worked very closely with our commercial and office tenants in particular ways to help them get through this very challenging time. During the lockdown, we were able to provide our staff, as well as our commercial and office tenants, with some 3,000 much needed food parcels. In addition, at our residential communities, our property management staff helped residents to make group purchases of nearly 40,000 items of grocery and ensure that they were delivered to each unit. They also organised online entertainments such as concerts, art classes and fitness classes to relieve mental stress that came with the lockdown.

All these helps to explain the very strong response to the new units launched during the first six months. Although the Shanghai economy was deeply impacted during the first half of 2022, housing demand for our projects has nonetheless remained very strong. Such was the level of demand for our projects that prospective buyers had to meet stringent criteria even for the right to submit a bid and when Park Vera at Rui Hong Xin Cheng in Shanghai launched online on 8 June, all of the available units were sold in the first day. Overall, our sales have performed well in the year to date. Accumulated contracted property sales amounted to RMB18,715 million for the first six months of 2022, comprising residential property sales of RMB18,577 million and commercial property sales of RMB138 million. In addition, as of 30 June 2022, the Group had recorded a total of RMB1,783 million of subscribed sales, which is expected to be turned into contracted property sales in the coming months.

Increasing our commitment to sustainable development

We are fully aware that the benefits of urbanisation and industrialisation come with environmental costs. As a developer and asset manager we therefore acknowledge a responsibility to work towards sustainability in our operations. We embrace this principle across the Group, in our property development, asset management businesses and corporate management.

We keep our sustainable development targets and policies under constant review, with the intention of making an increasingly positive impact on society and the natural world. We have recently upgraded our commitment to the Science Based targets (SBTi) to achieve the pledge of Below 1.5°C for emissions reductions. In Wuhan we are on our way to achieving net zero operationally, the South Hall of Horizon at Wuhan Tiandi became the first mall in China to obtain a carbon neutrality certificate issued by the Shanghai Environment and Energy Exchange and will achieve 90% carbon emissions reduction in the next year. Shanghai Xintiandi is now starting to develop a near-zero carbon demonstration area.

The high level of international recognition we have gained for our efforts bears witness to our success in turning commitments and pledges into quantifiable results. Most significant of all, Rui Hong Xin Cheng in Shanghai recently won the Urban Land Institute Asia Pacific Excellence Award, the ninth ULI Excellence Award our projects have received. This is especially noteworthy because the criteria used by ULI encompass market-based metrics, meaning our development did not only meet environmental and social targets, but was acknowledged to have met a genuine market need.

We are also very proud to be one of only three companies in China currently named to the 2022 Bloomberg Gender-Equality Index. Again, we recognise that creating a diverse and inclusive culture across our operations is not just the right thing to do in terms of business ethics, but is important for the Group's future success. Drawing on the widest pool of talent to hire and promote people based on merit is one reason we have been able to execute so consistently well on our strategy.

A very cautious outlook, but eyeing longer-term opportunities

We are cautious about the immediate future. Looking at the Chinese property market specifically, the Three Red Lines policy first introduced in 2020 has put many property companies with weaker balance sheets under pressure. During the first half of 2022, this pressure has intensified, with more and more developers defaulting on their financial obligations. Some cities have relaxed the tightening measures somewhat, and Shanghai has lowered the threshold for young talent to reside in the city. Whilst such policy changes will offer some support, however, I do not think we have seen a bottom yet and the need to deleverage will see rising volumes of forced sales in the months and years ahead.

Although the immediate outlook is less than favourable, the impending market correction should enable us to acquire assets in prime locations at attractive prices during what could be a golden era for new investment. Our most recent investment, in December last year, was in the city of Wuhan, the site of an old shipyard in the centre of the city that offers exciting possibilities for urban renewal. We will continue to look at opportunities in second tier cities in the Yangtze River Delta, along the Yangtze and in the Greater Bay Area. Despite the short-term impact of the COVID outbreak, Shanghai remains our core market. The global realignment I spotlighted will put increasing emphasis on the domestic circulation of economic activity, and Shanghai will benefit from this to reposition itself, unifying the economy of the Yangtze River Delta and developing its financial markets further to support domestic Chinese growth.

A strong focus on liquidity

For the present, we are keenly focused on maintaining liquidity during this period of extreme volatility in global capital markets and our solid financial position testifies to our capital management capabilities. The Asset Light Strategy we embarked upon in 2016 has enabled us to stay financially sound despite the turbulence. At the end of June, our net gearing ratio was 48%, combined with RMB12.975 billion of cash. While many developers now experience difficulty in securing financing and repaying their debts, during the past six months the Group has repaid/refinanced over USD1,110 million of debt, including the redemption of USD600 million 6.40% senior perpetual capital securities in June 2022 with internal resources. Earlier this year, we signed two Memoranda of Understanding on financing collaboration, with Shanghai Pudong Development Bank and Bank of Shanghai, which will provide us with lines of credit for acquisitions in this down market.

In September last year we announced that we would spin off of our commercial property business Shui On Xintiandi, thereby creating two independent publicly traded companies each able to focus on its distinct area of business and act as a separate fund-raising platform. The two new appointments we made to lead the companies forward, Ms. Jessica Wang, CEO of Shui On Land, and Mr. Allan Zhang, CEO of Shui On Xintiandi, are settling in well and helping to tackle the challenges both businesses currently face. We will proceed with this transformation of our Group when there is a better market window. In the meantime, we will apply ourselves to delivering progress for our stakeholders within the existing Group structure.

Appreciation to all our stakeholders

Finally, I wish to express my sincere gratitude to all our Board members for their wise counsel, which has been invaluable in helping Shui On Land deal with the disruptions of the past six months, while retaining a strong vision of the future.

On behalf of the Board, I would like to thank our shareholders, business partners and customers for their continued confidence in the Group and its strategy.

In particular, my deep-felt appreciation goes to our management team and employees. Their hard work and dedication to our cause has allowed Shui On Land to maintain a steady course in the most difficult of conditions. I know I can count on your continued support as we move to tackle the challenges ahead and prepare for better times.

VINCENT H. S. LO
Chairman
Hong Kong, August 25, 2022

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

- **Stable performance despite macro challenges and COVID outbreak:** Ongoing challenging global macroeconomic environment, the COVID outbreak and subsequent lockdowns in Shanghai and other major cities have impacted all aspects of the Chinese economy and its property market. Against this backdrop, the Group recorded a profit of RMB779 million in 1H 2022, while profit attributable to shareholders totalled RMB450 million. The major factors affecting the Interim Results included:

- Foreign exchange translation loss, attributable to a 5.3% depreciation of RMB against USD in 1H 2022;

- Lower revenue and profit recognised from property sales, mainly due to the delay in construction and handover of residential units to buyers resulting from the COVID lockdown in Shanghai in Q2 2022;

- Adverse impact to rental and related income due to the COVID related lockdowns.

- **Healthy balance sheet proving strong capital management capabilities:** Supported by the healthy balance sheet, the Group has redeemed the USD600,000,000 6.40% senior perpetual capital securities in June 2022 with internal resources. The net gearing ratio stayed at a healthy level of 48% (31 December 2021: 30%), with the redemption of the senior perpetual capital securities resulting in a 13% increase. Cash and bank deposits totalled RMB12,975 million. We expect to maintain a prudent approach in managing our balance sheet.

- **Operational performance remained stable despite COVID:** Due to the delay in construction and handover of residential units, the Group's revenue for 1H 2022 decreased by 63% to RMB4,415 million (1H 2021: RMB11,977 million). However, the Group's contracted property sales for 1H 2022 increased by 55% year-on-year to RMB18.7 billion. As of 30 June 2022, the Group's total locked-in sales, including that of joint ventures and associates, were RMB43.7 billion for delivery and to be recognised in the Group's financial results in the second half of 2022 and beyond. For the commercial portfolio, total rental and related income (including joint ventures and associates) was RMB1,476 million, representing a growth of 8% year-on-year.

- **Interim dividend declared:** The Board has resolved to recommend the payment of a 2022 interim dividend of HKD0.036 per share (1H 2021: HKD0.036 per share).

Shui On Land is a leading commercial property-focused developer, owner, and asset manager in China, anchored by a prime city centre portfolio in Shanghai. We believe in the creation of long-term value through the design, development, and management of unique office and retail products. Our "Asset Light Strategy" enables us to enhance our financial strength, diversify our capital base and invest in new opportunities, which has proven to greatly facilitate our strategic transformation.

Our motto is "to be a pioneer in developing and operating sustainable premium urban communities". Since the inception of Shui On Land, sustainable development has been part of our DNA, and we have always been committed to caring for the environment, preserving and rejuvenating China's cultural heritage, and to building and sustaining vibrant communities. Sustainability is our business strategy, not a separate initiative. We employ a people-centric, sustainable approach to design and build master-planned communities, and we have a widely-recognised record of accomplishment in sustainable development.

In September 2021, the Group announced the intention to spin off our wholly-owned commercial property business Shui On Xintiandi ("SXTD"). SXTD is one of the largest owners of prime commercial properties in Shanghai, with a strong presence in other high-growth Chinese cities. The Group will continue to grow our commercial property portfolio and look for the right market window to pursue the proposed spin-off.

KEY ACHIEVEMENTS IN 1H 2022

- In 1H 2022, we recorded contracted sales of RMB18,715 million, representing a 55% year-on-year increase. This includes the launch of Shanghai Taipingqiao Ville V (Lot 118), Shanghai RHXC Ocean One (Lot 7), and Shanghai RHXC Park Vera (Lot 167A). RMB1,783 million of subscribed sales as of 30 June 2022 is expected to be turned into contracted property sales in the second half of 2022 ("2H 2022") and beyond.

- Our commercial property portfolio has delivered resilient recurrent rental income. Including properties held by joint ventures and associates, total rental and related income increased by 8% year-on-year to RMB1,476 million in 1H 2022, of which 74% was contributed by our portfolio located in Shanghai.

- In February 2022, the Group signed a RMB10 billion Memorandum of Understanding (MoU) with the Shanghai Pudong Development Bank (SPD Bank) Shanghai Branch. SPD Bank is to provide M&A financing services and leverage its financial services and products in environmental, social and governance ("ESG") to support the Group in its robust and diversified ESG efforts.

- In March 2022, the Group signed a RMB10 billion MoU with the Bank of Shanghai on real estate financing and ESG and sustainable financing.

- In June 2022, the Group redeemed the USD600,000,000 6.40% senior perpetual capital securities callable 2022.

PROPERTY SALES PERFORMANCE

Recognised Property Sales

For 1H 2022, total recognised property sales were RMB2,618 million (after deduction of applicable taxes). The decrease was mainly due to the delay in the handover of Taipingqiao Ville V (Lot 118) and the delay in the construction of Shanghai Panlong Tiandi. The average selling price ("ASP") excluding carparks decreased by 10% to RMB51,000 per sq.m. compared to 1H 2021, as more recognised sales were recorded from projects with higher ASP in Shanghai in 1H 2021.

The table below summarises by project the recognised property sales (stated after the deduction of applicable taxes) for 1H 2022 and 1H 2021:

	1H 2022			1H 2021		
Project	Sales revenue	GFA sold	ASP[1]	Sales revenue	GFA sold	ASP[1]
	RMB' million	sq.m.	RMB per sq.m.	RMB' million	sq.m.	RMB per sq.m.
Shanghai Taipingqiao						
Residential (Lot 118)	–	–	–	5,935	39,500	164,500
Shanghai RHXC						
Residential (Lot 1)	**16**	**200**	**90,000**	3,006	29,900	109,600
Retail (Lot 1)	**8**	**100**	**80,000**	–	–	–
Shanghai Panlong Tiandi	**2,065**	**37,100**	**60,900**	–	–	–
Wuhan Tiandi						
Residential	**314**	**6,900**	**49,700**	4,073	103,900	43,000
Office	**26**	**1,300**	**21,500**	–	–	–
Wuhan Optics Valley Innovation Tiandi						
Residential	**85**	**4,600**	**20,000**	67	4,500	16,200
Foshan Lingnan Tiandi						
Residential	**8**	**300**	**26,700**	171	7,400	25,300
Retail	–	–	–	11	1,400	8,600
Chongqing Tiandi[2]						
Residential	–	–	–	1,594	98,100	21,600
Retail	**46**	**4,500**	**11,100**	15	1,000	16,700
SUBTOTAL	2,568	55,000	51,000	14,872	285,700	56,900
Carparks	**50**	–	–	49	–	–
GRAND TOTAL	2,618	55,000	52,000	14,921	285,700	57,100
Recognised as:						
– property sales in revenue of the Group[3]	**2,449**			10,214		
– revenue of associates	**84**			4,640		
– revenue of joint ventures	**85**			67		
GRAND TOTAL	2,618			14,921		

Notes:

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

2 ASP of Chongqing residential sales is based on net floor area, a common market practice in the region. Ancillary retail space of RMB46 million and carparks sales of RMB14 million were contributed by Chongqing Tiandi partnership portfolio and were recognised as revenue of associates in 1H 2022. The Group holds a 19.8% interest in the partnership portfolio.

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

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

The Group's contracted property sales increased by 55% to RMB18,715 million in 1H 2022, compared to RMB12,115 million in 1H 2021, with residential property sales accounting for 99% and the remainder contributed by the sale of commercial units. The increase was due to strong sales performance in Shanghai RHXC Ocean One (Lot 7) and Shanghai RHXC Park Vera (Lot 167A). The Group expects to launch more residential property developments in 2H 2022, subject to the latest construction progress of the developments and government pre-sale approval timing. The ASP of property sales was RMB101,000 per sq.m. in 1H 2022, compared to RMB51,400 per sq.m. in 1H 2021, with the increase due mainly to a higher proportion of contracted property sales being generated from higher ASP projects in Shanghai.

As of 30 June 2022:

i) total subscribed sale was RMB1,783 million, with RMB641 million contributed by Shanghai RHXC Park Vera (Lot 167A), and the balance RMB425 million was from Shanghai RHXC Ocean One (Lot 7). The above-mentioned are subject to formal sales and purchase agreements in the coming months.

ii) a total locked-in sale of RMB43.7 billion was recorded and available for delivery to customers and to be recognised in the Group's financial results in 2H 2022 and beyond.

The table below provides an analysis by project of contracted sales (stated before the deduction of applicable taxes) for 1H 2022 and 1H 2021:

Project	1H 2022			1H 2021		
	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)	**448**	**2,700**	**165,900**	968	5,700	169,800
Shanghai RHXC (Lot 7)[1]	**7,688**	**66,800**	**115,100**	4,193	36,500	114,900
Shanghai RHXC (Lot 1)[1]	**–**	**–**	**–**	599	5,500	108,900
Shanghai RHXC (Lot 167A)[2]	**9,649**	**80,600**	**119,700**	–	–	–
Shanghai Panlong Tiandi	**79**	**1,300**	**60,800**	2,849	46,400	61,400
Wuhan Optics Valley Innovation Tiandi	**150**	**6,500**	**23,100**	848	38,000	22,300
Foshan Lingnan Tiandi	**2**	**100**	**20,000**	71	2,800	25,400
Chongqing Tiandi[3]	**484**	**17,800**	**33,200**	2,300	95,700	29,300
Carparks	**77**	**–**	**–**	46	–	–
SUBTOTAL	18,577	175,800	105,700	11,874	230,600	51,500
Commercial property sales:						
Shanghai RHXC	**8**	**100**	**80,000**	185	2,100	88,100
Foshan Lingnan Tiandi	**–**	**–**	**–**	12	1,400	8,600
Chongqing Tiandi						
Retail	**68**	**4,200**	**16,200**	44	1,700	25,900
Office	**62**	**5,200**	**11,900**	–	–	–
SUBTOTAL	138	9,500	14,500	241	5,200	46,300
GRAND TOTAL	18,715	185,300	101,000	12,115	235,800	51,400

Notes:

1 The Group held 49.5% of the properties.

2 The Group held 49% of the property.

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

Residential GFA Available for Sale and Pre-sale in 2H 2022

The Group has approximately 147,300 sq.m. of residential GFA spanning seven projects available for sale and pre-sale during 2H 2022, as summarised below:

Project	Product		Available for sale and pre-sale in 2H 2022	
		GFA in sq.m.	Group's interests %	Attributable GFA in sq.m.
Shanghai Taipingqiao Lot 118	High-rises	5,100	99%	5,000
Shanghai RHXC Lot 7	High-rises	3,800	49.50%	1,900
Shanghai RHXC Lot 167A	High-rises	5,300	49%	2,600
Shanghai Panlong Tiandi	High-rises	71,900	80%	57,500
Wuhan Tiandi	High-rises	20,400	100%	20,400
Wuhan Optics Valley Innovation Tiandi	High-rises	38,700	50%	19,400
Chongqing Tiandi	High-rises	2,100	19.80%	400
TOTAL		**147,300**		**107,200**

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

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

PROPERTY DEVELOPMENT

Residential Properties under Development

Shanghai Taipingqiao – Ville V (Lot 118) with a total GFA of 78,000 sq.m. for residential use. The Group launched the second phase, comprising a total of 106 units, in October 2021 with a total GFA of 36,000 sq.m.. A total amount equivalent to RMB5.9 billion was handed over and recognised as revenue in 2021. The remaining units will be ready for handover in 2H 2022.

Shanghai RHXC – Ocean One (Lot 7) has a total GFA of 161,000 sq.m. for residential and 2,000 sq.m. for retail shops. The last batch launched in January 2022 and all of the units have been launched and subscribed. The structure of Phase I and Phase II has been completed and will be ready for handover in 2023. Park Vera (Lot 167A) with a total GFA of 86,000 sq.m. for residential and 1,000 sq.m. for retail shops was launched in June 2022. A total amount of RMB9,649 million was contracted as of 30 June 2022.

Shanghai Panlong Tiandi – The Group launched a total of 741 units for pre-sale in October 2021, which will be ready for handover since 2H 2022. Lot 11, with a total GFA of 65,000 sq.m., was launched in July 2022.

Wuhan Tiandi – The structural construction of the basement has been completed for Lot B12 with a total GFA of 72,000 sq.m. for residential and 1,000 sq.m. for retail shops.

Wuhan Optics Valley Innovation Tiandi – The site was acquired in 2017. Lot R6, with a saleable GFA of 36,000 sq.m., started pre-sale in November 2021 and is currently under construction, and is planned to be handed over in 2H 2022. The construction work for Lots R7, R8, which has a total saleable GFA of 73,000 sq.m., was commenced in November 2021 and is planned to launch the first batch in 2H 2022.

Chongqing Tiandi – Glory Mansion (Lot B13) Phase I, with a total GFA of 153,000 sq.m. was completed and handed over in 2021. Glory Mansion Phase II with a total GFA of 94,000 sq.m. for office and retail use, Glorious River (Lots B5 & B10) with a total GFA of 173,000 sq.m. and Quiet Mansion (Lot B24-6) with a total GFA of 71,000 sq.m. were under construction. The Group holds a 19.8% interest in the partnership portfolio.

Commercial Properties under Development

Shanghai Taipingqiao – CPIC Xintiandi Commercial Center (Lots 123, 124 &132) held a ground-breaking ceremony in September 2019. The sites will be developed into a commercial complex comprising three Grade-A office towers with a total GFA of 192,000 sq.m. and an all-weather street-style shopping mall comprising 84,000 sq.m.. The office towers construction is planned for completion from 2023 to 2024 in phases, and the shopping mall is planned to be handed over in 2024. The Group holds a 25% interest in the development.

Shanghai RHXC – Construction work on Ruihong Tiandi Lot 10 commenced in 2017. It has been developed into a commercial complex comprising two Grade-A Office Towers named Ruihong Corporate Avenue with a total GFA of 145,000 sq.m., and a shopping mall named Hall of the Sun, comprising 185,000 sq.m.. The construction of the shopping mall has been completed and soft opened in September 2021.

Shanghai Hong Shou Fang – the Group acquired a commercial site in Hong Shou Fang in Putuo District of Shanghai with a total GFA of 48,000 sq.m. office and 14,000 sq.m. retail in 2019. Construction work commenced in the second half of 2020 and is planned for completion in 2023. The Group holds 100% interest in the site.

Wuhan Tiandi – 1 Corporate Avenue (Lot A1 office building) with a total GFA of 165,000 sq.m. was completed in September 2021 and has started leasing.

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

INVESTMENT PROPERTIES

A Leading Player in Commercial Real Estate

Project	Office GFA sq.m.	Retail GFA sq.m.	Total GFA sq.m.	Attributable GFA sq.m.	Asset Value as of 30 June 2022 RMB'billion	% of ownership
COMPLETED PROPERTIES						
Shanghai Taipingqiao Community						
Shanghai Xintiandi, Xintiandi Style II, Xintiandi Plaza, Shui On Plaza	36,000	85,000	121,000	109,000	**11.52**	100%/99%/80%/80%
5 Corporate Avenue, Hubindao	52,000	27,000	79,000	35,200	**6.74**	44.55%
The Hub	90,000	173,000	263,000	263,000	**8.93**	100%
Ruihong Tiandi Community						
Hall of the Moon, Hall of the Stars, The Palette 3	–	111,000	111,000	55,000	**4.01**	49.5%
Hall of the Sun, Ruihong Corporate Avenue	145,000	185,000	330,000	163,400	**11.74**	49.5%
Shanghai KIC	186,000	67,000	253,000	117,300	**8.56**	44.27%/50.49%
INNO KIC	41,000	4,000	45,000	45,000	**1.47**	100%
Nanjing IFC	72,000	28,000	100,000	50,000	**3.03**	50%
Wuhan Tiandi Community	165,000	239,000	404,000	404,000	**9.23**	100%
Foshan Lingnan Tiandi Community	16,000	143,000	159,000	159,000	**4.40**	100%
Chongqing Tiandi Community	–	131,000	131,000	130,000	**1.51**	99%
SUBTOTAL	**803,000**	**1,193,000**	**1,996,000**	**1,530,900**	**71.14**	
LAND & PROPERTIES UNDER DEVELOPMENT						
Shanghai Taipingqiao Community						
Xintiandi Style II (AEI)	–	19,000	19,000	18,800	**1.22**	99%
CPIC Xintiandi Commercial Center	192,000	84,000	276,000	69,000	**19.38**	25%
Shanghai RHXC						
Ruihong Tiandi Lot 167B	107,000	12,000	119,000	58,300	**4.33**	49%
Shanghai Hong Shou Fang	48,000	14,000	62,000	62,000	**2.46**	100%
Shanghai Panlong Tiandi	–	44,000	44,000	35,200	**0.95**	80%
Foshan Lot A	190,000	64,000	254,000	254,000	**1.89**	100%
SUBTOTAL	**537,000**	**237,000**	**774,000**	**497,300**	**30.23**	
GRAND TOTAL	**1,340,000**	**1,430,000**	**2,770,000**	**2,028,200**	**101.37**	

Valuation of the Investment Property Portfolio

As of 30 June 2022, the carrying value of the Group's investment properties at valuation (excluding hotels for operation and self-use properties) was RMB96,080 million with a total GFA of 2,638,700 sq.m.. The properties located in Shanghai, Wuhan, Foshan, Chongqing, and Nanjing, respectively, contributed 79%, 10%, 6%, 2%, and 3% of the carrying value.

The table below summarises the carrying value of the investment properties at valuation as of 30 June 2022 together with the change in fair value for 1H 2022:

Project	Leasable GFA	Increase/ (decrease) in fair value for 1H 2022	Carrying value as of 30 June 2022	Fair Value gain/(loss) to carrying value	Attributable carrying value to the Group
	sq.m.	RMB'million	RMB'million	%	RMB'million
SXTD PORTFOLIO[2]					
Completed investment properties					
Shanghai Taipingqiao Community					
Shanghai Xintiandi and Xintiandi Style II	61,000	(4)	6,762	(0.1%)	6,755
Shui On Plaza and Xintiandi Plaza	52,200	(10)	4,107	(0.2%)	3,327
5 Corporate Avenue, Hubindao (associate)	79,000	–	6,743	–	3,004
The Hub	263,000	(34)	8,925	(0.4%)	8,925
Shanghai KIC	248,000	34	8,415	0.4%	3,888
INNO KIC	45,000	(2)	1,473	(0.1%)	1,473
Wuhan Tiandi Community	239,000	58	6,584	0.9%	6,584
Foshan Lingnan Tiandi Community	142,000	27	4,148	0.7%	4,148
Chongqing Tiandi Community	128,000	(8)	1,485	(0.5%)	1,470
Nanjing IFC (joint venture)	100,000	35	3,030	1.2%	1,515
SUBTOTAL	**1,357,200**	**96**	**51,672**	**0.2%**	**41,089**
Investment properties under development					
Xintiandi Style II (AEI)	19,000	2	1,220	0.2%	1,208
Investment property – sublease of right-of-use assets					
Nanjing INNO	17,000	(5)	88	(5.7%)	88
SXTD PORTFOLIO TOTAL	**1,393,200**	**93**	**52,980**	**0.2%**	**42,385**
OTHER INVESTMENT PROPERTIES					
Shanghai RHXC	500	–	8	–	8
1 Corporate Avenue, Wuhan	165,000	–	2,648	–	2,648
Chongqing Street shops	3,000	(6)	28	(21.4%)	28
Shanghai Panlong Tiandi	44,000	10	945	1.1%	756
Shanghai Hong Shou Fang	62,000	2	2,459	0.1%	2,459
Foshan Lot A	254,000	–	1,888	–	1,888
Ruihong Tiandi Community (joint venture)	441,000	51	15,749	0.3%	7,796
CPIC Xintiandi Commercial Center (joint venture)	276,000	(119)	19,375	(0.6%)	4,844
OTHER INVESTMENT PROPERTIES TOTAL	**1,245,500**	**(62)**	**43,100**	**(0.1%)**	**20,427**
GRAND TOTAL	**2,638,700[1]**	**31**	**96,080**	**–**	**62,812**
GRAND TOTAL (EXCLUDING ASSOCIATES AND JOINT VENTURES)	**1,742,700[1]**	**64**	**51,183**	**0.1%**	**45,653**

Notes:

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

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

Shui On Xintiandi ("SXTD"): the Group's Flagship Commercial Business Unit

SXTD is a wholly-owned subsidiary and the commercial property business arm of the Group. SXTD currently owns and operates all the completed investment properties of the Group as well as two joint venture projects. There are three major business segments in SXTD:

i) Property investment, comprising investment, ownership, and operation of commercial properties and provision of other rental-related services;

ii) Property management, comprising commercial and residential property management services; and

iii) Real estate asset management, comprising commercial asset management services.

Selected Financial Information[1]

RMB'million	1H 2022	1H 2021	Year-on-Year Growth/(Decline)
Revenue	**1,421**	1,377	3%
Comprised of:			
– Property investment[2]	**1,085**	1,067	2%
– Property management	**252**	244	3%
– Real estate asset management	**78**	56	39%
– Others	**6**	10	(40%)
Gross profit	**1,057**	1,040	2%
Operating profit	**801**	811	(1%)
Underlying profit[3]	**399**	324	23%
	30 June 2022	**31 December 2021**	**Changes**
Net assets	**33,742**	33,416	1%
Net gearing ratio at the end of the period	**15%**	15%	–

Notes:

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

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

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

Property Investment

As of 30 June 2022, SXTD owns and manages eleven completed investment properties and two joint venture projects, namely 5 Corporate Avenue and Hubindao in Shanghai and Nanjing IFC, respectively.

Property investment contributed approximately 76% of SXTD total revenue in 1H 2022. Our retail and office investment properties accounted for 60% and 40% of rental income from property investment (including 5 Corporate Avenue and Hubindao and Nanjing IFC), respectively.

The retail market has been negatively affected by the COVID outbreak and lockdown in Shanghai in Q2 2022. Despite the adverse impact of the COVID outbreak, the retail portfolio still achieved a positive reversion with an average of 91% occupancy rate as of 30 June 2022, demonstrating the resilience of the portfolio.

Our office portfolio's occupancy rate stayed at an average of 91% as of 30 June 2022, while the occupancy rate of our office properties in Shanghai was at an average of 95%. Positive reversion was recorded during the period.

Performance of Investment Properties

The table below provides an analysis of the rental and related income, occupancy rate from investment properties for 1H 2022 and 1H 2021:

Project	Product	Leasable GFA	Rental & related income[6] RMB'million		Changes	Occupancy rate		Changes
		sq.m.	1H 2022	1H 2021	%	30 Jun 2022	31 Dec 2021	ppt
Shanghai Taipingqiao Community								
Shanghai Xintiandi	Office / Retail	54,000	**208**	218	(5%)	**91%**	100%	(9)
Xintiandi Style II	Retail	7,000[1]	**10**	32	(69%)	**62%[2]**	79%	(17)
Shui On Plaza & Xintiandi Plaza	Office / Retail	56,000	**85**	88	(3%)	**98%**	99%	(1)
The Hub	Office / Retail	263,000	**206**	205	0.5%	**92%**	95%	(3)
Shanghai KIC	Office / Retail	248,000	**236**	228	4%	**95%**	97%	(2)
INNO KIC	Office / Retail	45,000	**30**	29	3%	**86%**	97%	(11)
Wuhan Tiandi Community	Retail	239,000	**178**	148	20%	**92%**	93%	(1)
Foshan Lingnan Tiandi Community	Office / Retail	144,000	**97**	93	4%	**96%**	96%	–
Chongqing Tiandi Community	Retail	128,000	**35**	26	35%	**97%**	94%	3
TOTAL RENTAL AND RELATED INCOME		**1,184,000**	**1,085[7]**	**1,067**	**2%**			
Shanghai Taipingqiao Community								
5 Corporate Avenue, Hubindao[3] (classified as associate income)	Office/Retail	79,000	**124**	155	(20%)	**95%**	96%	(1)
Nanjing IFC[4] (classified as joint venture income)	Office/Retail	100,000	**59**	51	16%	**58%**	60%	(2)
GRAND TOTAL		**1,363,000[5]**	**1,268**	**1,273**	**–**			

Notes:

1 Excluded a total leasable GFA of 19,000 sq.m. which was under asset enhancement initiative ("AEI") since October 2021.

2 Drop in occupancy rate in 1H 2022 was due to AEI works, and tenants were vacated since 2021.

3 The Group held 44.55% effective interest in the property. Rental and related income attributable to SXTD was RMB55 million in 1H 2022 and RMB69 million in 1H 2021.

4 The acquisition of Nanjing IFC was completed in February 2021. The Group held 50% effective interest in the property. Rental and related income attributable to SXTD was RMB30 million in 1H 2022 and RMB26 million in 1H 2021.

5 A total GFA of 9,000 sq.m. located at Shanghai Shui On Plaza and Shanghai KIC were occupied by SXTD and were excluded from the above table.

6 Excluding property management income from commercial properties, which is included in the Property Management segment.

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

Rental and related income increased by 2% to RMB1,085 million in 1H 2022 compared to RMB1,067 million in 1H 2021. The increase was driven by additional rental contributions from Wuhan Tiandi after repositioning.

Including the properties of 5 Corporate Avenue and Hubindao, and Nanjing IFC, the total rental and related income decreased slightly to RMB1,268 million in 1H 2022, of which 71% of the rental and related income was contributed by the portfolio located in Shanghai, with the remaining from other cities in China.

Retail Tenant Mix

As of 30 June 2022

	By occupied GFA
F&B	30.0%
Fashion & beauty	24.9%
Entertainment	15.2%
Services	15.0%
Children & family	7.1%
Showroom	2.2%
Hotel & service apartment	2.1%
Supermarkets & hypermarkets	1.6%
Others	1.9%
TOTAL	**100.0%**

Office Tenant Mix

As of 30 June 2022

	By occupied GFA
High-Tech & TMT	29.1%
Biological, pharmaceutical & medical	14.4%
Professional services	11.6%
Banking, insurance & financial services	9.7%
Consumer products & services	8.7%
Automation, manufacturing & automobile	5.0%
Education, culture & innovation	3.9%
Real estate & construction	3.8%
Chemical	3.8%
Others	10.0%
TOTAL	**100.0%**

Our Projects and Latest Updates

Shanghai Taipingqiao Community

The Shanghai Taipingqiao Community is a large-scale, flagship community project, which is situated in the heart of Shanghai and was developed with the goal of preserving the region's historical architecture while transforming the area to meet urban development needs. Located in Huangpu District, the project is connected by Shanghai Metro Lines 1, 8, 10 and 14, fronting the popular Huai Hai Middle Road business district. The Group began the multi-phase development of Taipingqiao in 1996, which comprises various commercial, office, and residential developments. The Shanghai Taipingqiao Community comprises various commercial and office properties, including Shanghai Xintiandi, Xintiandi Style II, Shui On Plaza, Xintiandi Plaza, 5 Corporate Avenue, and Hubindao. Our flagship project, Shanghai Xintiandi, is located at the heart of the Shanghai Taipingqiao Community. Featuring the preservation of cultural heritage, Shanghai Xintiandi has been successfully established as an iconic landmark that offers a combined experience of old Shanghai culture and modern lifestyles and has made the community a premier lifestyle destination for citizens and visitors in Shanghai. As it continues to attract consumers and new tenants from across the world, it is also a popular venue to showcase international festivals and local events, such as Shanghai Fashion Week and XINTIANDI Performing Art Festival.

The decline in rental and occupancy of Xintiandi Style II was due to an asset enhancement initiative that commenced in October 2021. We target to re-open Xintiandi Style II in late 2022 with a brand-new concept and positioning to cater to the lifestyle-focused preferences of the growing young premium clientele.

The Hub

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

Shanghai KIC

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

INNO KIC

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

Wuhan Tiandi Community

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

The project has recorded a 20% increase in rental and related income in 1H 2022 as a result of the successful repositioning in which we optimised its tenant mix and food & beverage offerings, introducing new tenants focusing on young premium customers such as Knowin and Harmay. It has become a retail and social destination in Wuhan that offers lifestyle experiences to a young and premium clientele.

Foshan Lingnan Tiandi Community

The Foshan Lingnan Tiandi Community is a large-scale, integrated urban regeneration community comprising retail, office, hotel, cultural facilities, and residential complexes.

Strategically located in the old town centre of central Chancheng District, the project enjoys good connectivity with two subway stations of the Guangzhou-Foshan metro line. The project preserves traditional Lingnan-style architecture while blending cosmopolitan elements and modern facilities into a lifestyle destination, offering the city's residents and tourists a wide section of terrace restaurants and retail options.

Chongqing Tiandi Community

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

The project has recorded strong rental growth and reached 97% occupancy after repositioning to target young premium clientele and offers a wide range of retail, food, and beverages as well as entertainment facilities to the office tenants and residents in the neighbourhood.

Nanjing IFC

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

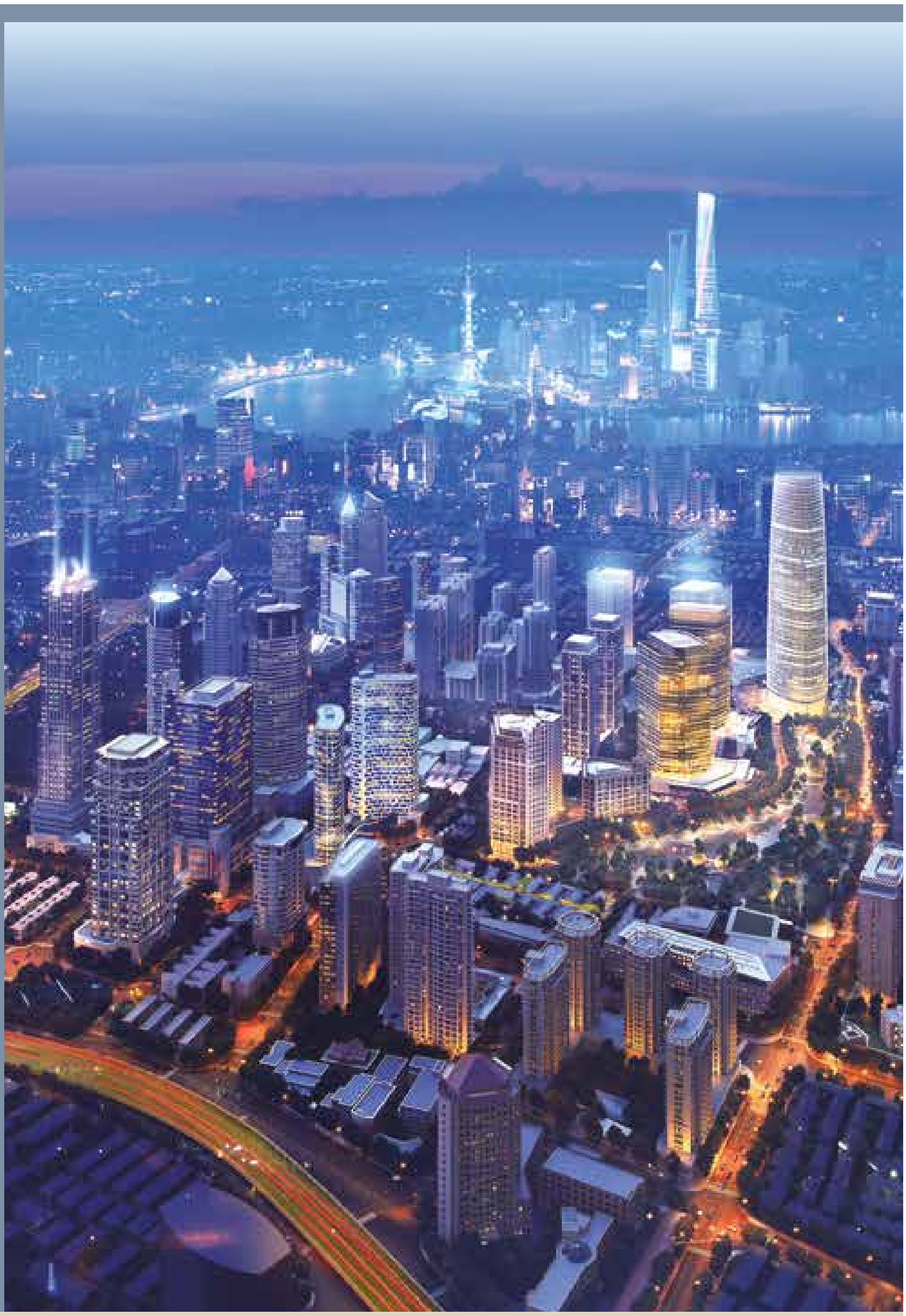
Property Management

We provide premium property management services for the commercial properties within the Group's portfolio as well as selective commercial and residential properties owned by third parties. In 1H 2022, the total GFA under management for commercial and residential properties were 4.3 million sq.m. and 5.1 million sq.m., respectively. Property management contributed approximately 18% of SXTD's revenue in 1H 2022. During the period, the segment's increased revenue was due to an increase in GFA under management compared to 1H 2021.

Real Estate Asset Management

We provide real estate asset management services for commercial projects with joint venture or third-party owners. The real estate asset management services include but are not limited to feasibility study, tenancy positioning, leasing, marketing and branding, account and finance management. As of 30 June 2022, our asset management projects include 5 Corporate Avenue and Hubindao, Nanjing IFC, commercial properties in the Ruihong Tiandi Community, 2 Corporate Avenue in Wuhan, and Nanjing INNO. The total valuation of the projects we managed amounted to RMB26.5 billion, with a total GFA of 680,000 sq.m. as of 30 June 2022. The business segment contributed approximately 5% of SXTD's revenue in 1H 2022.

LANDBANK



As of 30 June 2022, the Group's landbank was 9.4 million sq.m. (comprising 6.9 million sq.m. of leasable and saleable area and 2.5 million sq.m. for clubhouses, car parking spaces, and other facilities), spreading across thirteen development projects located in the prime areas of five major PRC cities, namely: Shanghai, Wuhan, Foshan, Chongqing, and Nanjing.

The leasable and saleable GFA attributable to the Group was 4.3 million sq.m.. Of the total leasable and saleable GFA of 6.9 million sq.m., approximately 2.1 million sq.m. was completed and held for sale and/or investment. Approximately 2.1 million sq.m. was under development, and the remaining 2.7 million sq.m. was held for future development.

The Group's total landbank as of 30 June 2022, including that of its joint ventures and associates, is summarised below:

Project	Approximate/Estimated leasable and saleable GFA								
	Residential	Office	Retail	Hotel/ serviced apartments	Subtotal	Clubhouse, carpark and other facilities	Total	Group's interests	Attributable leasable and saleable GFA
	sq.m.	sq.m.	sq.m.	sq.m.	sq.m.	sq.m.	sq.m.		sq.m.
COMPLETED PROPERTIES:									
Shanghai Taipingqiao	39,000	88,000	112,000	–	**239,000**	107,000	**346,000**	99.00%[1]	**183,000**
Shanghai RHXC	–	145,000	298,000	–	**443,000**	226,000	**669,000**	99.00%[2]	**219,000**
Shanghai KIC	–	164,000	67,000	22,000	**253,000**	142,000	**395,000**	44.27%[3]	**117,000**
The Hub	–	90,000	173,000	–	**263,000**	72,000	**335,000**	100.00%	**263,000**
Shanghai Panlong Tiandi	14,000	–	–	–	**14,000**	42,000	**56,000**	80.00%	**11,000**
INNO KIC	–	41,000	4,000	–	**45,000**	18,000	**63,000**	100.00%	**45,000**
Wuhan Tiandi	2,000	165,000	239,000	–	**406,000**	306,000	**712,000**	100.00%	**406,000**
Wuhan Optics Valley Innovation Tiandi	1,000	–	3,000	–	**4,000**	104,000	**108,000**	50.00%	**2,000**
Foshan Lingnan Tiandi	–	16,000	156,000	43,000	**215,000**	130,000	**345,000**	100.00%	**215,000**
Chongqing Tiandi	–	–	132,000	–	**132,000**	311,000	**443,000**	99.00%[4]	**130,000**
Nanjing IFC	–	72,000	28,000	–	**100,000**	18,000	**118,000**	50.00%	**50,000**
SUBTOTAL	**56,000**	**781,000**	**1,212,000**	**65,000**	**2,114,000**	**1,476,000**	**3,590,000**		**1,641,000**
PROPERTIES UNDER DEVELOPMENT:									
Shanghai Taipingqiao	–	192,000	103,000	–	**295,000**	110,000	**405,000**	99.00%[5]	**88,000**
Shanghai RHXC	247,000	107,000	15,000	–	**369,000**	132,000	**501,000**	49.50%[6]	**182,000**
Shanghai Hong Shou Fang	–	48,000	14,000	–	**62,000**	21,000	**83,000**	100.00%	**62,000**
Shanghai Panlong Tiandi	151,000	–	44,000	4,000	**199,000**	87,000	**286,000**	80.00%	**159,000**
Wuhan Tiandi	72,000	–	1,000	–	**73,000**	36,000	**109,000**	100.00%	**73,000**
Wuhan Optics Valley Innovation Tiandi	109,000	118,000	15,000	–	**242,000**	115,000	**357,000**	50.00%	**121,000**
Wuhan Shipyard[7]	140,000	–	–		**140,000**	4,000	**144,000**	50.00%	**70,000**
Foshan Lingnan Tiandi	–	–	1,000	–	**1,000**	–	**1,000**	100.00%	**1,000**
Chongqing Tiandi	237,000	357,000	106,000	25,000	**725,000**	295,000	**1,020,000**	19.80%	**144,000**
SUBTOTAL	**956,000**	**822,000**	**299,000**	**29,000**	**2,106,000**	**800,000**	**2,906,000**		**900,000**
PROPERTIES FOR FUTURE DEVELOPMENT:									
Shanghai Taipingqiao	81,000	–	21,000	–	**102,000**	71,000	**173,000**	50.00%	**51,000**
Wuhan Tiandi	39,000	70,000	3,000	–	**112,000**	–	**112,000**	100.00%	**112,000**
Wuhan Optics Valley Innovation Tiandi	97,000	366,000	341,000	–	**804,000**	111,000	**915,000**	50.00%	**402,000**
Wuhan Shipyard[7]	645,000	55,000	231,000	30,000	**961,000**	49,000	**1,010,000**	50.00%	**481,000**
Foshan Lingnan Tiandi	28,000	450,000	107,000	80,000	**665,000**	–	**665,000**	100.00%	**665,000**
Chongqing Tiandi	–	–	65,000	–	**65,000**	–	**65,000**	19.80%	**13,000**
SUBTOTAL	**890,000**	**941,000**	**768,000**	**110,000**	**2,709,000**	**231,000**	**2,940,000**		**1,724,000**
TOTAL LANDBANK GFA	**1,902,000**	**2,544,000**	**2,279,000**	**204,000**	**6,929,000**	**2,507,000**	**9,436,000**		**4,265,000**

Notes:

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

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

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

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

5 The Group has 99.00% interest in the Xintiandi Style II AEI and 25.00% interest in Lots 123, 124 & 132 for office and retail uses.

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

7 The GFA of Wuhan Shipyard is a preliminary estimate that is subject to further revision of the project plan.

MARKET OUTLOOK

The global economy entered an unsettling phase in the first half of 2022 as momentous changes unravel, marked by the onset of the Russia-Ukraine conflict and the Omicron outbreak with associated city lockdowns in China. These resulted in significant supply chain disruptions and surging commodity prices, propelling inflation in the advanced economies to rise above 9%. In response, monetary policy has turned hawkish to curtail inflation, and economic growth momentum around the world is cooling. There are growing concerns that rapid US interest rate hikes will lead to stagflation and trigger a sovereign debt crisis. Business confidence and consumer sentiment have weakened by mid-year, and recession risks in the US and EU have risen. In view of these developments, the IMF trimmed its global economic growth forecasts to 3.2%, 1.2% lower than the projection made at the start of the year.

The Chinese economy has been weakened by a steep property downturn and a prolonged lockdown in Shanghai to arrest the spread of Omicron, which dragged the nation's GDP growth to 0.4% in 2Q 2022. Household consumption was severely hit by intermittent lockdowns across many cities, resulting in a retail sales contraction of 0.7% in 1H 2022. To invigorate economic growth, the Central Government rolled out stimulus measures comprised of special purpose loans and fiscal spending of RMB12 trillion. Furthermore, the PBOC cut the 5-year Loan Prime Rate by 15 basis points to 4.45% in May to boost residential sales and infrastructure investment. These policy efforts, together with robust export performances, helped to maintain economic growth at 2.5% for the first half of 2022. The IMF projects China's economy to strengthen in the second half, with GDP growth rising to 3.3% and 4.6%, respectively, in 2022 and 2023.

China's residential market suffered a severe contraction, with housing sales by area and revenue falling 26.6% and 31.8%, respectively, in 1H 2022. Slumping sales performance since mid-2021 have reduced property developers' cashflow, undermining the debt-service capacity of the financially stressed companies. Up to 30 developers have failed to meet their bond interest payment and entered selective defaults. To ease the liquidity crunch and mitigate a downward debt spiral, authorities allowed the home purchase financing rate to fall 20bps below the 5-year LPR, effectively reducing the mortgage rate for first home purchases to 4.25% in lower-tier cities. Home purchase restrictions have been relaxed in more than 100 cities to support residential sales. However, the government has refrained from bailing out distressed developers, and the highly indebted ones will therefore eventually undergo debt restructuring, and it is envisaged that some will face bankruptcy. China's property market will deleverage and become less speculative following this round of adjustment.

The Omicron outbreak in 1H 2022 has weighed heavily on Shanghai's office market. An extended lockdown has dampened confidence, and many companies are putting their expansion plan on hold. The government has introduced various policies, including a rental exemption for small enterprises and a faster refund of retention tax for the affected enterprises, to provide financial relief and stabilize the market sentiment. Nevertheless, office rent has come under pressure due to uncertain economic prospects, and subdued office leasing activities will take time to recover. According to Jones Lang LaSalle (JLL), Shanghai leasing activities this year will remain 20% below the five-year average. Grade-A Office rent in decentralized locations is forecast to dip by 0.5% in 2022, while rent in the CBD will retain a modest 0.9% rise given a stellar first quarter performance.

Under the government's "dynamic zero" COVID policy, more than 40 cities have introduced partial or full lockdown measures during 1H 2022. Shopping malls in Shanghai were closed in April and May as retailing activities came to a standstill. The stringent lockdown policy was partially lifted in June, which has enabled a gradual resumption of shopping mall traffic. Many retailers report sales turnover ranging from 50-70% compared with the pre-lockdown level by late June, as shoppers were required to present a minimum 72-hour negative COVID-19 test results for access to the dining and retailing facilities. According to JLL, dwindling consumption demand will undermine the retailers' profits. Commercial retail rents in Shanghai this year are projected to fall by 6.0% and 7.5%, respectively, in the prime and decentralized areas.

Shanghai's economy was hit hard by the lockdown measures, which resulted in a 5.7% GDP contraction in 1H 2022. To cushion the adverse economic impact, the government introduced the "Action Plan for Accelerating Economic Recovery and Revitalization," which provides subsidies of up to RMB3 million for the affected enterprises in F&B, tourism, entertainment, and retailing businesses. Qualified enterprises can receive a 10% refund on utility fees for three months and up to six months rental waiver. Despite stalling residential transactions in April and May, Shanghai's post-lockdown land auction charted a strong performance. A total of 68 land plots were sold in June and July, fetching total land revenue of over RMB150 billion. Shanghai's competitiveness and role as a global economic hub remain unscathed by the COVID-19 lockdown. The government will continue to enhance engagement with global business partners and elevate its international influence in science and technology innovation.

In 1H 2022, Chongqing's economy maintained a steady 4.0% growth, reflecting the resiliency and vibrancy of China's Western region. The municipality has made headways in attracting rural migrants, raising its resident population by 300,000 to 22.6 million in 2021. Chongqing has been granted the "national central city" status, which is seen to enhance its role as a significant driver of regional development under the national strategy to build a Chengdu-Chongqing Dual Economic Circle by 2035. According to the Urbanization Plan of Chongqing (2021-2035), released in February 2022, the municipality targets to raise its urbanization rate from 70.3% in 2021 to 73% and 80%, respectively, by 2025 and 2035.

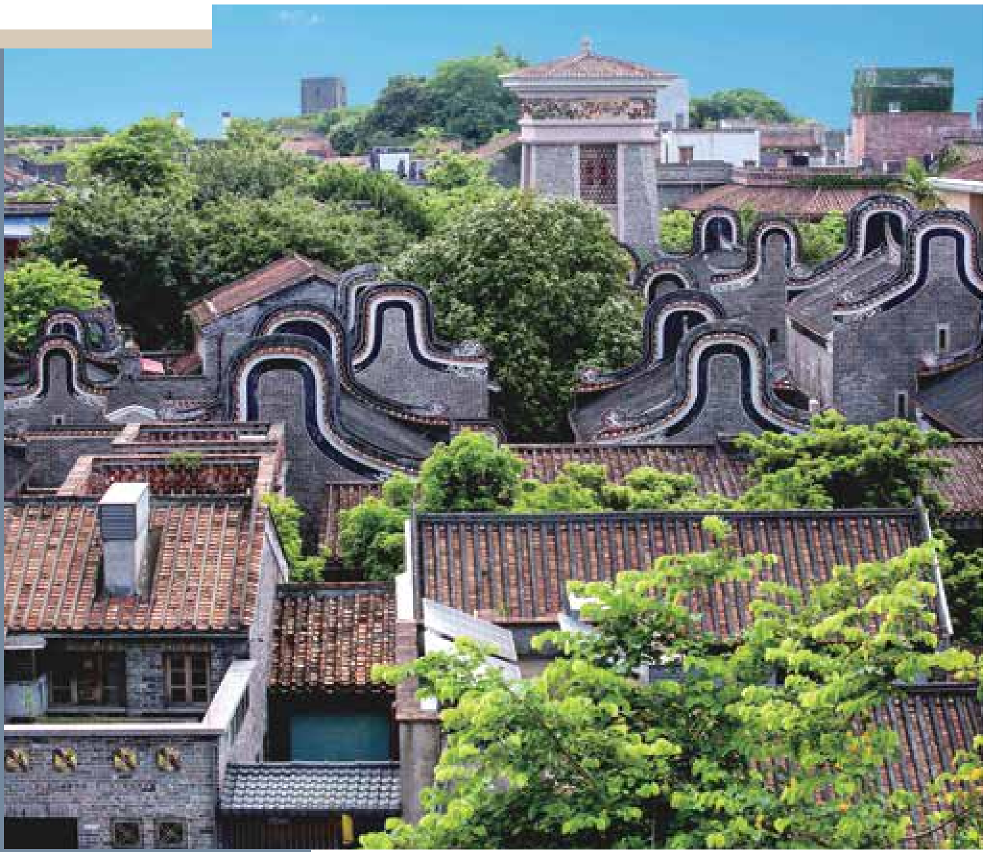
Despite sporadic COVID-19 outbreaks, Wuhan achieved 4.3% GDP growth in 1H 2022, the highest among China's ten largest cities. The outperformance has been due to continuing strong recovery of fixed asset investment and real estate investment growth at 15.6% and 15.5%, respectively. Wuhan residential market staged a steady recovery due to the loosening of its home purchase restriction policy. The government has set an ambitious 2022 GDP growth target of 7.5%, targeting to create 220,000 new urban jobs this year. Wuhan's development focal points include the technology and digital industries, encompassing big data, cloud computing, blockchain, and the meta-verse. The city is planning to develop national pilot zones for innovation and next-generation artificial intelligence to enhance its competitiveness.

Foshan's economic growth decelerated to 2.8% in 1H 2022, dragged by a fall in retail sales and fixed asset investment growth to respective 1.0% and 1.7 %. This year the down payment requirement was lowered to 20% for non-restricted areas. At the same time, home purchase restrictions were lifted except for Zumiao in Chancheng, Guicheng in Nanhai, and Daliang in Shunde. The purchase restrictions for qualified talents were eased to mitigate a slump in residential sales, to stabilize and propel economic growth in the second half year. Meanwhile, the government released the Foshan Master Plan 2020-2035, affirming the city's role as a prominent global intelligent manufacturing centre, a national historical and cultural city, and a comprehensive hub in the western part of the Greater Bay Area. According to the development plan, Foshan's permanent resident population is set to increase from 9.6 million in 2021 to 11.7 million by 2035.

In 1H 2022, Nanjing's GDP growth slowed to 1.7%, ranking 10th in economic output among Chinese mainland cities. The government has aggressively eased its home purchase restrictions in the second quarter to cushion the economy from the residential market downturn. Investment to upgrade the city's 420 planned infrastructure projects will be expedited, which includes four metro transit lines and total investment of RMB1,468 billion. The city aims to attract major domestic enterprises to strengthen its role as a regional business hub. The government has succeeded in bringing Alibaba's Jiangsu headquarters and Xiaomi's East China headquarters to Nanjing.

The Chinese economy faces considerable headwinds amid a highly uncertain geopolitical environment, tense US-China relations, and tightening monetary policy in the advanced economies. While China's "dynamic zero" COVID policy will remain in place in the near term, economic recovery is better assured by vigilant testing and the rapid local government response mechanism that should preempt the recurrence of prolonged lockdown. The property sector debt issue will take time to resolve. Still, the government has the policy means and experience to handle the developers' debt restructuring process and address the suspended project issue. Against this challenging and uncertain backdrop, we will closely monitor the host of domestic and global risks while pursuing due diligence to assess asset acquisition when the right opportunities arise.

FINANCIAL REVIEW



The Group's ***revenue*** for the six months ended 30 June 2022 ("1H 2022") decreased by 63% to RMB4,415 million (1H 2021: RMB11,977 million). The main reason for the revenue decline was a decrease in recognised property sales due to the delay in construction and handover of residential units to buyers as a result of the COVID-related lockdown in Shanghai.

Property sales in 1H 2022 decreased to RMB2,449 million (1H 2021: RMB10,214 million), mainly comprised of RMB2,065 million from Panlong Tiandi and RMB340 million from Wuhan Tiandi La Riva II. For comparison, property sales in 1H 2021 were primarily contributed by Taipingqiao Ville V and Wuhan Tiandi La Riva II, which amounted to RMB5,935 million and RMB4,073 million, respectively. The remaining units in Taipingqiao Ville V, which were due for delivery to buyers in 1H 2022, were delayed to the second half year of 2022 due to the COVID-related lockdown in Shanghai.

Rental and related income from property investment for 1H 2022 was stable at RMB1,091 million (1H 2021: RMB1,079 million). During 1H 2022, the operations and performances of the Group's Shanghai properties were affected by the lockdown in the second quarter of 2022. Yet, such an adverse impact was offset by the outperformance of the Group's non-Shanghai properties.

Rental and related income from the Group's Shanghai properties, which accounted for 70% (1H 2021: 73%) of the total rental and related income, decreased by 4% to RMB764 million (1H 2021: RMB793 million). The rental and related income from the Group's non-Shanghai properties totalled RMB327 million in 1H 2022, representing a 14% year-on-year increase.

Property management income for 1H 2022 increased by 3% to RMB251 million (1H 2021: RMB244 million), of which RMB196 million (1H 2021: RMB177 million) was from services rendered to commercial properties, with the remaining income of RMB55 million (1H 2021: RMB67 million) from residential properties.

Construction income increased to RMB448 million in 1H 2022 (1H 2021: RMB268 million). The increase was generated mainly from the fit-out service rendered to the owners of our developed properties.

Gross profit in 1H 2022 declined by 43% to RMB2,821 million (1H 2021: RMB4,944 million) alongside the decrease in revenue, while ***gross profit margin*** grew to 64% (1H 2021: 41%) due to a higher proportion of gross profit contributed by property investment.

Other income in 1H 2022 increased by 18% to RMB127 million (1H 2021: RMB108 million), mainly comprised of bank interest income and interest income from joint ventures.

Selling and marketing expenses in 1H 2022 decreased by 11% to RMB93 million (1H 2021: RMB104 million) as a result of lower selling and promotional activities in 1H 2022.

General and administrative expenses, which are comprised of staff costs, depreciation charges, and advisory costs, increased slightly to RMB509 million in 1H 2022 (1H 2021: RMB492 million).

The increase in fair value of investment properties totalled RMB64 million in 1H 2022 (1H 2021: RMB10 million), representing a 0.1% increase in valuation compared with the carrying value of investment properties as of 30 June 2022. The investment property portfolio in Shanghai recorded a slight valuation loss of RMB2 million, and the investment property portfolio outside Shanghai recorded a valuation gain of RMB66 million. The section on "Investment Properties" in the Business Review Section provides detailed descriptions of these properties.

Other gains and losses recorded a net loss of RMB134 million in 1H 2022 (1H 2021: net loss of RMB132 million), comprised of:

Gains/(losses)	1H 2022 RMB'million	1H 2021 RMB'million
Cost arising from hedging activities	**(173)**	(78)
Gain/(loss) from fair value change of derivative financial instruments	**58**	(16)
Loss from fair value change of a liability arising from a rental guarantee arrangement	**–**	(38)
(Provision for)/reversal of impairment losses under expected credit loss model	**(15)**	2
Others	**(4)**	(2)
TOTAL	**(134)**	**(132)**

Share of results of associates and joint ventures recorded a net loss of RMB73 million in 1H 2022 (1H 2021: net gain of RMB200 million). The loss in 1H 2022 was mainly attributable to the absence of profit from the joint venture project with GRANDJOY in Shanghai RHXC, which contributed a gain of RMB163 million in 1H 2021.

Finance costs, inclusive of exchange differences, totalled RMB1,176 million in 1H 2022 (1H 2021: RMB498 million). Total interest costs declined by 9% to RMB839 million (1H 2021: RMB922 million), which was in line with our lower outstanding balance of debts, which amounted to RMB34,443 million as of 30 June 2022 (30 June 2021: RMB35,693 million). Of the abovementioned interest costs, 18% (1H 2021: 42%) or RMB151 million (1H 2021: RMB388 million) was capitalised as the cost of property development, with the remaining 82% (1H 2021: 58%) of interest costs relating to mortgage loans on completed properties and borrowings for general working capital purposes accounted for as expenses. An exchange loss of RMB477 million (1H 2021: gain of RMB74 million) was recorded as a result of the depreciation of the RMB against the USD and the HKD in 1H 2022. As of 30 June 2022, 47% of the Group's foreign currency debts were hedged by forward contracts or call spread contracts, and a total of RMB279 million in financial assets were recognised.

Taxation totalled RMB248 million in 1H 2022 (1H 2021: RMB2,748 million). The year-on-year decrease resulted in part from lower property sales profit during the period. PRC Enterprise Income Tax has been provided for at the applicable income tax rate of 25% on the assessable profits during the year. Land appreciation tax was levied at progressing rates ranging from 30 percent to 60 percent on the appreciation value, which is the proceeds of property sales less deductible expenditures, including costs of land, development, and construction.

Profit in 1H 2022 was RMB779 million (1H 2021: RMB1,288 million).

Profit attributable to shareholders of the Company in 1H 2022 was RMB450 million (1H 2021: RMB1,082 million).

Core earnings of the Group are as follows:

	Six months ended 30 June 2022 RMB'million	2021 RMB'million	Change %
Profit attributable to shareholders of the Company	**450**	1,082	
Increase in fair value of investment properties, net of tax	**(55)**	(5)	
Share of results of joint ventures – fair value gains of investment properties, net of tax	**(8)**	(34)	
	(63)	(39)	
Non-controlling interests	**16**	(1)	
Net effect of changes in the valuation	**(47)**	(40)	
Profit attributable to shareholders of the Company before revaluation	**403**	1,042	
Add:			
Profit attributable to owners of perpetual capital securities	**116**	126	
Core earnings of the Group	**519**	1,168	(56%)

Earnings per share in 1H 2022 was RMB5.6 cents, calculated based on a weighted average of approximately 8,044 million shares in issue in 1H 2022 (1H 2021: RMB13.5 cents, which was calculated based on a weighted average of approximately 8,044 million shares in issue).

Dividends payable to shareholders of the Company have to comply with certain covenants under the senior notes and bank borrowings.

Having taken into consideration the Group's financial performance during the period, the Board has resolved to recommend the payment of a 2022 interim dividend of HKD0.036 per share (1H 2021: HKD0.036 per share).

Liquidity, Capital Structure, and Gearing Ratio

On 20 June 2022, the Group fully redeemed all the outstanding perpetual capital securities with an aggregate principal amount of USD600 million.

The structure of the Group's borrowings as of 30 June 2022 is summarised below:

	Total (in RMB equivalent) 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 borrowings – RMB	7,268	926	1,216	2,626	2,500
Bank borrowings – HKD	3,363	2,821	443	99	–
Bank borrowings – USD	11,049	7,666	2,761	622	–
Senior notes – USD	12,763	–	3,361	9,402	–
TOTAL	**34,443**	**11,413**	**7,781**	**12,749**	**2,500**

Total cash and bank deposits totalled RMB12,975 million as of 30 June 2022 (31 December 2021: RMB17,284 million), which included RMB2,100 million (31 December 2021: nil) of deposits pledged to banks and RMB2,115 million (31 December 2021: RMB2,165 million) of restricted bank deposits which can only be applied to designated property development projects of the Group.

As of 30 June 2022, the Group's net debt was RMB21,468 million (31 December 2021: RMB14,579 million), and its total equity was RMB45,073 million (31 December 2021: RMB49,178 million). The Group's net gearing ratio was 48% as of 30 June 2022 (31 December 2021: 30%), calculated based on the excess of the sum of senior notes and bank borrowings net of bank balances and cash (including pledged bank deposits and restricted bank deposits) over the total equity. The increase in net gearing ratio was mainly due to the redemption of the USD600 million perpetual capital securities with our cash in hand, which resulted in a 13% increase in net gearing ratio. Our stable financials should enable the Group to better withstand the uncertainties arising from the ongoing epidemic and volatile macroeconomic conditions in the near future.

As of 30 June 2022, HKD/USD borrowings, including senior notes (unhedged), net off HKD/USD cash, and bank deposits, amounted to approximately RMB13,089 million, comprising approximately 38% of the total borrowings (31 December 2021: 40%).

Total undrawn banking facilities available to the Group amounted to approximately RMB1,700 million as of 30 June 2022 (31 December 2021: RMB1,730 million).

Pledged Assets

As of 30 June 2022, the Group had pledged investment properties, property and equipment, right-of-use assets, properties under development for sale, receivables and bank deposits totalling RMB36,827 million (31 December 2021: RMB34,433 million) to secure the Group's borrowings of RMB11,471 million (31 December 2021: RMB9,319 million).

Capital and Other Development-Related Commitments

As of 30 June 2022, the Group had contracted commitments for development costs, expenditure and other investments of RMB7,260 million (31 December 2021: RMB8,999 million).

Cash Flow Management and Liquidity Risk

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

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

Exchange Rate and Interest Rate Risks

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

However, a portion of the revenue is converted into other currencies to meet our foreign-currency-denominated debt obligations, such as bank borrowings denominated in HKD and USD and senior notes and perpetual capital securities denominated in USD issued from 2017 to 2021. Thus, to the extent that the Group has a net currency exposure, there is exposure to fluctuations in foreign exchange rates. As of 30 June 2022, the Group has entered into approximately USD1,450 million and HKD300 million forward contracts and USD400 million call spread contracts to hedge the USD and HKD currency risk against RMB. The Group continues to closely monitor its exposure to exchange rate risk. It may further consider additional derivative financial instruments to hedge against its remaining exposure to exchange rate risk, if necessary.

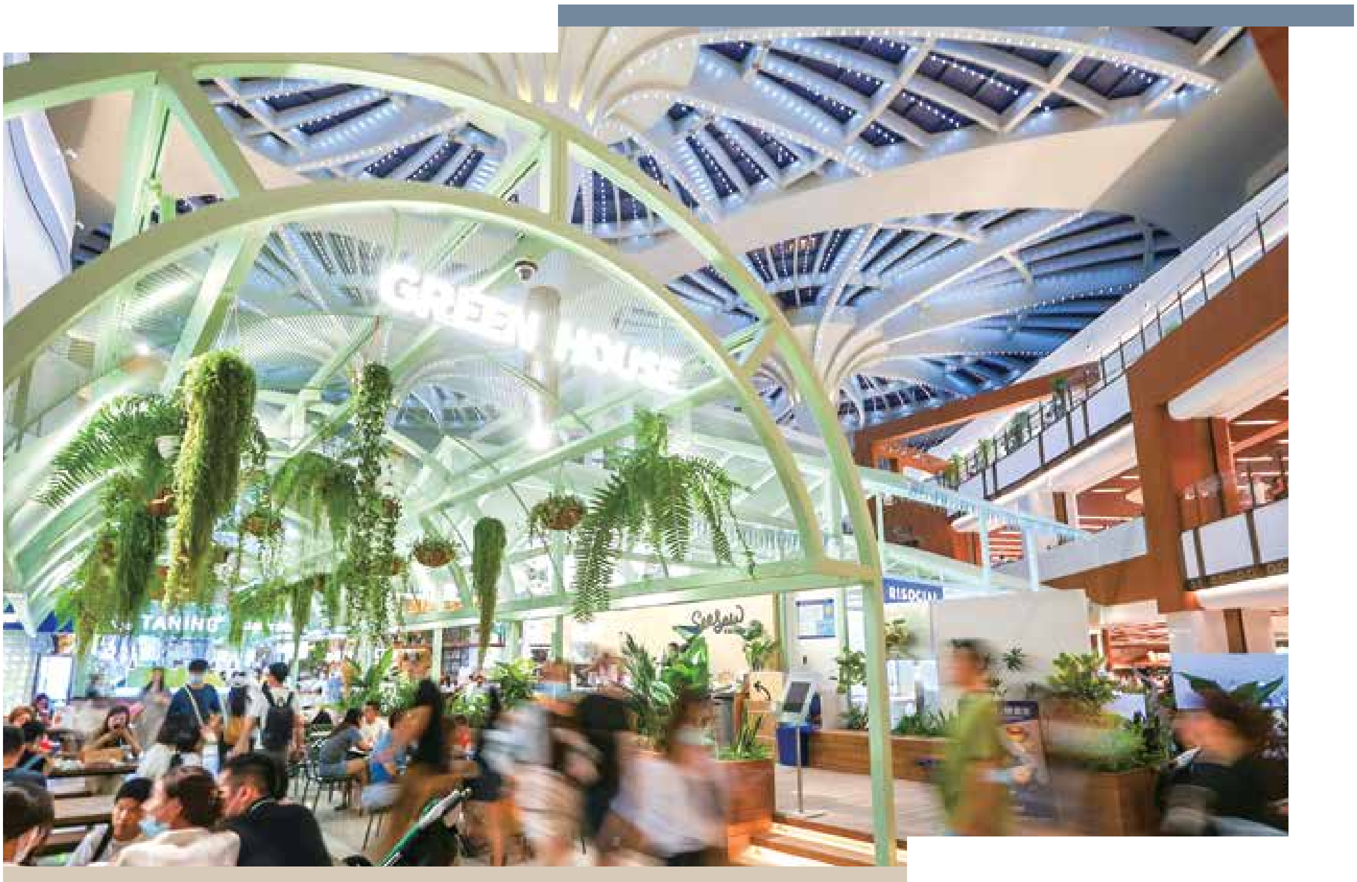
The Group's exposure to interest rate risk results from fluctuations in interest rates. Most of the Group's bank borrowings consist of variable rate debt obligations with original maturities ranging from one to fifteen years for project construction loans and mortgage loans. Increases in interest rates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

On 30 June 2022, the Group had various outstanding loans that bear variable interests linked to Hong Kong Inter-bank Offered Rates ("HIBOR"), London Inter-bank Offered Rates ("LIBOR"), Secured Overnight Financing Rate ("SOFR"), and Loan Prime Rate ("LPR"). The Group has hedged against the variability of cash flow arising from interest rate fluctuations by entering into interest rate swaps in which the Group would receive interest at variable rates at HIBOR and pay interests at fixed rates ranging from 0.28% to 2.75%; receive interest at variable rates at LIBOR and pay interests at fixed rates ranging from 0.22% to 0.235%, based on the notional aggregate amounts of HKD2,030 million and USD200 million respectively. The Group continues to closely monitor its exposure to interest rate risk. It may further consider additional derivative financial instruments to hedge against its remaining exposure to interest rate risk, if necessary.

Save for disclosed above, as of 30 June 2022, the Group does not hold any other derivative financial instruments linked to exchange rates or interest rates. The Group continues to closely monitor its exposure to exchange rate and interest rate risks and may employ derivative financial instruments to hedge against risk when necessary.

Contingent Liabilities

The Group provided guarantees of RMB1,913 million on 30 June 2022 (31 December 2021: RMB2,672 million) to banks in favour of its customers in respect of mortgage loans provided by banks to those customers for the purchase of the Group's developed properties. These guarantees provided by the Group to the banks will be released upon receiving the building ownership certificates of the respective properties by the banks from the customers as a pledge for security to the mortgage loans granted.



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 [59], which comprises the condensed consolidated statement of financial position of Shui On Land Limited (the "Company") and its subsidiaries (the "Group") as at 30 June 2022 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
25 August 2022

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

		Six months ended 30 June	
	Notes	**2022 RMB'million (Unaudited)**	2021 RMB'million (Unaudited)
Revenue	3A	**4,415**	11,977
Cost of sales		**(1,594)**	(7,033)
Gross profit		**2,821**	4,944
Other income		**127**	108
Selling and marketing expenses		**(93)**	(104)
General and administrative expenses		**(509)**	(492)
Increase in fair value of investment properties	10	**64**	10
Other gains and losses	4	**(134)**	(132)
Share of results of associates and joint ventures		**(73)**	200
Finance costs, inclusive of exchange differences	5	**(1,176)**	(498)
Profit before tax	6	**1,027**	4,036
Tax	7	**(248)**	(2,748)
Profit for the period		**779**	1,288
Attributable to:			
Shareholders of the Company		**450**	1,082
Owners of perpetual capital securities		**116**	126
Non-controlling shareholders of subsidiaries		**213**	80
		329	206
		779	1,288
Earnings per share	9		
– Basic		**RMB5.6 cents**	RMB13.5 cents
– Diluted		**RMB5.6 cents**	RMB13.5 cents

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2022

	Six months ended 30 June	
	2022 **RMB'million** **(Unaudited)**	2021 RMB'million (Unaudited)
Profit for the period	**779**	1,288
Other comprehensive (expense)/income		
Items that may be reclassified subsequently to profit or loss:		
Exchange difference arising from translation of foreign operations	**1**	–
Fair value adjustments on currency forward contracts designated as cash flow hedges	**455**	387
Fair value adjustments on interest rate swaps designated as cash flow hedges	**35**	(3)
Reclassification from hedge reserve to profit or loss arising from currency forward contracts	**(558)**	(357)
Share of other comprehensive (loss)/income of joint ventures and an associate	**(51)**	16
Item that will not be reclassified subsequently to profit or loss:		
Surplus on revaluation of properties transferred from property and equipment to completed investment properties, net of tax	**14**	–
Other comprehensive (expense)/income for the period	**(104)**	43
Total comprehensive income for the period	**675**	1,331
Total comprehensive income attributable to:		
Shareholders of the Company	**338**	1,125
Owners of perpetual capital securities	**116**	126
Non-controlling shareholders of subsidiaries	**221**	80
	337	206
	675	1,331

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 JUNE 2022

	Notes	**30 June 2022 RMB'million (Unaudited)**	31 December 2021 RMB'million (Audited)
Non-current assets			
Investment properties	10	**51,602**	51,311
Interests in associates	11	**8,084**	8,038
Interests in joint ventures	12	**15,598**	15,472
Property and equipment		**1,178**	1,193
Right-of-use assets		**53**	55
Receivables, deposits and prepayments	13	**258**	289
Loan to a non-controlling shareholder		**35**	22
Deferred tax assets		**306**	279
Other non-current assets		**105**	99
		77,219	76,758
Current assets			
Properties under development for sale		**6,696**	6,699
Properties held for sale		**5,801**	7,217
Receivables, deposits and prepayments	13	**2,480**	1,889
Loans to/amounts due from associates	11	**637**	555
Loans to/amounts due from joint ventures	12	**118**	–
Amounts due from related companies		**405**	394
Contract assets	14	**268**	434
Prepaid taxes		**567**	209
Derivative financial instruments		**317**	–
Pledged bank deposits		**2,100**	–
Bank balances and cash		**10,875**	17,284
Assets classified as held for sale		**2,457**	2,457
		32,721	37,138
Current liabilities			
Accounts payable, deposits received and accrued charges	16	**6,090**	7,965
Contract liabilities		**9,262**	11,056
Bank borrowings		**11,413**	6,424
Tax liabilities		**3,714**	4,617
Loans from/amounts due to non-controlling shareholders of subsidiaries		**10**	281
Amounts due to associates	11	**536**	3,000
Amount due to a joint venture	12	**137**	13
Amounts due to related companies		**362**	365
Derivative financial instruments	19	**–**	240
Liability arising from a rental guarantee arrangement		**175**	175
Lease liabilities		**10**	13
		31,709	34,149

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

30 JUNE 2022

	Notes	30 June 2022 RMB'million (Unaudited)	31 December 2021 RMB'million (Audited)
Net current assets		**1,012**	2,989
Total assets less current liabilities		**78,231**	79,747
Non-current liabilities			
Bank borrowings		**10,267**	13,323
Senior notes	17	**12,763**	12,116
Loans from an associate	11	**5,325**	–
Deferred tax liabilities		**4,727**	5,058
Lease liabilities		**68**	64
Defined benefit liabilities		**8**	8
		33,158	30,569
Capital and reserves			
Share capital		**146**	146
Reserves		**39,592**	39,790
Equity attributable to shareholders of the Company		**39,738**	39,936
Non-controlling interests		**5,335**	5,193
Perpetual capital securities	18	**–**	4,049
		5,335	9,242
Total equity		**45,073**	49,178
Total equity and non-current liabilities		**78,231**	79,747

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2022

	Attributable to shareholders of the Company						
	Share capital RMB'million	Other reserves RMB'million (Note 15)	Retained earnings RMB'million	Sub-total RMB'million	Perpetual capital securities RMB'million	Non-controlling interests RMB'million	Total RMB'million
At 1 January 2022 (audited)	146	17,771	22,019	39,936	4,049	5,193	49,178
Profit for the period	–	–	450	450	116	213	779
Exchange difference arising on translation of foreign operations	–	1	–	1	–	–	1
Reclassification from hedge reserve to profit or loss arising from currency forward contracts	–	(558)	–	(558)	–	–	(558)
Fair value adjustments on currency forward contracts designated as cash flow hedges	–	455	–	455	–	–	455
Fair value adjustments on interest rate swaps designated as cash flow hedges	–	35	–	35	–	–	35
Surplus on revaluation of properties transferred from property and equipment to completed investment properties, net of tax	–	6	–	6	–	8	14
Share of other comprehensive loss of a joint venture and an associate	–	(51)	–	(51)	–	–	(51)
Total comprehensive income for the period	–	(112)	450	338	116	221	675
Repayment of equity loans from a non-controlling shareholder of subsidiaries	–	–	–	–	–	(69)	(69)
Distribution to owners of perpetual capital securities	–	–	–	–	(128)	–	(128)
Redemption of perpetual capital securities	–	38	–	38	(4,037)	–	(3,999)
Dividend declared to a non-controlling shareholder of a subsidiary	–	–	–	–	–	(10)	(10)
2021 final dividend	–	–	(574)	(574)	–	–	(574)
At 30 June 2022 (unaudited)	146	17,697*	21,895*	39,738	–	5,335	45,073

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2021

	Attributable to shareholders of the Company						
	Share capital RMB'million	Other reserves RMB'million (Note 15)	Retained earnings RMB'million	Sub-total RMB'million	Perpetual capital securities RMB'million	Non-controlling interests RMB'million	Total RMB'million
At 1 January 2021 (audited)	146	17,807	20,624	38,577	4,062	4,094	46,733
Profit for the period	–	–	1,082	1,082	126	80	1,288
Reclassification from hedge reserve to profit or loss arising from currency forward contracts	–	(357)	–	(357)	–	–	(357)
Fair value adjustments on currency forward contracts designated as cash flow hedges	–	387	–	387	–	–	387
Fair value adjustments on interest rate swaps designated as cash flow hedges	–	(3)	–	(3)	–	–	(3)
Share of other comprehensive income of joint ventures and an associate	–	16	–	16	–	–	16
Total comprehensive income for the period	–	43	1,082	1,125	126	80	1,331
Capital reduction by non-controlling shareholders of subsidiaries	–	–	–	–	–	(25)	(25)
Transfer-out upon disposal of a subsidiary	–	–	–	–	–	(3)	(3)
Distribution to owners of perpetual capital securities	–	–	–	–	(122)	–	(122)
Dividend declared to a non-controlling shareholder of a subsidiary	–	–	–	–	–	(1)	(1)
At 30 June 2021 (unaudited)	146	17,850*	21,706*	39,702	4,066	4,145	47,913

* These reserve accounts comprised the consolidated reserves of RMB39,592 million and RMB39,556 million as at 30 June 2022 and 30 June 2021, respectively.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

	Six months ended 30 June	
	2022 RMB'million (Unaudited)	2021 RMB'million (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating cash flow before changes in working capital	**2,334**	4,405
Decrease in properties under development for sale and properties held for sales	**1,508**	4,923
Increase in receivables, deposits and prepayments	**(267)**	(128)
Decrease in contract assets	**166**	37
(Decrease)/increase in accounts payable, deposits received and accrued charges	**(1,838)**	37
Decrease in contract liabilities	**(1,794)**	(6,977)
Other changes in working capital	**(22)**	85
Cash generated from operations	**87**	2,382
Tax paid	**(2,183)**	(1,017)
Net cash (used in)/generated from operating activities	**(2,096)**	1,365
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	**91**	76
(Increase)/decrease in investment properties	**(168)**	366
Proceeds from disposal of associates	**4**	8
Decrease in pledged bank deposits	**–**	1,313
Investments in associates	**–**	(21)
Advances to joint ventures	**(132)**	(185)
Investment in joint ventures	**(50)**	(778)
Repayments from joint ventures	**–**	262
Payments made under a rental guarantee arrangement	**–**	(164)
Other investing cash flows	**(40)**	(12)
Net cash (used in)/generated from investing activities	**(295)**	865

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2022

	Six months ended 30 June	
	2022 RMB'million (Unaudited)	2021 RMB'million (Unaudited)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments to a non-controlling shareholder	**(69)**	(32)
Repayments of lease liabilities	**–**	(18)
Repayment of receipts under securitisation arrangements	**–**	(6)
Drawdown of bank borrowings	**4,789**	6,429
Repayments of bank borrowings	**(3,548)**	(5,984)
Increase in pledged bank deposits	**(2,100)**	–
Decrease in senior notes	**–**	(1,373)
Settlements for derivative financial instruments designated as cash flow hedges	**(188)**	(743)
Interest paid	**(822)**	(933)
Dividend paid	**(574)**	–
Distribution to owners of perpetual capital securities	**(128)**	(122)
Dividend paid to non-controlling shareholders of subsidiaries	**(33)**	(6)
Capital reduction paid to a non-controlling shareholder	**(250)**	(36)
Redemption of perpetual capital securities	**(3,999)**	–
Loans from an associate	**2,800**	500
Net cash used in financing activities	**(4,122)**	(2,324)
Net decrease in cash and cash equivalents	**(6,513)**	(94)
Cash and cash equivalents at the beginning of the period	**17,284**	14,483
Effect of foreign exchange rate changes	**104**	(22)
Cash and cash equivalents at the end of the period	**10,875**	14,367
Analysis of the balances of cash and cash equivalents		
Bank balances and cash	**10,875**	14,367

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 JUNE 2022

1. General

The interim condensed consolidated financial information for the six months ended 30 June 2022 has been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and with International Accounting Standard 34 *Interim Financial Reporting* issued by the International Accounting Standards Board. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements. It should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2021.

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 2021, except for the adoption of new standards effective as of 1 January 2022. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments are applied for the first time in 2022, but do not have an impact on the interim condensed consolidated financial statements of the Group.

Amendments to IFRS 3	*Reference to the Conceptual Framework*
Amendment to IFRS 9	*Fees in the '10 per cent' test for derecognition of financial liabilities*
Amendments to IAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*
Amendments to IAS 37	*Onerous Contracts – Cost of Fulfilling a Contract*

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

(a) Amendments to IFRS 3 replace a reference to a previous version of the IASB's Conceptual Framework with a reference to the current version issued in March 2018 without significantly changing its requirements. The amendments add an exception to the recognition principle of IFRS 3 *Business Combinations* to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* or IFRIC 21 *Levies*, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date. The amendments also add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date. These amendments had no impact on the interim condensed consolidated financial statements of the Group as there were no contingent assets, liabilities and contingent liabilities within the scope of these amendments arising during the period.

(b) Amendment to IFRS 9 clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. There is no similar amendment proposed for IAS 39 *Financial Instruments: Recognition and Measurement*. These amendments had no impact on the interim condensed consolidated financial statements of the Group as there were no modifications of the Group's financial instruments during the period.

(c) Amendments to IAS 16 prohibit entities from deducting from the cost of an item of property, plant and equipment, any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss. These amendments had no impact on the interim condensed consolidated financial statements of the Group as there were no sales of such items produced by property, plant, and equipment made available for use on or after the beginning of the earliest period presented.

2. Changes in Accounting Policies and Disclosures – continued

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

(d) Amendments to IAS 37 clarify that for the purpose of assessing whether a contract is onerous under IAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant, and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The Group has applied the amendments prospectively to contracts for which it has not yet fulfilled all its obligations on 1 January 2022, and no onerous contracts were identified. Therefore, the amendments did not have any impact on the financial position or performance of the Group.

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

3A. Revenue Information

Disaggregation of revenue from contracts with customers

	Six months ended 30 June	
	2022 RMB'million (Unaudited)	2021 RMB'million (Unaudited)
Property development:		
Property sales	**2,449**	10,214
Property management:		
Property management fee income	**251**	244
Construction	**448**	268
Others	**176**	172
	3,324	10,898
Geographical markets:		
Shanghai	**2,484**	6,524
Wuhan	**731**	4,102
Foshan	**64**	233
Chongqing	**36**	22
Nanjing	**9**	17
	3,324	10,898
Timing of revenue recognition		
At a point in time	**2,449**	10,214
Over time	**875**	684
	3,324	10,898

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	
	2022 RMB'million (Unaudited)	2021 RMB'million (Unaudited)
Property development:		
Property sales	**2,449**	10,214
Property management:		
Property management fee income	**251**	244
Construction	**448**	268
Others	**176**	172
Revenue from contracts with customers	**3,324**	10,898
Property investment (property investment segment)		
Rental income from investment properties	**987**	972
Rental related income	**104**	107
	4,415	11,977

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 2022 (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							
External revenue of the Group	2,449	1,091	251	448	4,239	176	4,415
SEGMENT RESULTS							
Segment results of the Group	1,472	854	34	124	2,484	3	2,487
Interest income							115
Share of results of associates and joint ventures							(73)
Finance costs, inclusive of exchange differences							(1,176)
Other gains and losses							(134)
Unallocated income							12
Unallocated expenses							(204)
Profit before tax							1,027
Tax							(248)
Profit for the period							779

3B. Segmental Information – continued

For the six months ended 30 June 2021 (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							
External revenue of the Group	10,214	1,079	244	268	11,805	172	11,977
SEGMENT RESULTS							
Segment results of the Group	3,675	804	52	2	4,533	3	4,536
Interest income							105
Share of results of associates and joint ventures							200
Finance costs, inclusive of exchange differences							(498)
Other gains and losses							(132)
Unallocated income							5
Unallocated expenses							(180)
Profit before tax							4,036
Tax							(2,748)
Profit for the period							1,288

Segment results represent the profit earned or loss incurred by each segment without allocation of central administration costs, directors' salaries, interest income, share of results of associates and joint ventures, 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 Gains and Losses

	Six months ended 30 June	
	2022 RMB'million (Unaudited)	2021 RMB'million (Unaudited)
Cost arising from hedging activities	**(173)**	(78)
Gain/(loss) from fair value change of derivative financial instruments	**58**	(16)
(Provision for)/reversal of impairment losses under expected credit loss model	**(15)**	2
Loss from fair value change of a liability arising from a rental guarantee arrangement	**–**	(38)
Others	**(4)**	(2)
	(134)	(132)

5. Finance Costs, Inclusive of Exchange Differences

	Six months ended 30 June	
	2022 RMB'million (Unaudited)	2021 RMB'million (Unaudited)
Interest on borrowings	**479**	487
Interest on senior notes	**358**	433
Interest expenses from lease liabilities	**2**	2
Total interest costs	**839**	922
Less: Amount capitalised to investment properties under construction or development and properties under development for sale	**(151)**	(388)
Interest expenses charged to profit or loss	**688**	534
Net exchange loss/(gain)	**477**	(74)
Others	**11**	38
	1,176	498

6. Profit Before Tax

	Six months ended 30 June	
	2022 RMB'million (Unaudited)	2021 RMB'million (Unaudited)
The Group's profit before tax is arrived at after charging/(crediting)		
Depreciation of property and equipment	**59**	47
Depreciation of right-of-use assets	**4**	16
Employee benefit expenses		
Directors' emoluments		
Fees	**2**	1
Salaries, bonuses and other benefits	**32**	19
	34	20
Other staff costs		
Salaries, bonuses and other benefits	**512**	513
Retirement benefit costs	**22**	23
	534	536
Total employee benefit expenses	**568**	556
Less: Amount capitalised to investment properties under construction or development and properties under development for sale	**(48)**	(56)
	520	500
Provision for/(reversal of) impairment losses of receivables	**15**	(2)
Cost of properties sold recognised as an expense	**848**	6,382
Reversal of impairment on properties held for sale (included in "cost of sales")	**(2)**	(2)
Lease payments relating to short-term leases and low-value leases	**8**	3

7. Tax

	Six months ended 30 June	
	2022 RMB'million (Unaudited)	2021 RMB'million (Unaudited)
Hong Kong profits tax		
– Charge for the period	**5**	–
PRC enterprise income tax ("EIT")		
– Charge for the period	**161**	802
Deferred tax		
– (Credit)/charge for the period	**(359)**	339
PRC land appreciation tax ("LAT")		
– Charge for the period	**311**	1,596
PRC withholding tax		
– Charge for the period	**130**	11
	248	2,748

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	
	2022 RMB'million (Unaudited)	2021 RMB'million (Unaudited)
Final dividend paid in respect of 2021 of HKD0.084 per share (2021: No final dividend for 2020)	**574**	–

Having taken into consideration the Group's financial performance during the period, the board has resolved to recommend the payment of an interim dividend of HKD0.036 per share for 2022 (2021: HKD0.036 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	
	2022 RMB'million (Unaudited)	2021 RMB'million (Unaudited)
Earnings for calculation of basic earnings per share, being profit for the period attributable to shareholders of the Company	**450**	1,082
Earnings for calculation of diluted earnings per share	**450**	1,082

Number of shares

	Six months ended 30 June	
	2022 million (Unaudited)	2021 million (Unaudited)
Weighted average number of ordinary shares for calculation of basic earnings per share (note (a))	**8,044**	8,044
Weighted average number of ordinary shares for calculation of diluted earnings per share	**8,044**	8,044
Basic earnings per share (note (c))	**RMB5.6 cents**	RMB13.5 cents
	HKD6.7 cents	HKD16.2 cents
Diluted earnings per share (note (c))	**RMB5.6 cents**	RMB13.5 cents
	HKD6.7 cents	HKD16.2 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 2021: 17,710,250) shares held by a share award scheme trust as set out in note 20.

(b) There was no dilution effect on outstanding share options as the exercise prices of these share options were higher than the average market price of the Company's shares per share for the six months ended 30 June 2022 and 2021.

(c) The figures expressed in Hong Kong Dollar presented above are shown for reference only and have been arrived at based on the exchange rate of RMB1.000 to HKD1.2034 for the six months ended 30 June 2022 and RMB1.000 to HKD1.1976 for the six months ended 30 June 2021, being the average exchange rates that prevailed during the respective periods.

10. Investment Properties

	30 June 2022 RMB'million (Unaudited)	31 December 2021 RMB'million (Audited)
Completed investment properties held to earn rentals or for capital appreciation or both	44,583	44,499
Investment properties under construction or development,		
stated at fair value	6,512	6,303
stated at cost	419	416
	6,931	6,719
Investment property – sublease of right-of-use assets	88	93
	51,602	51,311

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
At 1 January 2022 (audited)	44,499	6,303	416	93	51,311
Increase	35	195	3	–	233
Transfer to property and equipment	(45)	–	–	–	(45)
Transfer from property and equipment	39	–	–	–	39
Increase/(decrease) in fair value recognised in profit or loss	55	14	–	(5)	64
At 30 June 2022 (unaudited)	44,583	6,512	419	88	51,602
At 1 January 2021 (audited)	42,787	6,785	1,545	103	51,220
Increase/(decrease)	7	350	(598)	–	(241)
Transfer-out upon disposal of a subsidiary	–	–	(527)	–	(527)
Increase/(decrease) in fair value recognised in profit or loss	60	(45)	–	(5)	10
At 30 June 2021 (unaudited)	42,854	7,090	420	98	50,462

10. Investment Properties – continued

The fair values of the Group's investment properties at 30 June 2022 and 31 December 2021 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 the completed investment properties and subleases of right-of-use assets under investment property, the valuations have been arrived at using the income approach which is the term and reversion method. In this valuation method, the market rentals of all lettable units of the properties 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.

At 30 June 2022, the Group's investment properties with a total carrying amount of RMB33,951 million (2021: RMB33,764 million) were pledged to secure banking facilities granted to the Group (note 21).

11. Interests in Associates/Amounts Due From/Loans From/Amounts Due to Associates

	30 June 2022 RMB'million (Unaudited)	31 December 2021 RMB'million (Audited)
Interests in associates		
– Cost of investments, unlisted	**7,615**	7,615
– Share of post-acquisition results, net of effect on elimination of unrealised intercompany transactions	**488**	426
– Share of other comprehensive loss of an associate	**(19)**	(3)
	8,084	8,038
Amounts due from associates – current		
– Unsecured, interest-free and repayable on demand	**637**	555
	637	555
Loans from/amounts due to associates – current		
– Interest-free – current	**452**	452
– Fixed rate at 3.7% to 3.85%	**84**	2,548
	536	3,000
Loans from an associate – non-current		
– Fixed rate at 3.7% to 3.85%	**5,325**	–
	5,325	–

12. Interests in Joint Ventures/Loans to/Amounts Due From/Amounts Due to Joint Ventures

	30 June 2022 RMB'million (Unaudited)	31 December 2021 RMB'million (Audited)
Interests in joint ventures		
– Costs of investments, unlisted	**9,943**	9,893
– Provision for impairment	**(376)**	(376)
– Share of post-acquisition results, net of effect on elimination of unrealised intercompany transactions	**511**	591
– Share of other comprehensive income of joint ventures	**20**	55
	10,098	10,163
Loans to joint ventures – non-current		
– Unsecured, interest bearing at 110% of loan prime rate	**2,268**	2,156
Amounts due from joint ventures – non-current		
– Unsecured, interest-free	**3,232**	3,153
	15,598	15,472
Amounts due from joint ventures – current		
– Unsecured, interest-free	**118**	–
	118	–
Amounts due to joint ventures – current		
– Unsecured, interest-free	**137**	13
	137	13

13. Receivables, Deposits and Prepayments

	30 June 2022 RMB'million (Unaudited)	31 December 2021 RMB'million (Audited)
Non-current balance is comprised of:		
Trade receivables (note (b))		
– rental receivables	**258**	289
Current balance comprises:		
Trade receivables (note (b))		
– rental receivables	**113**	87
– goods and services	**245**	143
– operating lease receivables	**211**	26
Prepayments of relocation costs (note (a))	**682**	682
Receivables from disposal of associates and a joint venture	**178**	197
Other deposits, prepayments and receivables	**896**	427
Value-added tax recoverable	**155**	327
	2,480	1,889

13. Receivables, Deposits and Prepayments – continued

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 at 30 June 2022 and 31 December 2021, trade receivables from contracts with customers amounted to RMB245 million and RMB143 million, respectively.

Included in the Group's receivables, deposits and prepayments are trade receivable balances of RMB827 million (2021: RMB545 million), of which 49% (2021: 80%) are not yet past due, 30% (2021: 14%) are past due less than 90 days, and 21% (2021: 6%) are past due over 90 days, as compared to when revenue was recognised.

Out of the past due balances, RMB175 million (2021: RMB35 million) has been past due 90 days or more and is not considered as in default since the directors of the Company consider that such balances could be recovered based on repayment history, the financial conditions and the current credit worthiness of each customer.

14. Contract Assets

	30 June 2022 RMB'million (Unaudited)	31 December 2021 RMB'million (Audited)
Construction	**268**	434

The contract assets primarily relate to the Group's right 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.

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. Other Reserves

	Share premium RMB' million	Merger reserve RMB' million	Special reserve RMB' million	Share option 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
At 1 January 2022 (audited)	18,078	122	(135)	3	10	(117)	(111)	(183)	104	17,771
Exchange difference arising on translation of foreign operations	–	–	–	–	–	1	–	–	–	1
Reclassification from hedge reserve to profit or loss arising from currency forward contracts	–	–	–	–	–	–	(558)	–	–	(558)
Fair value adjustments on currency forward contracts designated as cash flow hedges	–	–	–	–	–	–	455	–	–	455
Fair value adjustments on interest rate swaps designated as cash flow hedges	–	–	–	–	–	–	35	–	–	35
Surplus on revaluation of properties transferred from property and equipment to completed investment properties, net of tax	–	–	–	–	–	–	–	–	6	6
Share of other comprehensive loss of a joint venture and an associate	–	–	–	–	–	–	–	(51)	–	(51)
Total other comprehensive expense for the period	–	–	–	–	–	1	(68)	(51)	6	(112)
Redemption of perpetual capital securities	–	–	–	–	–	–	–	38	–	38
At 30 June 2022 (unaudited)	18,078	122	(135)	3	10	(116)	(179)	(196)	110	17,697

15. Other Reserves – continued

	Share premium RMB' million	Merger reserve RMB' million	Special reserve RMB' million	Share option 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
At 1 January 2021 (audited)	18,078	122	(135)	5	10	(133)	(54)	(190)	104	17,807
Reclassification from hedge reserve to profit or loss arising from currency forward contracts	–	–	–	–	–	–	(357)	–	–	(357)
Fair value adjustments on currency forward contracts designated as cash flow hedges	–	–	–	–	–	–	387	–	–	387
Fair value adjustments on interest rate swaps designated as cash flow hedges	–	–	–	–	–	–	(3)	–	–	(3)
Share of other comprehensive income of joint ventures and an associate	–	–	–	–	–	6	–	10	–	16
Total other comprehensive income for the period	–	–	–	–	–	6	27	10	–	43
At 30 June 2021 (unaudited)	18,078	122	(135)	5	10	(127)	(27)	(180)	104	17,850

16. Accounts Payable, Deposits Received and Accrued Charges

	30 June 2022 RMB'million (Unaudited)	31 December 2021 RMB'million (Audited)
Current portion is comprised of:		
Trade payables (note)	**2,990**	3,875
Land and relocation cost payables	**776**	1,310
Deed tax and other tax payables	**103**	69
Deposits received and receipts in advance in respect of the rental of investment properties	**876**	970
Value-added tax payables	**173**	596
Other payables and accrued charges	**611**	482
Value-added tax arising from contract liabilities	**561**	663
Total	**6,090**	7,965

Note:

Included in the Group's accounts payable, deposits received and accrued charges are trade payable balances of RMB2,990 million (2021: RMB3,875 million), of which 89% (2021: 94%) are aged less than 30 days, 1% (2021: 1%) are aged between 31 to 90 days, and 10% (2021: 5%) are aged more than 90 days, based on the invoice date.

17. Senior Notes

	30 June 2022 RMB'million (Unaudited)	31 December 2021 RMB'million (Audited)
At the beginning of period/year	**12,116**	16,063
Issue of senior notes	**–**	2,525
Less: Transaction costs directly attributable to the issue of senior notes	**–**	(3)
Interest charged during the period/year	**358**	839
Less: interest paid	**(352)**	(922)
Less: repayment of senior notes	**–**	(6,114)
Exchange realignment	**641**	(272)
At the end of period/year and payable after one year	**12,763**	12,116

As at 30 June 2022, the effective interest rates on the senior notes were from 5.50% to 6.26% (2021: 5.50% to 6.26%) per annum. The principal amounts of senior notes (the "Notes") are repayable at maturity periods in years 2023, 2024, 2025 and 2026 for USD500 million, USD500 million, USD490 million and USD400 million, respectively. The Notes are unsecured and guaranteed by the Company.

The Group may at its option redeem the Notes, in whole or in part at redemption prices. In the opinion of the directors of the Company, the option to early redeem was closely related to the Notes.

18. Perpetual Capital Securities

Perpetual capital securities issued in 2017

On 20 June 2017, Shui On Development (Holding) Limited ("SODH") issued USD600 million (equivalent to approximately RMB4,085 million) 6.40% guaranteed perpetual capital securities ("2017 Perpetual Capital Securities") at an issue price of 100% of the principal amount. The 2017 Perpetual Capital Securities were guaranteed by the Company on a senior basis for the due payment of all sums which were payable by SODH under the 2017 Perpetual Capital Securities. Distributions on the 2017 Perpetual Capital Securities were paid semi-annually in arrears in U.S. dollars on 20 June and 20 December each year, commencing on 20 December 2017 and being possible to be deferred at the discretion of SODH. The 2017 Perpetual Capital Securities had no fixed maturity and were redeemable at SODH's option on or after 20 June 2022 at their principal amounts together with any accrued, unpaid, or deferred distributions. While any distributions were unpaid or deferred, the Company and SODH could not declare or paid dividends or made distributions or similar periodic payments in respect of, or repurchase, redeemed or otherwise acquired any securities of lower or equal rank, which included the ordinary shares of the Company and SODH.

On 20 June 2022, SODH fully redeemed 2017 Perpetual capital securities.

19. Derivative Financial Instruments

	30 June 2022 RMB'million (Unaudited)	31 December 2021 RMB'million (Audited)
Derivative financial instruments include:		
Currency forward contracts designated as hedging instruments	211	244
Call spread contracts not designated as hedging instruments	68	–
Interest rate swaps designated as hedging instruments	38	(4)
	317	240
For the purpose of financial statement presentation:		
Current assets	317	–
Current liabilities	–	240

20. Share-Based Payment Transactions

Share option scheme

The Company's share option scheme (the "Scheme") was adopted pursuant to a resolution passed by the shareholders on 8 June 2007 for the primary purpose of providing incentives to the directors of the Company, eligible employees and consultants. Under the Scheme, the total number of shares in respect of which options may be granted is not permitted to exceed 10% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders.

As of 30 June 2022, 4,907,800 share options (31 December 2021: 5,092,600 share options) remained outstanding under the Scheme, representing 0.1% (31 December 2021: 0.1%) of the ordinary shares of the Company in issue at that date. The Scheme allows the board of directors of the Company, when offering the grant of any option, to impose any condition including any performance target which must be met before the option shall vest and become exercisable. The exercise price is determined by the directors of the Company, and will not be less than the highest of (i) the closing price of the Company's shares on the date of grant; (ii) the average closing price of the shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company's share.

20. Share-Based Payment Transactions – continued

Share option scheme – continued

The movements in the Company's share options during the current and prior periods are set out below:

		Number of options			
Date of grant	**Exercise price**	**At 1 January 2022**	**Adjusted during the period**	**Lapsed during the period**	**At 30 June 2022**
	HKD				
4 July 2016	1.98	**5,092,600**	**–**	**(184,800)**	**4,907,800**
Total		**5,092,600**	**–**	**(184,800)**	**4,907,800**
Categorised as:					
Directors		**874,000**	**437,000**	**–**	**1,311,000**
Employees		**4,218,600**	**(437,000)**	**(184,800)**	**3,596,800**
		5,092,600	**–**	**(184,800)**	**4,907,800**
Number of options exercisable		**5,092,600**			**4,907,800**

		Number of options		
Date of grant	Exercise price	At 1 January 2021	Lapsed during the period	At 30 June 2021
	HKD			
7 July 2015	2.092	3,425,400	(108,600)	3,316,800
4 July 2016	1.98	5,470,600	(216,000)	5,254,600
Total		8,896,000	(324,600)	8,571,400
Categorised as:				
Directors		874,000	–	874,000
Employees		8,022,000	(324,600)	7,697,400
		8,896,000	(324,600)	8,571,400
Number of options exercisable		7,728,000		7,435,800

The Scheme expired on 7 June 2017 and no further share options can be granted thereunder. However, the rules of the Scheme remain in full force and effect to the extent necessary to give effect to the exercise of options granted prior to its expiration or otherwise as may be required in accordance with the rules of the Scheme. All outstanding share options granted prior to the expiration of the Scheme shall continue to be valid and exercisable in accordance with the rules of the Scheme. A new share option scheme was adopted by the Company on 24 May 2017.

During the six months ended 30 June 2022 and 30 June 2021, none of the share options have been exercised.

20. Share-Based Payment Transactions – continued

Share award scheme

On 1 April 2015, (1) a connected employee share award scheme and (2) an employee share award scheme were adopted by the Company. The share award schemes are effective for a period of 16 years commencing from 1 April 2015. Pursuant to these two schemes, the Group has set up a trust for the purpose of administering the share award schemes and holding the awarded shares before they vest. The Company shall pay to the trustee monies and give directions or recommendation to the trustee to apply such monies and/or such other net amount of cash derived from shares held as part of the fund of the trusts to acquire shares from the market, and/or to allot and issue shares to the trustee, to satisfy any award made to selected participants. The remuneration committee of the Company shall select eligible persons and determine the number of shares to be awarded. Upon termination of the schemes, the trustee shall sell all unvested shares remaining in the trusts within a reasonable period as agreed between the trustee and the Company, and remit all cash and net proceeds of such sale and such other funds remaining in the trust to the Company.

In 2015, a total of 17,149,000 award shares and 7,705,000 award shares of the Company have been awarded to certain connected employees (including the directors of the Company and certain subsidiaries) and employees of the Group respectively at no consideration.

The awarded shares shall vest upon conditions relating to the Group's performance and the individual performance being met during the performance period of 3 years on average.

As at 30 June 2022, 17,710,250 (31 December 2021: 17,710,250) shares were allotted at par and held by the trust for the share award schemes.

21. Pledge of Assets

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

	30 June 2022 RMB'million (Unaudited)	31 December 2021 RMB'million (Audited)
Investment properties	**33,951**	33,764
Property and equipment	**35**	76
Right-of-use assets	**6**	6
Properties under development for sale	**579**	497
Receivables	**156**	90
Bank deposits	**2,100**	–
	36,827	34,433

22. Commitments and Contingencies

(a) Capital and other commitments

As of the end of the reporting period, the Group had the following commitments:

	30 June 2022 RMB'million (Unaudited)	31 December 2021 RMB'million (Audited)
Contracted but not provided for:		
Development costs for investment properties under construction or development	**683**	871
Development costs for properties under development held for sale	**563**	389
Investment in joint ventures	**6,014**	7,739
	7,260	8,999

(b) Contingent liabilities

The Group provided guarantees of RMB1,913 million at 30 June 2022 (31 December 2021: RMB2,672 million) to banks in favour of its customers in respect of the 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 of 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 of losses for the financial guarantee contracts of the Group was insignificant at initial recognition as the guarantee amount should be significantly lower than the value of properties. The Group is entitled to possess the property if there is any default by the customers, and the directors of the Company consider that the possibility of the default of the parties involved was remote, and accordingly, no value has been recognised in the condensed consolidated statement of financial position as at 30 June 2022. Should the actual outcome be different from the expected, provision of losses will be recognised in the condensed consolidated financial statements.

23. Related Party Transactions

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

	Six months ended 30 June	
	2022 RMB'million (Unaudited)	2021 RMB'million (Unaudited)
Shui On Company Limited ("SOCL") (note 1) and its subsidiaries other than those of the Group		
Rental expense	**2**	2
Renovation expense	**1**	1
Service cost reimbursement	**2**	1
SOCAM Development Limited ("SOCAM") (note 2) and its subsidiaries, being subsidiaries of SOCL		
Revenue from construction services	**–**	5
Great Eagle Holdings Limited ("GE") (note 3) and its subsidiaries		
Rental and building management fee income	**2**	1
Associates		
Construction income	**–**	83
Asset management fee and lease commission fee income	**18**	16
Interest expense	**81**	13
Rental and building management fee expense	**7**	7
Joint ventures		
Interest income	**24**	20
Asset management fee and lease commission fee income	**50**	22
Project management fee income	**48**	60
Construction income	**30**	8
Rental and building management fee income	**1**	1
Consulting service income	**4**	4
Service cost reimbursement	**14**	–
Non-controlling shareholders of subsidiaries		
Management service fee expense	**9**	5
Key management personnel		
Short-term benefits	**83**	73

Notes:

1. SOCL, indicating Shui On Company Limited, a private limited liability company incorporated in the British Virgin Islands ("BVI"), its ultimate controlling party is Mr. Vincent H.S. Lo, who is also the Chairman and Executive Director of the Company.
2. SOCAM, indicating SOCAM Development Limited, a subsidiary of SOCL.
3. 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 and 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.

24. Approval of Financial Statements

These condensed consolidated interim financial statements were approved and authorised for issue by the board of directors on 25 August 2022.

Interim Dividend

The Board has declared an interim dividend of HKD0.036 per share (2021: HKD0.036 per share) for the six months ended 30 June 2022, amounting to approximately RMB253 million (2021: RMB241 million) in aggregate, which is payable on or about 23 September 2022 to shareholders whose names appear on the register of members of the Company on 9 September 2022.

In order to qualify for the interim dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration not later than 4:30 p.m. on 9 September 2022.

Directors' Interests in Securities

At 30 June 2022, 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

	Number of ordinary shares			Interests in the underlying shares		
Name of Directors	Personal interests	Family interests	Other interests	Share options (Note 3)	Total	Approximate percentage of interests to the issued share capital of the Company (Note 4)
Mr. Vincent H. S. LO ("Mr. Lo")	–	1,849,521 (Note 1)	4,501,574,251 (Note 2)	–	4,503,423,772	55.86%
Ms. Stephanie B. Y. LO ("Ms. Lo")	–	–	4,501,574,251 (Note 2)	437,000	4,502,011,251	55.84%
Ms. Ying WANG ("Ms. Wang")	670,500	–	–	437,000	1,107,500	0.01%
Mr. Douglas H. H. SUNG ("Mr. Sung")	–	–	–	437,000	437,000	0.0054%
Professor Gary C. BIDDLE	305,381	–	–	–	305,381	0.0038%
Dr. Roger L. McCARTHY	200,000	–	–	–	200,000	0.002%

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, 2,746,232,318 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 63.11% as of 30 June 2022. 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, of which Mr. Lo was the founder and a discretionary beneficiary, Ms. Lo was a discretionary beneficiary and HSBC International Trustee Limited ("HSBC Trustee") was 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 represent the interests of share options granted to the Directors and/or their respective associate(s) for subscription of shares of the Company under the share option scheme adopted by the Company on 8 June 2007.

(4) These percentages have been compiled based on the total number of issued shares (i.e. 8,062,216,324 shares) of the Company at 30 June 2022.

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

Name of Directors	Number of ordinary shares				Approximate percentage of interests to the issued share capital (Note 3)
	Personal interests	Family interests	Other interests	Total	
Mr. Lo	–	312,000 (Note 1)	236,309,000 (Note 2)	236,621,000	63.20%
Ms. Lo	–	–	236,309,000 (Note 2)	236,309,000	63.11%

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 owned by the Bosrich Unit Trust, the trustee of which was Bosrich. The units of the Bosrich Unit Trust were the property of a discretionary trust, of which Mr. Lo was the founder and a discretionary beneficiary, Ms. Lo was a discretionary beneficiary and HSBC Trustee was 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. 374,396,164 shares) of SOCAM at 30 June 2022.

(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	USD19,300,000 (Note 1)
		Family interest	USD3,400,000 (Note 2)
Ms. Lo	SODH	Discretionary beneficiary of a trust	USD19,300,000 (Note 1)
Mr. Sung	SODH	Personal interest	USD200,000

Notes:

(1) These debentures were held by SOI, a wholly-owned subsidiary of SOCL. SOCL was owned by the Bosrich Unit Trust, the trustee of which was Bosrich. The units of the Bosrich Unit Trust were the property of a discretionary trust, of which Mr. Lo was the founder and a discretionary beneficiary, Ms. Lo was a discretionary beneficiary and HSBC Trustee was 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 2022, 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 2022, 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 interest	4,503,423,772 (Notes 1 & 3)	55.86%
HSBC Trustee	Trustee	4,501,574,251 (Notes 2 & 3)	55.84%
Bosrich	Trustee	4,501,574,251 (Notes 2 & 3)	55.84%
SOCL	Interests of controlled corporation	4,501,574,251 (Notes 2 & 3)	55.84%

Notes:

(1) These shares comprised 1,849,521 shares beneficially owned by Mrs. Lo and 4,501,574,251 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 4,501,574,251 shares under Part XV of the SFO.

(2) These shares were held by SOCL through its controlled corporations, comprising 1,725,493,996 shares, 2,746,232,318 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 63.11% as of 30 June 2022. 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, of which Mr. Lo was the founder and a discretionary beneficiary, Ms. Lo was a discretionary beneficiary and HSBC Trustee was 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. 8,062,216,324 shares) of the Company at 30 June 2022.

Save as disclosed above, at 30 June 2022, 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 Options

The share option scheme of the Company adopted on 8 June 2007 (the "Old Scheme") expired on 7 June 2017 and no further share options can be granted thereunder. However, the rules of the Old Scheme remain in full force and effect to the extent necessary to give effect to the exercise of options granted prior to its expiration or otherwise as may be required in accordance with the rules of the Old Scheme. All outstanding share options granted prior to the expiration of the Old Scheme shall continue to be valid and exercisable in accordance with the rules of the Old Scheme.

A new 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.

Particulars of the Old Scheme are set out in note 20 to the condensed consolidated financial statements.

The following table sets out the movement of the Company's share options during the six months ended 30 June 2022:

Name or category of eligible participants	Date of grant	Exercise price per share HKD	At 1 January 2022	Reclassi-fication	Granted during the period	Exercised during the period	Lapsed during the period	At 30 June 2022	Period during which the share options are exercisable
Directors									
Ms. Lo	4 July 2016	1.98	437,000	–	–	–	–	437,000	1 June 2017 – 3 July 2022
Ms. Wang (Note)	4 July 2016	1.98	–	437,000	–	–	–	437,000	1 June 2017 – 3 July 2022
Mr. Sung	4 July 2016	1.98	437,000	–	–	–	–	437,000	1 June 2017 – 3 July 2022
Sub-total			**874,000**	**437,000**	**–**	**–**	**–**	**1,311,000**	
Employees (in aggregate)	4 July 2016	1.98	4,218,600	(437,000)	–	–	(184,800)	3,596,800	1 June 2017 – 3 July 2022
Sub-total			**4,218,600**	**(437,000)**	**–**	**–**	**(184,800)**	**3,596,800**	
Total			**5,092,600**	**–**	**–**	**–**	**(184,800)**	**4,907,800**	

Note: Ms. Wang was appointed as an Executive Director of the Company with effect from 1 January 2022 and her share options were reclassified under the category of "Directors" with effect from 1 January 2022.

Corporate Governance

The Company is committed to enhancing its corporate governance practices and to pursuing the right balance between conformance and performance in its corporate governance. The Company reviews its corporate governance practices from time to time to ensure it complies with all the applicable code provisions set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 of the 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 2022, the Company has 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 10 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 2022.

To comply with the code provision C.1.3 of 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 2022.

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"). Ms. Wang was appointed as an Executive Director and the Chief Executive Officer of the Company with effect from 1 January 2022. As of the date of this report, the Board comprises ten members in total, with four Executive Directors and six INEDs.

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

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

Chairman and Chief Executive

With effect from 1 January 2022, Ms. Wang was appointed as the Chief Executive Officer of the Company. The roles of 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 clearly established and set out in writing, a copy of which has been published on the Company's website.

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 make recommendation to the Board on the appointment, reappointment and removal of external auditor.

The Audit and Risk Committee consists of three members, namely Professor Gary C. Biddle ("Professor Biddle"), Dr. Roger L. McCarthy ("Dr. McCarthy") and Mr. David J. Shaw ("Mr. Shaw"), 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 2022, including the accounting principles and practices and internal control systems adopted by the Company. The Audit and Risk Committee has no disagreement 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 to evaluate and make recommendations on employee benefit arrangements.

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

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"), Professor Biddle and Ms. Lo. Mr. Tedjarati and Professor Biddle are INEDs. The Chairman of the Nomination Committee is Mr. Tedjarati.

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 ("Ms. Wu"), Dr. McCarthy, Ms. Lo and Ms. Wang. Ms. Wu and Dr. McCarthy are INEDs. The Chairman of the Sustainability Committee is Ms. Wu.

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 six members, namely Mr. Lo, Mr. Tedjarati, Professor Biddle, Mr. Nightingale, Ms. Lo and Mr. Sung. Mr. Tedjarati, Professor Biddle and Mr. Nightingale are INEDs. The Co-chairs of the Strategy Committee are Mr. Lo and Mr. Tedjarati.

Induction, Training and Continuing Development for Directors

The Directors are continually updated on legal and regulatory developments, as well as business and market changes, in order to facilitate the discharge of their responsibilities. During the six months ended 30 June 2022, the Directors attended three training sessions organised by the Company and also perused to two ESG-related articles provided by the Company.

In addition, individual Directors participated in forums and workshops organised by external professionals 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 annual general meeting of the Company held on 26 May 2022 (the "2022 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. Shaw, who is an INED, was unable to attend the 2022 AGM due to the time difference. Save for the above, all the INEDs attended the 2022 AGM.

Purchase, Sale, or Redemption/Cancellation of Listed Securities

On 20 June 2017, SODH issued USD600 million in 6.40% senior perpetual capital securities callable 2022 (the "Senior Perpetual Securities"). On 20 June 2022, SODH redeemed all the outstanding Senior Perpetual Securities with an aggregate principal amount of USD600 million. On 21 June 2022, SODH paid the redemption price together with any accrued distribution. Upon redemption, the Senior Perpetual Securities were cancelled.

Save as disclosed above, 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 2022.

Disclosure under Rule 13.21 of the Listing Rules

On 20 June 2017, a written agreement (the "2022 Trust Deed") was entered into between the Company as guarantor, SODH as issuer and DB Trustee (Hong Kong) Limited ("DB") as trustee of the Senior Perpetual Securities, pursuant to which the Senior Perpetual Securities were issued. The 2022 Trust Deed provides that upon the occurrence of a change of control (as defined in the 2022 Trust Deed), SODH may at its option, redeem in whole but not in part the Senior Perpetual Securities at (i) their applicable early redemption amount (as defined in the 2022 Trust Deed) if such redemption occurs prior to 20 June 2022; or (ii) their principal amount, together with any distribution accrued to the date fixed for redemption (including any arrears of distribution and any additional distribution amount), if such a redemption occurs on or after 20 June 2022. Details of the transaction were set out in the announcement of the Company dated 20 June 2017. On 20 June 2022, SODH redeemed all the outstanding Senior Perpetual Securities with an aggregate principal amount of USD600 million. On 21 June 2022, SODH paid the redemption price together with any accrued distribution. Upon redemption, the Senior Perpetual Securities were cancelled.

On 12 November 2019, a written agreement (the "2023 SODH Indenture") was entered into between the Company as guarantor, SODH as issuer and DB as trustee of the USD300 million in 5.75% senior notes due 2023 issued by SODH (the "2023 SODH Notes"), pursuant to which the 2023 SODH Notes were issued. The 2023 SODH Indenture provides that upon the occurrence of a change of control (as defined in the 2023 SODH Indenture), the Company or SODH will make an offer to repurchase all outstanding 2023 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 12 November 2019. On 24 November 2020, the Company and SODH entered into a purchase agreement with UBS AG Hong Kong Branch in connection with the further issue of USD200 million in 5.75% senior notes due 2023 (the "Additional USD Notes"), which were consolidated and formed a single series with the 2023 SODH Notes. The Additional USD Notes were issued pursuant to the 2023 SODH Indenture. Details of the transaction were set out in the announcement of the Company dated 2 December 2020.

On 3 March 2020, a written agreement (the "2025 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 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 2023 SODH Notes, 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 RMB8,177 million at 30 June 2022.

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 Directors	Details of Changes
Mr. Lo	stepped down as a Non-executive Director of Hang Seng Bank Limited with effect from 5 May 2022.
Mr. Nightingale	retired as a Non-executive Director of Prudential plc with effect from 26 May 2022.
Professor Biddle	was appointed as an Independent Non-executive Director of Belite Bio, Inc. (NASDAQ: BLTE) with effect from 29 April 2022.

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 2021.

Employees and Remuneration Policy

As of 30 June 2022, the number of employees in the Group was 3,159 (31 December 2021: 3,186); which included the headcount of the property management business at 1,615 (31 December 2021: 1,630), and the headcount of the construction and fitting out business at 184 (31 December 2021: 193). The Group provides a comprehensive benefits package for all employees as well as career development opportunities. This includes retirement schemes, long-term incentive schemes, medical insurance, other insurances, in-house training, on-the-job training, external seminars, and programs organised by professional bodies and educational institutes.

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

CORPORATE INFORMATION

Board of Directors

Executive Directors

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

Independent Non-executive Directors

Professor Gary C. BIDDLE
Dr. Roger L. McCARTHY
Mr. David J. SHAW
Mr. Anthony J. L. NIGHTINGALE
Mr. Shane S. TEDJARATI
Ms. Ya Ting WU

Audit and Risk Committee

Professor Gary C. BIDDLE (Chairman)
Dr. Roger L. McCARTHY
Mr. David J. SHAW

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)
Dr. Roger L. McCARTHY
Ms. Stephanie B. Y. LO
Ms. Ying 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
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

26/F, Shui On Plaza
333 Huai Hai Zhong Road
Shanghai 200021
PRC

Place of Business in Hong Kong

34/F, Shui On Centre
6-8 Harbour Road
Wan Chai
Hong Kong

Principal Share Registrar and Transfer Office

Suntera (Cayman) Limited
Suite 3204, Unit 2A, Block 3
Building D
P.O. Box 1586
Gardenia Court
Camana Bay
Grand Cayman, KY1–1100
Cayman Islands

Branch Share Registrar and Transfer Office

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17/F, Hopewell Centre
183 Queen's Road East
Wan Chai
Hong Kong

Principal Bankers

Agricultural Bank of China Limited
Bank of China Limited
China Merchants Bank Co., Limited
Hang Seng Bank Limited
Industrial and Commercial Bank of China Limited
Standard Chartered Bank Limited
United Overseas Bank Limited

Stock Code

272

Website

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