瑞安房地產
SHUI ON LAND

Shui On Land Limited

瑞安房地產有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 272)

Announcement of 2023 Annual Results

HIGHLIGHTS

- **Resilience amidst severe industry downturn:** Although the Chinese economy has rebounded to some degree following the end of COVID-19 and its restrictions, a lack of confidence has led to a continuing downturn in the property market. Despite the difficult operating environment, the Group has recorded a revenue of RMB9,752 million and a net profit of RMB1,397 million, with profit attributable to shareholders amounting to RMB810 million.
- **Successful openings of new commercial projects supported rising rental income:** The Group opened several commercial properties in 2023 with great success, including the opening of Shanghai Panlong Tiandi and Shanghai Hong Shou Fang. Total rental and related income (including joint ventures and associates) for the year increased to RMB3,243 million, representing a growth of 16% year-on-year.
- **Prudent capital management:** The Group has been maintaining a stable balance sheet. As of 31 December 2023, the net gearing ratio had increased slightly to 52%, while cash and bank deposits totalled RMB8,917 million. The Group is committed to continuing our prudent approach towards managing the balance sheet.
- **Successful issuance of the largest ever private green-mortgage-backed onshore CMBS:** In April 2023, the Group successfully issued onshore commercial mortgage-backed securities ("CMBS") backed by THE HUB in the Hongqiao Central Business District, Shanghai. This is the first CMBS in China supported by a transit-oriented development commercial complex. The Group has proactively adopted various means, including this CMBS issuance, asset disposal and the repurchase of USD senior bonds to enhance our liquidity.
- **Remarkable progress in sustainability:** The Group obtained approval from the Science Based Targets initiatives ("SBTi") for its 1.5°C science-based targets in July 2023, making us one of the first real estate developers in China to receive approval from the SBTi for near-term company-wide emissions reduction targets in line with the goals of the Paris Climate Agreement. The Group's environmental, social, and governance ("ESG") ratings also improved during the year, with our MSCI ESG rating rising from A to AA, CDP rating from B to A- and GRESB rating improved from 4 Star to 5 Star.
- **Dividend declared:** The Board has recommended a final dividend for the year of HKD0.058 per share (2022: HKD0.064). Together with an interim dividend of HKD0.032 per share, the full-year dividend for 2023 amounted to HKD0.09 per share (2022: HKD0.10).

Website: www.shuionland.com

PERFORMANCE HIGHLIGHTS

	2023	2022	Year-on-Year Growth/ (Decline)
Grand total rental and related income (RMB'million)[1]	**3,243**	**2,802**	**16%**
Contracted sales (RMB'million)	**11,396**	**27,219**	**(58%)**
Subscribed sales (RMB'million)	**367**	**1,427**	**(74%)**
Selected Financial Information (RMB'million)			
Revenue	9,752	15,565	(37%)
Property sales recognised as revenue	5,898	11,695	(50%)
Consolidated rental and related income	2,398	2,070	16%
Gross profit	5,045	6,649	(24%)
Profit for the year	1,397	1,475	(5%)
Profit attributable to shareholders of the Company	810	906	(11%)
Selected Financial Ratios			
Gross profit margin	52%	43%	9ppt
Net profit margin	14%	9%	5ppt
Earnings per share (basic), RMB cents	10.1	11.3	(11%)

Selected Balance Sheet Data (RMB'million)	**31 December 2023**	**31 December 2022**	**Changes**
Total assets	100,998	104,878	(4%)
Cash and bank deposits	8,917	13,368	(33%)
Total indebtedness	31,933	33,512	(5%)
Net debt	23,016	20,144	14%
Total equity	44,149	44,401	(1%)
Net gearing (Net debt-to-equity ratio) at year-end	52%	45%	7ppt
Landbank (GFA, million sq.m.)			
Total leasable and saleable landbank	6.2	6.8	(9%)
Attributable leasable and saleable landbank	3.9	4.2	(7%)

[1] *Including rental income from Shanghai RHXC commercial partnership portfolio, 5 Corporate Avenue and Hubindao, Nanjing IFC and CPIC XINTIANDI COMMERCIAL CENTER (Lot 132), in which the Group has 49.5%, 44.55%, 50% and 25% effective interests, respectively.*

BUSINESS REVIEW

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

The Group has two main businesses, namely property development and property investment and management. During more than 27 years of investing and building in China, the Group has completed several renowned mixed-used developments focusing on large-scale, mixed-use real estate projects in prime locations and developed strong expertise in urban regeneration. The Group also owns and manages a significant investment property portfolio under its wholly owned subsidiary, Shui On Xintiandi ("SXTD"). Our two businesses are complementary, which enables the Group to provide comprehensive, high-quality products and services across the spectrum of residential, retail, and office sectors both for sale and for long-term investment.

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

KEY ACHIEVEMENTS IN 2023

- In 2023, the Group recorded property sales of RMB5,898 million, mainly contributed by Shanghai Panlong Tiandi. Including joint ventures and associates, property sales totalled RMB38,565 million. As of 31 December 2023, contracted sales were RMB11,396 million, comprising residential property sales of RMB7,208 million, commercial property sales of RMB2,982 million, and other assets disposal of RMB1,206 million. Total locked-in sales, including that of joint ventures and associates, was RMB9,055 million for delivery and to be recognised in the financial year 2024 and beyond.

- Wuhan Tiandi La Riva III was launched and achieved the highest pre-sale price ever recorded in Wuhan, with an average selling price of approximately RMB64,000 per sq.m.. Phase I of Wuhan Changjiang Tiandi was launched in the fourth quarter of 2023. Wuhan Optics Valley Innovation Tiandi has seen good demand from end-users for its office blocks and yielded commercial property sales of RMB2,497 million.

- Our commercial property portfolio has delivered growing recurrent rental income. Including properties held by joint ventures and associates, total rental and related income increased by 16% year-on-year to RMB3,243 million in 2023, of which 76% was contributed by our portfolio in Shanghai. The increase in the year was mainly contributed by:
  (i) Opening of Shanghai Panlong Tiandi: The 41,000 sq.m. retail facilities in Shanghai Panlong Tiandi were soft opened at the end of April 2023, and the venue welcomed over 1 million visitors within the first week of operations. This signature urban retreat project has shown a strong performance and gained a high reputation in the market.
  (ii) Opening of Shanghai Hong Shou Fang: The property was an urban regeneration project with 14,000 sq.m. of retail facilities. It was opened at the end of September 2023 and has since become a landmark of the Putuo District in Shanghai. In its first week of opening, foot traffic at Shanghai Hong Shou Fang exceeded 700,000, and there was extensive coverage by social media.

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

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

- The Group is committed to high standards in sustainability. In July 2023, the Group obtained approval from the SBTi for its 1.5°C science-based targets, making us one of the first real estate developers in China to receive approval from the SBTi for near-term company-wide emissions reduction targets in line with the goals of the Paris Climate Agreement. The Group is also recognised by a number of reputable ESG rating agencies. Following continuous progress on sustainability made by the Group, the MSCI ESG rating of the Group improved from A to AA, the CDP rating from B to A- and GRESB rating improved from 4 Star to 5 Star in 2023. A pioneer in sustainability, SXTD formed a strategic partnership in December 2023 with CLP Group to co-operate on the supply of green power in our commercial properties, setting a sustainability benchmark for future urban communities.

- In December 2023, the Group agreed with Shanghai Hongrui Shouyuan Consulting Management Partnership (Limited Partnership), an investment vehicle of Dajia Life Insurance Co., Ltd., to dispose of a 65% equity interest in the Shanghai Hong Shou Fang project, for an initial consideration of RMB1,206 million. This is in line with our Asset Light Strategy to build enduring partnerships with strategic long term investors to expand our portfolio of assets.

PROPERTY SALES PERFORMANCE

Recognised Property Sales

For 2023, total recognised property sales were RMB38,565 million (after deduction of applicable taxes). The increase was mainly contributed by the handover of Shanghai RHXC Ocean One (Lot 7), Shanghai RHXC Park Vera (Lot 167A), and Shanghai Panlong Tiandi. The average selling price ("ASP") excluding carparks decreased by 4% to RMB63,200 per sq.m. compared to 2022.

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

	2023			2022		
Project	**Sales revenue**	**GFA sold**	**ASP[1]**	**Sales revenue**	**GFA sold**	**ASP[1]**
	RMB' million	sq.m.	RMB per sq.m.	RMB' million	sq.m.	RMB per sq.m.
Shanghai Taipingqiao						
Residential (Lot 118)	105	700	164,300	5,375	35,700	165,000
Shanghai RHXC						
Residential (Lot 7)	17,012	161,200	115,000	-	-	-
Residential (Lot 167A)	9,427	85,800	119,800	-	-	-
Residential (Lot 1)	-	-	-	16	200	87,500
Retail (Lot 1)	-	-	-	88	1,200	80,000
Shanghai Panlong Tiandi	5,312	85,700	67,900	5,472	97,400	61,400
Wuhan Tiandi						
Residential	-	-	-	436	9,100	52,400
Office	-	-	-	26	1,300	21,500
Wuhan Optics Valley Innovation Tiandi						
Residential	404	18,600	23,700	840	40,200	22,800
Office	269	22,600	13,000	-	-	-
Foshan Lingnan Tiandi						
Residential	-	-	-	10	400	27,500
Chongqing Tiandi[2]						
Residential	3,811	165,200	25,100	-	-	-
Retail/Office (Loft)	1,112	106,100	11,400	286	23,100	12,600
Subtotal	**37,452**	**645,900**	**63,200**	**12,549**	**208,600**	**65,700**
Carparks[2]	1,113			423		
Grand Total	**38,565**	**645,900**	**65,100**	**12,972**	**208,600**	**67,900**
Recognised as:						
- property sales in revenue of the Group	5,898			11,695		
- revenue of associates	22,367			408		
- revenue of joint ventures	10,300			869		
Grand Total	**38,565**			**12,972**		

Notes:

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

2 *ASP of Chongqing residential sales is based on net floor area, a common market practice in the region. Residential of RMB3,811 million, office and retail space of RMB1,080 million, and carparks sales of RMB71 million were contributed by the Chongqing Tiandi partnership portfolio and were recognised as revenue of associates in 2023. The Group holds a 19.8% interest in the partnership portfolio.*

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

The Group's contracted property sales decreased by 58% to RMB11,396 million in 2023, compared to RMB27,219 million in 2022, with residential property sales accounting for 63% and the remainder contributed by the sale of commercial units and other asset disposals. The decrease was mainly due to the scheduling of sales launches, as we have planned for more launches in 2024 and beyond, depending on a market recovery and subject to construction progress and the timing of government pre-sale approval. The ASP for residential property sales was RMB56,700 per sq.m. in 2023, compared to RMB94,200 per sq.m. in 2022, as a higher proportion of contracted property sales was generated from lower ASP projects outside of Shanghai during this year.

As of 31 December 2023:

i) total subscribed sales were RMB367 million, with RMB155 million contributed by Wuhan Changjiang Tiandi (Lot B4). The above-mentioned are subject to formal sales and purchase agreements in the coming months.
ii) total locked-in sales of RMB9,055 million were recorded and available for delivery to customers and to be recognised in the Group's financial results in 2024 and beyond.

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

	2023			**2022**		
Project	**Contracted amount**	**GFA sold**	**ASP**	**Contracted amount**	**GFA sold**	**ASP**
	RMB' million	sq.m.	RMB per sq.m.	RMB' million	sq.m.	RMB per sq.m.
Residential property sales:						
Shanghai Taipingqiao						
Lakeville Luxe (Lot 118)	146	900	162,200	810	4,800	168,800
Shanghai RHXC (Lot 7)[1]	6[3]	-	-	8,113	70,600	114,900
Shanghai RHXC (Lot 167A)[2]	(16)[3]	-	-	10,291	85,900	119,800
Shanghai Panlong Tiandi	205	2,800	73,200	4,823	69,700	69,200
Wuhan Tiandi	4,062	62,700	64,800	384	6,500	59,100
Wuhan Changjiang Tiandi	706	20,500	34,400	-	-	-
Wuhan Optics Valley Innovation Tiandi	488	20,600	23,700	216	9,500	22,700
Foshan Lingnan Tiandi	-	-	-	2	100	20,000
Chongqing Tiandi[4]	400	19,600	24,900	658	26,600	30,200
Carparks	1,211	-	-	486	-	-
Subtotal	**7,208**	**127,100**	**56,700**	**25,783**	**273,700**	**94,200**
Commercial property sales:						
Shanghai RHXC (Lot 1)[1]	-	-	-	96	1,200	80,000
Wuhan Tiandi	37	800	46,300	-	-	-
Chongqing Tiandi[4]						
Office (Loft)	328	25,600	12,800	913	78,400	11,600
Retail	120	16,700	7,200	134	7,900	17,000
Wuhan Optics Valley Innovation Tiandi	2,497	180,700	13,800	293	22,600	13,000
Subtotal	**2,982**	**223,800**	**13,300**	**1,436**	**110,100**	**13,000**
Total Property Sales	**10,190**	**350,900**	**29,000**	**27,219**	**383,800**	**70,900**
Other Assets Disposal:						
Shanghai Hong Shou Fang	1,206	-		-	-	
Grand Total	**11,396**	**350,900**		**27,219**	**383,800**	

Notes:

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

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

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

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

Residential GFA Available for Sale and Pre-sale in 2024

The Group has approximately 252,800 sq.m. of residential gross floor area ("GFA") spanning eight projects available for sale and pre-sale in 2024, as summarised below:

Project	**Product**		**Available for sale and pre-sale in 2024**	
		GFA in sq.m.	Group's interests	Attributable GFA in sq.m.
Shanghai Taipingqiao Lot 118	High-rises	2,100	99%	2,100
Shanghai Taipingqiao Lot 122	High-rises	56,600	50%	28,300
Shanghai Yangpu Binjiang	Townhouses	21,400	60%	12,800
Shanghai Panlong Tiandi	High-rises	600	80%	500
Wuhan Tiandi	High-rises	2,900	100%	2,900
Wuhan Optics Valley Innovation Tiandi	High-rises	53,200	50%	26,600
Wuhan Changjiang Tiandi	High-rises	114,600	50%	57,300
Chongqing Tiandi	High-rises	1,400	19.80%	300
Total		**252,800**		**130,800**

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

PROPERTY DEVELOPMENT

Residential Development Saleable Resources as of 31 December 2023

Project	**Approximate Saleable Residential GFA**	**Estimated Gross Saleable Resource**	**The Group's interests**	**Estimated Attributable Sales**
	sq.m.	RMB' billion		RMB' billion
Shanghai Taipingqiao Lot 118	2,100	0.4	99%	0.4
Shanghai Taipingqiao Lot 122	80,600	19.2	50%	9.6
Shanghai Panlong Tiandi	600	0.05	80%	0.04
Shanghai Yangpu Binjiang	21,400	4.5	60%	2.7
Shanghai Sub-total	**104,700**	**24.2**		**12.7**
Wuhan Changjiang Tiandi[2]	730,900	36.8	50%	18.4
Wuhan Tiandi	43,100	2.3	100%	2.3
Wuhan Optics Valley Innovation Tiandi	150,600	3.6	50%	1.8
Chongqing Tiandi	1,400	0.03	19.80%	0.01
Other Cities Sub-total	**926,000**	**42.7**		**22.5**
Grand Total	**1,030,700**	**66.9**		**35.2**

Notes:

1 *This table represents saleable resources not yet recorded as contracted sales as of 31 December 2023.*

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

Residential Properties under Development

Shanghai Taipingqiao - Lot 122 was acquired in June 2021 with a total GFA of 87,000 sq.m. (including a GFA of 6,000 sq.m. underground space) for residential use and a GFA of 18,000 sq.m. (including a GFA of 3,600 sq.m. underground space) for retail shops. The construction work commenced in March 2023, and it is planned for sale in Q4 2024. The Group holds a 50% interest in the development.

Shanghai Yangpu Binjiang - The site was acquired in December 2022 with a total GFA of 30,000 sq.m. (including a GFA of 8,500 sq.m. underground space) for residential use. It is a heritage preservation and development project that involves the development of a high-end, low-density residential community comprising 90 units with unit sizes ranging from 160 – 410 sq.m.. Pre-sale for this project is targeted to start in the second half of 2024. The Group holds a 60% interest in the development.

Wuhan Changjiang Tiandi -The site was acquired in December 2021 with an estimated saleable GFA of 751,000 sq.m. for residential use. Lot B4 has a total residential GFA of 135,000 sq.m., and sales of the first batch started in September 2023. As of 31 December 2023, 137 units with a total GFA of 20,500 sq.m. were contracted, and RMB706 million of contracted property sales was recorded. The Group holds a 50% interest in the development.

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

Wuhan Optics Valley Innovation Tiandi - The site was acquired in 2017. The construction for Lots R7 and R8, which have a total saleable GFA of 73,000 sq.m., commenced in November 2021, and a total of 17,100 sq.m. of residential GFA was delivered to customers in 2023. Despite the challenging market, by using a variety of strategies, the project team was able to rank top for sales of high-end products (above 180 sq.m.) in the centre of Optics Valley. As of 31 December 2023, 103 units were contracted. The Group holds a 50% interest in the development.

Chongqing Tiandi - Glory Mansion Phase II has a total GFA of 95,000 sq.m. was completed of which a total GFA of 93,000 sq.m. was sold as of 31 December 2023. Glorious River (Lots B5 & B10) has a total GFA of 172,000 sq.m.. Construction was completed and all units were sold as of 31 December 2023. Quiet Mansion (Lot B24-6), with a total GFA of 71,000 sq.m., was under construction. The Group holds a 19.8% interest in the partnership portfolio.

Commercial Properties under Development as of 31 December 2023

Project	Office GFA	Retail GFA	Total GFA	The Group's interests	Attributable GFA
	sq.m.	sq.m.	sq.m.		sq.m.
CPIC XINTIANDI COMMERCIAL CENTER (Lot 123,124)[1]	162,000	84,000	246,000	25.00%	61,500
Shanghai Taipingqiao Lot 122	-	18,000	18,000	50.00%	9,000
Shanghai RHXC Lot 167B	107,000	12,000	119,000	49.00%	58,300
Shanghai Sub-total	**269,000**	**114,000**	**383,000**		**128,800**
Wuhan Tiandi	70,000	4,000	74,000	100.00%	74,000
Wuhan Optics Valley Innovation Tiandi	362,000	339,000	701,000	50.00%	350,500
Wuhan Changjiang Tiandi	56,000	232,000+30,000[2]	318,000	50.00%	159,000
Foshan Lingnan Tiandi	450,000	107,000+80,000[2]	637,000	100.00%	637,000
Chongqing Tiandi	228,000	65,000+25,000[2]	318,000	19.80%	63,000
Other Cities Sub-total	**1,166,000**	**882,000**	**2,048,000**		**1,283,500**
Grand Total	**1,435,000**	**996,000**	**2,431,000**		**1,412,300**

Notes:

1 *The CPIC XINTIANDI COMMERCIAL CENTER project includes three lots, namely Lot 123, Lot 124, and Lot 132, with a total GFA of 276,000 sq.m.. Lot 132, with a total GFA of 30,000 sq.m. of office, was completed in 2023. The construction of the office towers and shopping mall on Lot 123 and Lot 124 are planned for completion in 2024 in phases.*

2 *Hotel use.*

LANDBANK

As of 31 December 2023, the Group's landbank was 8.5 million sq.m. (comprising 6.2 million sq.m. of leasable and saleable area and 2.3 million sq.m. for clubhouses, car parking spaces, and other facilities) spanning 14 development projects located in the prime areas of five major cities in China, namely: Shanghai, Nanjing, Wuhan, Foshan, and Chongqing. The leasable and saleable GFA attributable to the Group was 3.9 million sq.m.. Of the total leasable and saleable GFA of 6.2 million sq.m., approximately 2.5 million sq.m. was completed and held for sale and/or investment, approximately 1.4 million sq.m. was under development, and the remaining 2.3 million sq.m. was held for future development.

The Group's total landbank as of 31 December 2023, including that of its joint ventures and associates, is summarised below:

Project	Approximate/Estimated leasable and saleable GFA								
	Residential	Office	Retail	Hotel/ serviced apartments	Subtotal	Clubhouse, carpark, and other facilities	Total	Group's interests	Attributable leasable, and saleable GFA
	sq.m.	sq.m.	sq.m.	sq.m.	sq.m.	sq.m.	sq.m.		sq.m.
Completed properties:									
Shanghai Taipingqiao	2,000	118,000	131,000	-	**251,000**	101,000	**352,000**	99.00%[1]	173,000
Shanghai RHXC	-	145,000	300,000	-	**445,000**	269,000	**714,000**	99.00%[2]	220,000
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	1,000	-	41,000	5,000	**47,000**	80,000	**127,000**	80.00%	38,000
Shanghai Hong Shou Fang[4]	-	48,000	14,000	-	**62,000**	21,000	**83,000**	100.00%	62,000
INNO KIC	-	41,000	4,000	-	**45,000**	18,000	**63,000**	100.00%	45,000
Wuhan Tiandi	-	165,000	239,000	-	**404,000**	268,000	**672,000**	100.00%	404,000
Wuhan Optics Valley Innovation Tiandi	56,000	95,000	18,000	-	**169,000**	177,000	**346,000**	50.00%	85,000
Foshan Lingnan Tiandi	-	16,000	157,000	43,000	**216,000**	92,000	**308,000**	100.00%	216,000
Chongqing Tiandi	-	26,000	229,000	-	**255,000**	495,000	**750,000**	99.00%[5]	154,000
Nanjing IFC	-	72,000	28,000	-	**100,000**	18,000	**118,000**	50.00%	50,000
Subtotal	**59,000**	**980,000**	**1,401,000**	**70,000**	**2,510,000**	**1,753,000**	**4,263,000**		**1,827,000**
Properties under development:									
Shanghai Taipingqiao	87,000	162,000	102,000	-	**351,000**	159,000	**510,000**	25.00%[6]	114,000
Shanghai RHXC	-	107,000	12,000	-	**119,000**	38,000	**157,000**	49.00%[7]	58,000
Shanghai Yangpu Binjiang	30,000	-	-	-	**30,000**	22,000	**52,000**	60.00%	18,000
Wuhan Tiandi	71,000	-	1,000	-	**72,000**	37,000	**109,000**	100.00%	72,000
Wuhan Optics Valley Innovation Tiandi	-	181,000	52,000	-	**233,000**	165,000	**398,000**	50.00%	117,000
Wuhan Changjiang Tiandi	221,000	-	7,000	-	**228,000**	63,000	**291,000**	50.00%	114,000
Chongqing Tiandi	71,000	228,000	-	25,000	**324,000**	49,000	**373,000**	19.80%	64,000
Subtotal	**480,000**	**678,000**	**174,000**	**25,000**	**1,357,000**	**533,000**	**1,890,000**		**557,000**
Properties for future development:									
Wuhan Tiandi	39,000	70,000	3,000	-	**112,000**	-	**112,000**	100.00%	112,000
Wuhan Optics Valley Innovation Tiandi	97,000	181,000	287,000	-	**565,000**	-	**565,000**	50.00%	283,000
Wuhan Changjiang Tiandi	563,000	56,000	225,000	30,000	**874,000**	42,000	**916,000**	50.00%	437,000
Foshan Lingnan Tiandi	28,000	450,000	107,000	80,000	**665,000**	-	**665,000**	100.00%	665,000
Chongqing Tiandi	-	-	65,000	-	**65,000**	-	**65,000**	19.80%	13,000
Subtotal	**727,000**	**757,000**	**687,000**	**110,000**	**2,281,000**	**42,000**	**2,323,000**		**1,510,000**
Total landbank GFA	**1,266,000**	**2,415,000**	**2,262,000**	**205,000**	**6,148,000**	**2,328,000**	**8,476,000**		**3,894,000**

Notes:

1 *The Group has 99.00% interests in all the remaining lots, except for Shanghai Xintiandi, Shui On Plaza including Xintiandi Plaza, 15th floor in Shui On Plaza, 5 CA, Lot 132, and Lot 116, in which the Group has effective interests of 100.00%, 80.00%, 100.00%, 44.55%, 25.00%, and 98.00%, respectively.*

2 *The Group has 99.00% effective interests in all the remaining lots, except for The Palette, Hall of the Stars, Hall of the Moon, Parkview, Hall of the Sun, and Ruihong Corporate Avenue, in which the Group has effective interests of 49.50% and Lot 167A, in which the Group has an effective interest of 49.00%.*

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

4 *In December 2023, the group disposed of a 65% equity interest in this project. The transaction was completed in January 2024.*

5 *The Group has 99.00% effective interests in all the remaining lots, except for Lot B5, Lot B10, Lot B15, Lot B14, Lot B13 and Lot B11 Phase I, in which the Group has effective interests of 19.80%.*

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

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

The Group is forward-thinking and has a strong track record in urban renewal, as well as extensive experience in master planning, cultural preservation, and building communities. We are thus well known for our ability to deliver different urban development solutions. The Group continues to look for selective property development opportunities in tier-1 and strong tier-2 cities in the Yangtze River Delta and Greater Bay Area, especially in Shanghai. With our "Best-in-Class" strategy, we are committed to delivering high-quality products in strategic locations.

INVESTMENT PROPERTIES

A Leading Player in Commercial Real Estate

The Group currently holds and manages a total GFA of 2,863,000 sq.m. of retail and office space, in which 78% of the GFA was completed for rental income and the remainder is under development. As of 31 December 2023, the total asset value of the Commercial Property Portfolio was approximately RMB105.65 billion.

The table below summarises the development status, asset value, and ownership of the Group in the portfolio as of 31 December 2023.

Project	**Office GFA**	**Retail GFA**	**Total GFA**	**Attributable GFA**	**Asset Value as of 31 Dec 2023**	**% of ownership**
	sq.m.	sq.m.	sq.m.	sq.m.	RMB'billion	
Completed properties						
Shanghai Taipingqiao Community						
Shanghai Xintiandi, Xintiandi Style II, Xintiandi Plaza, Shui On Plaza	36,000	104,000	140,000	128,100	12.89	100%/99%/80%/80%
5 Corporate Avenue, Hubindao	52,000	27,000	79,000	35,200	6.71	44.55%
CPIC XINTIANDI COMMERCIAL CENTER (Lot 132)	30,000	-	30,000	7,500	2.68	25%
THE HUB	90,000	173,000	263,000	263,000	8.86	100%
Ruihong Tiandi Community						
Hall of the Moon, Hall of the Stars, The Palette	-	111,000	111,000	55,000	3.89	49.5%
Hall of the Sun, Ruihong Corporate Avenue	145,000	185,000	330,000	163,400	11.86	49.5%
Shanghai KIC	186,000	67,000	253,000	117,300	8.55	44.27%/50.49%
INNO KIC	41,000	4,000	45,000	45,000	1.48	100%
Shanghai Panlong Tiandi	-	41,000	41,000	32,800	1.34	80%
Shanghai Hong Shou Fang	48,000	14,000	62,000	62,000	2.61	100%
Wuhan Tiandi Community	165,000	239,000	404,000	404,000	9.21	100%
Foshan Lingnan Tiandi Community	16,000	144,000	160,000	160,000	4.49	100%
Chongqing Tiandi Community	-	128,000	128,000	127,000	1.54	99%
Chongqing IN CITY	-	98,000	98,000	19,400	1.66	19.8%
Nanjing IFC	72,000	28,000	100,000	50,000	2.95	50%
Subtotal	**881,000**	**1,363,000**	**2,244,000**	**1,669,700**	**80.72**	
Land & properties under development						
Shanghai Taipingqiao Community						
CPIC XINTIANDI COMMERCIAL CENTER (Lot 123,124)	162,000	84,000	246,000	61,500	17.68	25%
Shanghai RHXC						
Ruihong Tiandi Lot 167B	107,000	12,000	119,000	58,300	5.38	49%
Foshan Lingnan Tiandi Community						
Foshan Lot A	190,000	64,000	254,000	254,000	1.87	100%
Subtotal	**459,000**	**160,000**	**619,000**	**373,800**	**24.93**	
Grand Total	**1,340,000**	**1,523,000**	**2,863,000**	**2,043,500**	**105.65**	

Valuation of Investment Properties

As of 31 December 2023, the carrying value of the Group's investment properties at valuation (excluding hotels for operation and self-use properties) was RMB99,559 million with a total GFA of 2,748,200 sq.m.. The properties located in Shanghai, Wuhan, Foshan, Nanjing, and Chongqing, respectively, contributed 79%, 9%, 6%, 3% and 3% of the carrying value.

The table below summarises the carrying value of the Group's investment properties at valuation as of 31 December 2023, together with the change in fair value for 2023:

Project	Leasable GFA	Increase /(decrease) in fair value for 2023	Carrying value as of 31 Dec 2023	Fair Value gain/(loss) to carrying value	Attributable carrying value to the Group
	sq.m.	RMB'million	RMB'million	%	RMB'million
Completed investment properties at valuation					
Shanghai Taipingqiao Community					
Shanghai Xintiandi and Xintiandi Style II	80,000	136	8,263	1.6%	8,242
Shui On Plaza and Xintiandi Plaza	52,200	(118)	3,981	(3.0%)	3,226
5 Corporate Avenue, Hubindao (associate)	79,000	(16)	6,707	(0.2%)	2,988
CPIC XINTIANDI COMMERCIAL CENTER Lot 132 (joint venture)	30,000	-	2,676	-	669
Ruihong Tiandi Community (joint venture)	441,000	1	15,749	-	7,796
THE HUB	263,000	(72)	8,860	(0.8%)	8,860
Shanghai KIC	252,000	11	8,514	0.1%	3,937
INNO KIC	45,000	6	1,475	0.4%	1,475
Shanghai Panlong Tiandi	41,000	164	1,336	12.3%	1,069
Shanghai Hong Shou Fang	62,000	(77)	2,605	(3.0%)	2,605
Wuhan Tiandi Community	402,000	(19)	9,180	(0.2%)	9,180
Foshan Lingnan Tiandi Community	158,000	27	4,436	0.6%	4,436
Chongqing Tiandi Community	128,000	19	1,536	1.2%	1,520
Chongqing IN CITY (associate)	98,000	-	1,664	-	329
Nanjing IFC (joint venture)	100,000	(86)	2,950	(2.9%)	1,475
Subtotal	2,231,200[1]	(24)	79,932[1]	(0.03%)	57,807
Investment properties under development at valuation					
CPIC XINTIANDI COMMERCIAL CENTER Lot 123, 124 (joint venture)	246,000	(368)	17,682	(2.1%)	4,421
Foshan Lot A	254,000	(35)	1,871	(1.9%)	1,871
Subtotal	500,000	(403)	19,553	(2.1%)	6,292
Investment property – sublease of right-of-use assets					
Nanjing INNO	17,000	(10)	74	(13.5%)	74
Subtotal	17,000	(10)	74	(13.5%)	74
Grand Total	**2,748,200**	**(437)**	**99,559**	**(0.4%)**	**64,173**
Grand Total (excluding associates and joint ventures)[2]	**1,754,200**	**32**	**52,131**	**0.1%**	**46,495**

Notes:

[1] *Self-use properties (total GFA 12,800 sq.m. with carrying value of RMB764 million) are classified as property and equipment in the consolidated statement of financial position, and the respective leasable GFA and carrying value are excluded from this table.*

[2] *Shanghai Hong Shou Fang was transferred to assets classified as held for sale as of 31 December 2023.*

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

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

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

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

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

Property Investment

Retail portfolio occupancy remained stable and averaged 91% as of 31 December 2023. Following the relaxation of pandemic-related restrictions, sales, and shopper traffic in our portfolio for 2023 have recovered to 106% and 110% of the levels seen in the same period in 2021, respectively. Rental reversion, however, has turned slightly negative given the slower-than-expected market recovery.

The office market has been more challenging, given the economic slowdown and oversupply. Many businesses have slowed their activity or suspended their expansion or relocation plans. Occupancy of our more mature office properties remained stable with an average occupancy rate of above 90%, and rental reversion remained positive as of 31 December 2023. This bears testimony to the quality of our assets and service, as well as the prime locations of our properties. However, since the newly opened offices faced immense pressure, overall occupancy for the office portfolio as of 31 December 2023 was lower at 66%, as three of the Group's office properties were completed in the last two years.

Performance of Investment Properties

Rental and related income for the Group increased by 16% to RMB2,398 million in 2023 compared to RMB2,070 million in 2022. The increase was driven by additional rental contributions from the opening of Shanghai Panlong Tiandi and Shanghai Hong Shou Fang.

Including the rental and related income from joint venture and associate properties, the total rental and related income increased by 16% year-on-year to RMB3,243 million in 2023, of which 76% of the rental and related income was contributed by the portfolio located in Shanghai, with the remainder from other cities in China.

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

Project	Product	Leasable GFA	Rental & related income RMB'million		Changes	Occupancy rate		Changes
						31 Dec	31 Dec	
		sq.m.	2023	2022	%	2023	2022	ppt
Shanghai Taipingqiao Community								
Shanghai Xintiandi	Office/ Retail	54,000	457	365	25%	97%	91%	6
Xintiandi Style II	Retail	26,000[1]	73	31	135%	91%[2]	60%	31
Shui On Plaza & Xintiandi Plaza	Office / Retail	52,200	157	159	(1%)	91%	94%	(3)
THE HUB	Office/ Retail	263,000	427	382	12%	92%	88%	4
Shanghai KIC	Office/Retail	252,000	476	441	8%	95%	90%	5
INNO KIC	Office/ Retail	45,000	65	60	8%	93%	91%	2
Panlong Tiandi	Retail	41,000	70	1	n/a	87%	-	n/a
Shanghai Hong Shou Fang	Office/ Retail	62,000	21	-	n/a	93%[3]	-	n/a
Wuhan Tiandi Community	Office/ Retail	402,000	366	349	5%	63%	62%	1
Foshan Lingnan Tiandi Community	Office/ Retail	158,000	219	212	3%	93%	90%	3
Chongqing Tiandi Community	Retail	128,000	67	70	(4%)	97%	96%	1
Consolidated rental and related income		**1,483,200**	**2,398**	**2,070**	**16%**			
Rental and related income from joint ventures and associate								
Shanghai Taipingqiao Community								
5 Corporate Avenue, Hubindao[4] (associate)	Office/Retail	79,000	237	234	1%	93%	92%	1
CPIC XINTIANDI COMMERCIAL CENTER Lot 132 (joint venture)	Office	30,000	48	-	n/a	100%	-	n/a
Ruihong Tiandi Community								
Hall of the Moon, Hall of the Stars, The Palette, Hall of the Sun (joint venture)	Retail	296,000	348	323	8%	86%	81%	5
Ruihong Corporate Avenue (joint venture)	Office	145,000	84	53	58%	39%	29%	10
Nanjing IFC[5] (joint venture)	Office/Retail	100,000	128	122	5%	81%	73%	8
Grand Total		**2,133,200**[6]	**3,243**	**2,802**	**16%**			

Notes:

1. *A total leasable GFA of 19,000 sq.m. AEI was completed in December 2022 and was re-opened in January 2023.*
2. *The increase in occupancy rate in 2023 was due to the re-opening of Xintiandi Style II.*
3. *Shanghai Hong Shou Fang office with 48,000 sq.m. GFA is undergoing pretesting and its occupancy rate is excluded from the above table.*
4. *The Group holds a 44.55% effective interest in the property. Rental and related income attributable to the group were RMB106 million in 2023 and RMB104 million in 2022.*
5. *The Group holds a 50% effective interest in the property. Rental and related income attributable to the group was RMB64 million in 2023 and RMB61 million in 2022.*
6. *A total GFA of 12,800 sq.m. located at Shanghai Shui On Plaza, Shanghai KIC, Wuhan Tiandi Community, and Foshan Lingnan Tiandi Community was occupied by the Group and was excluded from the above table.*

Retail Tenant Mix
As of 31 December 2023

	By occupied GFA
Food & beverage	31.9%
Fashion & beauty	23.1%
Entertainment	15.5%
Services	13.6%
Children & family	9.4%
Supermarket & hypermarket	3.0%
Showroom	1.8%
Hotel & serviced apartment	1.4%
Others	0.3%
Total	**100%**

Office Tenant Mix
As of 31 December 2023

	By occupied GFA
High-tech & TMT	21.0%
Banking, insurance & financial services	14.2%
Consumer products & services	13.0%
Professional services	11.2%
Biological, pharmaceutical & medical	9.9%
Automation & manufacturing	6.0%
Education, culture & innovation	6.0%
Real estate & construction	5.3%
Business center & co-working	3.7%
Commercial	3.4%
Others	6.3%
Total	**100%**

Property Management

We provide premium property management services for commercial properties within the Group's portfolio and selective commercial and residential properties owned by third parties. In 2023, the total GFA under management of commercial and residential properties was 4.1 million sq.m. and 4.9 million sq.m. respectively.

Real Estate Asset Management

We provide real estate asset management services for commercial projects. The real estate asset management services include but are not limited to feasibility studies, tenancy positioning, leasing, marketing and branding, as well as account and finance management. As of 31 December 2023, our asset management projects include 5 Corporate Avenue and Hubindao, Nanjing IFC, commercial properties in the Ruihong Tiandi Community, CPIC XINTIANDI COMMERCIAL CENTER (Lot 132), 2 Corporate Avenue in Wuhan, and Nanjing INNO. The total valuation of the projects we managed amounted to RMB29.0 billion as of 31 December 2023, with a total GFA of 710,000 sq.m..

In December 2023, a 65% equity interest in Shanghai Hong Shou Fang was sold to Shanghai Hongrui Shouyuan Consulting Management Partnership (Limited Partnership), an investment vehicle of Dajia Life Insurance Co., Ltd. After the completion of the disposal, the Group will provide asset management services to the Shanghai Hong Shou Fang project.

Our Projects and Latest Updates

Shanghai Taipingqiao Community:

Shanghai Taipingqiao Community is a large-scale, flagship community project in the heart of Shanghai. It was developed to preserve the region's historical architecture while transforming the area to meet urban development needs. Located in Huangpu District, the project is connected by Shanghai Metro Lines 1, 8, 10, 13 and 14, fronting the popular Huai Hai Middle Road business district. The Group began the multi-phase development of Taipingqiao in 1996, comprising various commercial, office, and residential plots. The Shanghai Taipingqiao Community comprises commercial and office properties, including Shanghai Xintiandi, Xintiandi Style II, Shui On Plaza, Xintiandi Plaza, 5 Corporate Avenue, and Hubindao. Our flagship project, Shanghai Xintiandi, is at the heart of the Shanghai Taipingqiao Community. Featuring the preservation of cultural heritage, Shanghai Xintiandi has been successfully established as an iconic landmark that offers a carefully blended experience of old Shanghai culture and modern lifestyles that has made the Community a premier lifestyle destination for both residents of Shanghai and visitors. Not only does Shanghai Xintiandi continue to attract consumers and new tenants from across the world, it also serves as a popular venue for hosting international festivals and local events, such as Shanghai Fashion Week and the XINTIANDI Performing Arts Festival.

Xintiandi Style II's AEI was completed, and it was soft-opened in January 2023 with a brand-new concept and positioning to cater to the lifestyle-focused preferences of the growing young premium clientele. Occupancy of the property had reached 91% as of 31 December 2023.

THE HUB:

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

Shanghai Rui Hong Tiandi Community:

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

Shanghai Panlong Tiandi:

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

Shanghai KIC:

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

INNO KIC:

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

Shanghai Hong Shou Fang:

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

In December 2023, Shanghai Hongrui Shouyuan Consulting Management Partnership (Limited Partnership), an investment vehicle of Dajia Life Insurance Co., Ltd., agreed with the Group to acquire a 65% equity interest in the Shanghai Hong Shou Fang project for an initial consideration of approximately RMB1,206 million. This is in line with our Asset Light Strategy to build enduring partnerships with strategic long term investors to expand our portfolio of assets.

Wuhan Tiandi Community:

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

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

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

Foshan Lingnan Tiandi Community:

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

Chongqing Tiandi Community:

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

The project has recorded strong rental growth and reached 96% occupancy as of 31 December 2023, following a repositioning targeting a young premium clientele. It offers a wide range of retail, food, and beverages as well as entertainment facilities to office tenants and residents in the neighbourhood.

Nanjing IFC:

We acquired a mixed-use Grade A landmark property in Nanjing with Grosvenor Group on a 50/50 basis in February 2021. Nanjing IFC is predominantly an office building occupied by a diverse mix of high-quality tenants, including MetLife, AIA, and KFC.

With the challenging market conditions in the commercial property market, the Group will focus on improving its existing portfolio, strengthening its competitive advantages focused on community and culture. The success of Panlong Tiandi has demonstrated our strength in creating cultural landmarks, making "Urban Retreat" a new product driver promoting sustainable living.

FINANCIAL REVIEW

The Group's ***revenue*** for 2023 decreased by 37% to RMB9,752 million, compared to RMB15,565 million in 2022, due mainly to a decrease in recognised property sales.

Property sales for 2023 were RMB5,898 million (2022: RMB11,695 million), of which RMB5,501 million was from Shanghai Panlong Tiandi. As a comparison, property sales in 2022 were primarily comprised of Shanghai Panlong Tiandi, Taipingqiao Ville V, and Wuhan Tiandi La Riva II, which amounted to RMB5,584 million, RMB5,566 million and RMB462 million, respectively.

Rental and related income from property investment for 2023 was RMB2,398 million (2022: RMB2,070 million), representing a 16% year-on-year increase. In 2023, the opening of Shanghai Panlong Tiandi and Hong Shou Fang generated additional revenue for the Group. Rental and related income in 2022 was adversely affected by the COVID-related lockdowns and rental concessions granted to tenants, whereas there was no such negative impact during 2023.

Rental and related income from the Group's Shanghai properties, which accounted for 73% (2022: 70%) of the total, rose by 21% to RMB1,746 million (2022: RMB1,439 million). The rental and related income from the Group's non-Shanghai properties totalled RMB652 million in 2023 (2022: RMB631 million), representing a 3% year-on-year increase.

Property management income for 2023 increased by 14% to RMB580 million (2022: RMB508 million), of which RMB422 million (2022: RMB393 million) was from our services rendered to commercial properties, representing a 7% year-on-year growth. The growth mainly came from Shanghai Panlong Tiandi and Hong Shou Fang, which were opened in 2023. The remaining income of RMB158 million (2022: RMB115 million) was from residential properties.

Construction income generated by the construction business declined to RMB328 million in 2023 (2022: RMB958 million). Income from fit-out service rendered to the owners of our developed properties was absent in 2023, whereas it was RMB399 million in 2022.

Gross profit for 2023 declined by 24% to RMB5,045 million (2022: RMB6,649 million) alongside the decrease in revenue. Meanwhile, ***gross profit margin*** grew to 52% (2022: 43%) due to a higher proportion of gross profit contributed by property investment.

Other income for 2023 increased by 9% to RMB411 million (2022: RMB376 million), mainly comprised of bank interest income and interest income from joint ventures.

Selling and marketing expenses for 2023 fell 17% to RMB175 million (2022: RMB212 million) due to a lower level of property sales in 2023.

General and administrative expenses, which are comprised of staff costs, depreciation charges, and advisory costs incurred, increased by 9% to RMB985 million in 2023 (2022: RMB907 million).

Increase in the fair value of investment properties totalled RMB32 million in 2023 (2022: a decrease of RMB114 million). The investment property portfolio in Shanghai recorded a valuation gain of RMB50 million, which was offset in part by a revaluation loss of RMB18 million in the investment property portfolio outside Shanghai. 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 RMB243 million in 2023 (2022: net loss of RMB107 million), comprised of:

Gains/(losses)	**2023** **RMB'million**	2022 RMB'million
Gain/(cost) arising from hedging activities	**14**	(175)
(Loss)/gain from fair value change of derivative financial instruments	**(166)**	331
Loss from a change of specific hedging arrangements	**-**	(169)
Provision for impairment losses under expected credit loss model	**(1)**	(80)
Others	**(90)**	(14)
Total	**(243)**	(107)

Share of results of associates and joint ventures recorded a net gain of RMB781 million in 2023 (2022: net loss of RMB151 million). Gains from property sales in 2023 amounted to RMB979 million (2022: RMB91 million), which principally comprised RMB855 million (2022: loss of RMB14 million) from the joint-venture project with Joy City in RHXC (Lot 7), RMB83 million (2022: RMB2 million) from the partnership portfolio in Chongqing (disclosed as associates) and RMB41 million (2022: RMB103 million) from Wuhan Optics Valley Innovation Tiandi. The gain was partially offset by the revaluation loss in CPIC XINTIANDI COMMERCIAL CENTER, which amounted to RMB368 million in 2023 (2022: loss of RMB492 million). The Group has a 25% effective interest in this project.

Finance costs, inclusive of exchange differences, totalled RMB2,167 million in 2023 (2022: RMB2,127 million), comprising finance costs of RMB2,130 million (2022: RMB1,632 million) and net exchange loss of RMB37 million (2022: RMB495 million). Total interest costs increased by 20% to RMB2,350 million (2022: RMB1,964 million) due to the rising average cost of debt of 6.34% in 2023 (2022: 5.53%). Of the abovementioned interest costs, 9% (2022: 17%) or RMB220 million (2022: RMB332 million) was capitalised as the cost of property development, with the remaining 91% (2022: 83%) of interest costs relating to mortgage loans on completed properties and borrowings for general working capital purposes being accounted for as expenses. The lower capitalised interests also caused the increase in finance costs in 2023.

Taxation totalled RMB1,302 million in 2023 (2022: RMB1,932 million). The year-on-year decrease was due to lower property sales profit. PRC Enterprise Income Tax has been provided for at the applicable income tax rate of 25% on the assessable profits during the year. Land appreciation tax was levied at progressive rates ranging from 30 percent to 60 percent based on the appreciation value, which is the proceeds of property sales less deductible expenditures, including costs of land, development, and construction.

Profit for the year 2023 was RMB1,397 million (2022: RMB1,475 million).

Profit attributable to shareholders of the Company for 2023 was RMB810 million (2022: RMB906 million).

The core earnings of the Group are as follows:

	2023 RMB'million	2022 RMB'million	Change %
Profit attributable to shareholders of the Company	**810**	906	(11%)
(Increase) / decrease in fair value of investment properties, net of tax	**(2)**	100	
Share of results of associates and joint ventures			
- fair value loss of investment properties, net of tax	**114**	107	
	112	207	
Non-controlling interests	**9**	10	
Net effect of changes in the valuation	**121**	217	
Profit attributable to shareholders of the Company before revaluation	**931**	1,123	(17%)
Add:			
Profit attributable to owners of perpetual capital securities	**-**	116	
Core earnings of the Group	**931**	1,239	(25%)

Earnings per share for 2023 was RMB10.1 cents, calculated based on a weighted average of approximately 8,009 million shares in issue in 2023 (2022: earnings per share RMB11.3 cents, calculated based on a weighted average of approximately 8,035 million shares in issue).

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

The Board has resolved to recommend the payment of a 2023 final dividend of HKD0.058 per share (2022: HKD0.064 per share).

Major Disposal

In December 2023, the Group agreed with Shanghai Hongrui Shouyuan Consulting Management Partnership (Limited Partnership) to dispose of its 65% interest in Shanghai Hong Shou Fang at an initial consideration of RMB1,206 million. For details, please refer to the announcement issued by the Company dated 29 December 2023. The equity disposal was completed in January 2024. The adjusted final consideration is subject to the settlement of the final construction costs of the project. Based on the latest status of the construction settlement, it is estimated that there will be no material adjustment to the initial consideration.

Liquidity, Capital Structure, and Gearing Ratio

During 2023, the Group issued an onshore commercial mortgage-backed securities and fully redeemed one senior note. The details are as follows:

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

2) In November 2023, the Group fully repaid an aggregate principal amount of USD500 million in senior notes at a yield of 5.75% per annum.

The structure of the Group's borrowings as of 31 December 2023 is summarised below:

	Total	**Due within one year**	**Due in more than one year but not exceeding two years**	**Due in more than two years but not exceeding five years**	**Due in more than five years**
	RMB'million	RMB'million	RMB'million	RMB'million	RMB'million
Bank and other borrowings – RMB	9,174	2,618	401	3,440	2,715
Bank borrowings – HKD	1,103	741	362	-	-
Bank borrowings – USD	7,399	5,051	693	1,655	-
Senior notes – USD	9,898	3,563	3,514	2,821	-
Receipts under securitisation arrangements – RMB	4,359	40	40	174	4,105
Total	**31,933**	**12,013**	**5,010**	**8,090**	**6,820**

Cash and bank deposits as of 31 December 2023 totalled RMB8,917 million (31 December 2022: RMB13,368 million), which included RMB3,172 million (31 December 2022: RMB2,192 million) of deposits pledged to banks and RMB2,033 million (31 December 2022: RMB1,691 million) of restricted bank balances which can only be applied to designated projects of the Group. During 2023, the Group repaid and/or refinanced RMB10.7 billion of bank borrowings and fully redeemed its USD500 million senior notes.

As of 31 December 2023, the Group's net debt (excess of the sum of senior notes, bank and other borrowings and receipts under securitisation arrangements net of bank balances and cash including pledged bank deposits and restricted bank deposits) was RMB23,016 million (31 December 2022: RMB20,144 million), and its total equity was RMB44,149 million (31 December 2022: RMB44,401 million). The Group's net gearing ratio was 52% as of 31 December 2023 (31 December 2022: 45%), calculated based on the net debt over the total equity.

As of 31 December 2023, total HKD/USD borrowings (including both hedged and unhedged positions) amounted to RMB18,400 million (31 December 2022: RMB26,267 million), comprising 58% of total borrowings (31 December 2022: 78%).

The total undrawn banking facilities available to the Group amounted to approximately RMB3,716 million as of 31 December 2023 (31 December 2022: RMB2,196 million).

Pledged Assets

As of 31 December 2023, the Group had pledged investment properties, property, and equipment, right-of-use assets, properties under development for sale, receivables, bank deposits, assets classified as held for sale, and the equity interests in a subsidiary totalling RMB42,304 million (31 December 2022: RMB35,536 million) to secure the Group's borrowings totalling RMB16,214 million (31 December 2022: RMB10,662 million).

Capital and Other Development Related Commitments

As of 31 December 2023, the Group had contracted commitments for development costs, capital expenditure, and other investments of RMB4,389 million (31 December 2022: RMB5,771 million).

Cash Flow Management and Liquidity Risk

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

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

Exchange Rate and Interest Rate Risks

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

However, some of the revenue is converted into other currencies to meet our foreign-currency-denominated debt obligations, such as bank borrowings denominated in HKD and USD and senior notes denominated in USD issued from 2020 to 2021. Thus, to the extent that the Group has a net currency exposure, there is exposure to fluctuations in foreign exchange rates. As of 31 December 2023, the Group has entered into USD104 million cross-currency swaps to hedge the USD currency risk against RMB. The Group continues to closely monitor its exposure to exchange rate risk. It may further consider additional derivative financial instruments to hedge against its remaining exposure to exchange rate risk, if necessary.

The Group's exposure to interest rate risk results from fluctuations in interest rates. Most of the Group's bank borrowings consist of variable-rate debt obligations with original maturities ranging from one to 15 years for project construction 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 31 December 2023, the Group had various outstanding loans that bear variable interests linked to Hong Kong Inter-bank Offered Rates ("HIBOR"), Secured Overnight Financing Rate ("SOFR"), and Loan Prime Rate ("LPR"). The Group has hedged against the variability of cash flow arising from interest rate fluctuations by entering into cross-currency swaps in which the Group would receive interest at variable rates at SOFR and pay interests at fixed rates, based on the notional amounts of USD104 million. The Group continues to closely monitor its exposure to interest rate risk. It may further consider additional derivative financial instruments to hedge against its remaining exposure to interest rate risk, if necessary.

Save as disclosed above, as of 31 December 2023, the Group does not hold any other derivative financial instruments linked to exchange rates or interest rates. The Group continues to closely monitor its exposure to exchange rate and interest rate risks and may employ derivative financial instruments to hedge against risk when necessary.

Contingent Liabilities

The Group provided guarantees of RMB145 million as of 31 December 2023 (31 December 2022: RMB1,983 million) to banks in favour of its customers regarding mortgage loans provided by banks to those customers for the purchase of the Group's developed properties. These guarantees provided by the Group to the banks will be released upon receiving the building ownership certificates of the respective properties by the banks from the customers as a pledge for security to the mortgage loans granted.

The Board of Directors (the “Board”) of Shui On Land Limited (the “Company” or “Shui On Land”) hereby announces the audited consolidated results of the Company and its subsidiaries (collectively the “Group”) for the year ended 31 December 2023 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Notes	**2023**		2022	
		HKD'million *(Note 2)*	**RMB'million**	HKD'million *(Note 2)*	RMB'million
Revenue	*4*	**10,823**	**9,752**	18,040	15,565
Cost of sales		**(5,224)**	**(4,707)**	(10,334)	(8,916)
Gross profit		**5,599**	**5,045**	7,706	6,649
Other income	*5*	**456**	**411**	436	376
Selling and marketing expenses		**(194)**	**(175)**	(246)	(212)
General and administrative expenses		**(1,094)**	**(985)**	(1,051)	(907)
Increase/(decrease) in fair value of investment properties		**35**	**32**	(132)	(114)
Other gains and losses	*5*	**(269)**	**(243)**	(124)	(107)
Share of results of associates and joint ventures		**867**	**781**	(175)	(151)
Finance costs, inclusive of exchange differences	*6*	**(2,405)**	**(2,167)**	(2,465)	(2,127)
Profit before tax	*7*	**2,995**	**2,699**	3,949	3,407
Tax	*8*	**(1,445)**	**(1,302)**	(2,239)	(1,932)
Profit for the year		**1,550**	**1,397**	1,710	1,475
Attributable to:					
Shareholders of the Company		**899**	**810**	1,050	906
Non-controlling shareholders of subsidiaries		**651**	**587**	526	453
Owners of perpetual capital securities		**-**	**-**	134	116
		651	**587**	660	569
		1,550	**1,397**	1,710	1,475
Earnings per share attributable to the shareholders of the Company	*10*				
- Basic		**HKD11.2 cents**	**RMB10.1 cents**	HKD13.1 cents	RMB11.3 cents
- Diluted		**HKD11.2 cents**	**RMB10.1 cents**	HKD13.1 cents	RMB11.3 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2023		2022	
	HKD'million *(Note 2)*	**RMB'million**	HKD'million *(Note 2)*	RMB'million
Profit for the year	**1,550**	**1,397**	1,710	1,475
Other comprehensive income/(expense)				
Items that may be reclassified subsequently to profit or loss:				
Exchange differences arising on translation of foreign operations	**(426)**	**(384)**	(1,041)	(898)
The effective portion of changes in the fair value of currency forward contracts designated as cash flow hedges	**28**	**25**	548	473
The effective portion of changes in the fair value of interest rate swaps designated as cash flow hedges	**-**	**-**	39	34
Reclassification from hedge reserve to profit or loss arising from currency forward contracts	**(38)**	**(34)**	(668)	(576)
Share of other comprehensive expense of an associate and a joint venture	**(6)**	**(5)**	(93)	(80)
Transfer of hedge reserve upon the change of certain hedging arrangements	**-**	**-**	196	169
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit obligations	**(1)**	**(1)**	(2)	(2)
Surplus on revaluation of properties transferred from property and equipment to completed investment properties, net of tax	**7**	**6**	16	14
Other comprehensive expense for the year	**(436)**	**(393)**	(1,005)	(866)
Total comprehensive income for the year	**1,114**	**1,004**	705	609
Total comprehensive income attributable to:				
Shareholders of the Company	**459**	**414**	37	32
Non-controlling shareholders of subsidiaries	**655**	**590**	534	461
Owners of perpetual capital securities	**-**	**-**	134	116
	655	**590**	668	577
	1,114	**1,004**	705	609

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**31 December 2023 RMB'million**	31 December 2022 RMB'million
Non-current assets			
Investment properties		**49,604**	51,665
Interests in associates		**8,932**	8,010
Interests in joint ventures		**13,696**	13,154
Property and equipment		**970**	1,197
Right-of-use assets		**17**	46
Receivables, deposits, and prepayments	*11*	**317**	298
Pledged bank deposits		**-**	2,192
Loans to a non-controlling shareholder of a subsidiary		**8**	22
Deferred tax assets		**230**	282
Other non-current assets		**67**	106
		73,841	76,972
Current assets			
Properties under development for sale		**1,957**	4,541
Properties held for sale		**1,069**	1,759
Receivables, deposits, and prepayments	*11*	**3,164**	1,603
Amounts due from associates		**207**	193
Loans to/amounts due from joint ventures		**5,967**	4,926
Loan to a non-controlling shareholder of a subsidiary		**8**	-
Amounts due from related companies		**406**	411
Contract assets		**219**	322
Derivative financial instruments		**-**	492
Pledged bank deposits		**3,172**	-
Bank balances and cash		**5,745**	11,176
Prepaid taxes		**79**	26
Assets classified as held for sale		**5,164**	2,457
		27,157	27,906
Current liabilities			
Accounts payable, deposits received, and accrued charges	*12*	**4,183**	5,311
Contract liabilities		**4,005**	5,416
Bank and other borrowings		**8,410**	8,069
Senior notes		**3,563**	3,491
Receipts under securitisation arrangements		**40**	-
Tax liabilities		**3,404**	4,035
Amounts due to non-controlling shareholders of subsidiaries		**58**	204
Amounts due to associates		**593**	557
Loans from/amounts due to joint ventures		**153**	45
Amounts due to related companies		**346**	357
Liability arising from a rental guarantee arrangement		**28**	28
Lease liabilities		**8**	11
Liabilities associated with assets classified as held for sale		**850**	-
		25,641	27,524
Net current assets		**1,516**	382
Total assets less current liabilities		**75,357**	77,354

CONSOLIDATED STATEMENT OF FINANCIAL POSITION - CONTINUED

	Notes	**31 December 2023 RMB'million**	31 December 2022 RMB'million
Non-current liabilities			
Bank and other borrowings		**9,266**	12,188
Senior notes		**6,335**	9,764
Receipts under securitisation arrangements		**4,319**	-
Deferred tax liabilities		**4,677**	4,799
Accounts payable, deposits received, and accrued charges	*12*	**696**	560
Loans from an associate		**5,825**	5,575
Lease liabilities		**50**	56
Defined benefit liabilities		**9**	11
Derivative financial instruments		**31**	-
		31,208	32,953
Capital and reserves			
Share capital	*13*	**146**	146
Reserves		**38,717**	39,004
Equity attributable to shareholders of the Company		**38,863**	39,150
Non-controlling interests		**5,286**	5,251
Total equity		**44,149**	44,401
Total equity and non-current liabilities		**75,357**	77,354

Notes to the consolidated financial statements:

1. General

The consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix D2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with International Financial Reporting Standards ("IFRSs").

2. Presentation

The Hong Kong dollar figures presented in the consolidated statement of profit or loss and consolidated statement of comprehensive income are shown for reference only. They have been arrived at based on the exchange rate of RMB1.000 to HKD1.1098 for 2023 and RMB1.000 to HKD1.1590 for 2022, the average exchange rates that prevailed during the respective years.

3. Changes in Accounting Policies and Disclosures

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

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

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

(a) Amendments to IAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general-purpose financial statements make base on those financial statements. Amendments to IFRS Practice Statement 2 *Making Materiality Judgements* provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The amendments did not impact the measurement, recognition, or presentation of any items in the Group's financial statements.

3. Changes in Accounting Policies and Disclosures –continued

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

(b) Amendment to IAS 8 clarifies the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. Since the Group's approach and policy align with the amendments, the amendments had no impact on the Group's financial statements.

(c) Amendments to IAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* narrow the scope of the initial recognition exception in IAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities must recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions.

The Group has applied the amendments on temporary differences related to leases as of 1 January 2022. Upon initial application of these amendments, the Group recognised (i) a deferred tax asset for all deductible temporary differences associated with lease liabilities (provided that sufficient taxable profit is available) and (ii) a deferred tax liability for all taxable temporary differences associated with right-of-use assets at 1 January 2022, with the cumulative effect recognised as an adjustment to the balances of retained profits and non-controlling interests at that date. The amendments did not have any significant impact on the Group's financial statements.

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

4. Revenue and Segmental Information

A. Disaggregation of revenue from contracts with customers

	2023 **RMB'million**	2022 RMB'million
Property development:		
Property sales	**5,898**	11,695
	5,898	11,695
Property management:		
Property management fee income	**580**	508
	580	508
Construction	**328**	958
Others	**548**	334
	7,354	13,495
Geographical markets		
Shanghai	**6,792**	12,378
Wuhan	**328**	897
Foshan	**148**	132
Chongqing	**60**	66
Nanjing	**26**	22
	7,354	13,495
Timing of revenue recognition		
At a point in time	**5,898**	11,695
Over time	**1,456**	1,800
	7,354	13,495

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

	2023 **RMB'million**	2022 RMB'million
Revenue recognised that was included in contract liabilities at the beginning of the reporting year:		
Sale of properties	**5,409**	10,516
	5,409	10,516

4. Revenue and Segmental Information - continued

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

For the year ended 31 December 2023

	RMB'million
Property development:	
Property sales	**5,898**
Property management:	
Property management fee income	**580**
Construction	**328**
Others	**548**
Revenue from contracts with customers	**7,354**
Property investment	
(property investment segment)	
Rental income from investment properties (Note)	**2,136**
Rental-related income	**262**
	9,752

Note:

	2023
	RMB'million
For operating leases:	
Fixed lease payment	**2,019**
Variable lease payments that do not depend on an index or a rate	**117**
	2,136

4. Revenue and Segmental Information - continued

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

For the year ended 31 December 2022

	RMB'million
Property development:	
Property sales	11,695
Property management:	
Property management fee income	508
Construction	958
Others	334
Revenue from contracts with customers	13,495
Property investment	
(property investment segment)	
Rental income from investment properties (Note)	1,876
Rental-related income	194
	15,565

Note:

	2022 RMB'million
For operating leases:	
Fixed lease payment	1,821
Variable lease payments that do not depend on an index or a rate	55
	1,876

4. Revenue and Segmental Information - continued

C. Operating segments

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

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

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

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

4. Revenue and Segmental Information - continued

For the year ended 31 December 2023

	Reportable segment						
	Property development RMB'million	**Property investment RMB'million**	**Property management RMB'million**	**Construction RMB'million**	**Total RMB'million**	**Others RMB'million**	**Consolidated RMB'million**
SEGMENT REVENUE							
Segment revenue of the Group	**5,898**	**2,398**	**580**	**328**	**9,204**	**548**	**9,752**
SEGMENT RESULTS							
Segment results of the Group	**2,253**	**1,725**	**86**	**39**	**4,103**	**223**	**4,326**
Interest income							**371**
Share of results of associates and joint ventures							**781**
Finance costs, inclusive of exchange differences							**(2,167)**
Other gains and losses							**(243)**
Unallocated income							**43**
Unallocated expenses							**(412)**
Profit before tax							**2,699**
Tax							**(1,302)**
Profit for the year							**1,397**

4. Revenue and Segmental Information - continued

For the year ended 31 December 2022

	Reportable segment						
	Property development RMB'million	Property investment RMB'million	Property management RMB'million	Construction RMB'million	Total RMB'million	Others RMB'million	Consolidated RMB'million
SEGMENT REVENUE							
Segment revenue of the Group	11,695	2,070	508	958	15,231	334	15,565
SEGMENT RESULTS							
Segment results of the Group	4,119	1,354	67	209	5,749	25	5,774
Interest income							341
Share of results of associates and joint ventures							(151)
Finance costs, inclusive of exchange differences							(2,127)
Other gains and losses							(107)
Unallocated income							36
Unallocated expenses							(359)
Profit before tax							3,407
Tax							(1,932)
Profit for the year							1,475

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

5. Other Income, Other Gains and Losses

	2023	2022
	RMB'million	RMB'million
Other income		
Interest income from banks	**201**	226
Interest income from loans to joint ventures	**170**	115
Grants received from local governments	**32**	28
Others	**8**	7
	411	376
Other gains and losses		
Gain/(cost) arising from hedging activities	**14**	(175)
(Loss)/gain from fair value change of derivative financial instruments	**(166)**	331
Loss from a change of specific hedging arrangements	**-**	(169)
Provision for impairment losses under the expected credit loss model	**(1)**	(80)
Others	**(90)**	(14)
	(243)	(107)

6. Finance Costs, Inclusive of Exchange Differences

	2023	2022
	RMB'million	RMB'million
Interest on bank and other borrowings	**1,175**	1,100
Interest on senior notes	**764**	745
Interest on receipts under securitisation arrangements	**128**	-
Interest on loans from an associate and a joint venture	**223**	102
Interest expenses from lease liabilities	**3**	4
Total interest costs	**2,293**	1,951
Less: Amount capitalised to investment properties under construction or development and properties under development for sale	**(220)**	(332)
Interest expenses charged to profit or loss	**2,073**	1,619
Net exchange loss on bank and other borrowings and other financing activities	**37**	495
Others	**57**	13
	2,167	2,127

Borrowing costs capitalised during the year were calculated by applying a capitalisation rate of approximately 4.9% (2022: 5.7%) per annum to expenditure on the qualifying assets.

7. Profit Before Tax

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

	2023	2022
	RMB'million	RMB'million
Auditor's remuneration		
- audit services	**5**	5
Depreciation of property and equipment	**116**	115
Depreciation of right-of-use assets	**3**	9
Employee benefits expenses		
Directors' emoluments		
Fees	**5**	4
Salaries, bonuses, and other benefits	**40**	43
	45	47
Other staff costs		
Salaries, bonuses, and other benefits	**940**	891
Retirement benefits cost	**52**	47
	992	938
Total employee benefits expenses	**1,037**	985
Less: Amount capitalised to investment properties under construction or development and properties under development for sale	**(92)**	(85)
	945	900
Provision for impairment losses on receivables	**1**	80
Cost of properties sold recognised as an expense	**3,500**	7,295
The net impact of (reversal of)/provision for impairment losses on properties held for sale (included in "cost of sales")	**(6)**	1
Lease payments relating to short-term leases and low-value leases	**4**	12

8. Tax

	2023 RMB'million	2022 RMB'million
Hong Kong profits tax		
- Charge for the year	**10**	19
PRC enterprise income tax ("EIT")		
- Charge for the year	**832**	926
PRC withholding tax		
- Charge for the year	**139**	284
PRC land appreciation tax ("LAT")		
- Charge for the year	**397**	970
Deferred tax		
- Credit for the year	**(76)**	(267)
	1,302	1,932

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

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

The PRC EIT Law requires withholding tax to be levied on the distribution of profits earned by PRC entities for profits generated after 1 January 2008 at a rate of 5% for Hong Kong resident companies and at a rate of 10% (5% if obtained the Hong Kong residents) for companies incorporated in BVI and Republic of Mauritius ("Mauritius"), which are the beneficial owners of the dividend received. As of 31 December 2023 and 31 December 2022, the deferred tax was provided for in respect of the temporary differences attributable to such profits, except to the extent that the Group can control the timing of the reversal of such temporary differences, and, probably, that such temporary differences would not be reversed in the foreseeable future.

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

9. Dividends

	2023 RMB'million	2022 RMB'million
Dividends recognised as distribution during the year:		
Interim dividend paid in respect of 2023 of HKD0.032 per share (2022: interim dividend paid in respect of 2022 of HKD0.036 per share)	**235**	256
Final dividend paid in respect of 2022 of HKD0.064 per share (2022: final dividend paid in respect of 2021 of HKD0.084 per share)	**466**	574
	701	830

A final dividend for the year ended 31 December 2023 of HKD0.058 per share (2022: HKD0.064 per share), amounting to HKD466 million (equivalent to RMB422 million translated using the exchange rate of 0.90622 as of 29 December 2023) in the aggregate, was proposed by the Board on 21 March 2024 and is subject to the approval of the shareholders at the forthcoming annual general meeting.

10. Earnings Per Share

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

Earnings	**2023** **RMB'million**	2022 RMB'million
Earnings for basic/diluted earnings per share, being profit for the year attributable to shareholders of the Company	**810**	906

Number of shares	**2023** **'million**	2022 'million
The weighted average number of ordinary shares for basic earnings per share (*note (a)*)	**8,009**	8,035
Effect of dilutive potential ordinary shares	**-**	-
The weighted average number of ordinary shares for diluted earnings per share	**8,009**	8,035

Basic earnings per share (*note (b)*)	**RMB10.1 cents** **HKD11.2 cents**	RMB11.3 cents HKD13.1 cents
Diluted earnings per share (*note (b)*)	**RMB10.1 cents** **HKD11.2 cents**	RMB11.3 cents HKD13.1 cents

Notes:

(a) The weighted average number of ordinary shares shown above has been arrived at after deducting the weighted average effect on 17,710,250 (2022: 17,710,250) shares held by a share award scheme trust.

(b) The figures expressed in Hong Kong dollars presented above are shown for reference only and have been arrived at based on the exchange rate of RMB1.000 to HKD1.1098 for 2023 and RMB1.000 to HKD1.1590 for 2022, being the average exchange rates that prevailed during the respective years.

11. Receivables, Deposits, and Prepayments

	2023 **RMB'million**	2022 RMB'million
Non-current portion comprises:		
Trade receivables (*note(b)*)		
- rental receivables	**317**	298
Current portion comprises:		
Trade receivables (*note(b)*)		
- rental receivables	**112**	140
- goods and services	**250**	160
- operating lease receivables	**65**	84
Prepayments of relocation costs (*note(a)*)	**2,119**	640
Receivables from the disposal of an associate and a joint venture	**19**	123
Other deposits, prepayments, and receivables	**578**	434
Value-added tax recoverable	**21**	22
	3,164	1,603

Notes:

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

(b) Trade receivables comprise:

(i) receivables arising from sales of properties which are due for settlement per 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 have been calculated and amortised on a straight-line base over the lease terms.

As of 31 December 2023 and 31 December 2022, trade receivables from customers contracts amounted to RMB250 million and RMB160 million, respectively.

Included in the Group's receivables, deposits, and prepayments are trade receivable balances of RMB744 million (2022: RMB682 million), of which 66% (2022: 65%) are not yet past due, 25% (2022: 14%) are past due less than 90 days, and 9% (2022: 21%) are past due over 90 days, as compared to when revenue was recognised.

Out of the past due balances, RMB68 million (2022: RMB145 million) has been past due 90 days or more and is not considered as in default since the directors of the Company consider that such balances could be recovered based on repayment history, the financial conditions and the current credit worthiness of each customer.

12. Accounts Payable, Deposits Received, and Accrued Charges

	2023 RMB'million	2022 RMB'million
Current portion comprises:		
Trade payables	**1,817**	3,103
Land and relocation cost payables	**742**	783
Deed tax and other tax payables	**93**	81
Deposits received in advance for the rental of investment properties	**443**	382
Value-added tax payables	**50**	109
Value-added tax arising from contract liabilities	**240**	322
Other payables and accrued charges	**798**	531
	4,183	5,311
Non-current portion comprises:		
Deposits received in advance for the rental of investment properties	**551**	515
Other payables	**145**	45
	696	560

Included in the Group's accounts payable, deposits received, and accrued charges are trade payable balances of RMB1,817 million (2022: RMB3,103 million), of which 83% (2022: 92%) are aged less than 30 days, 14% (2022: 7%) are aged between 31 to 90 days, and 3% (2022: 1%) are aged more than 90 days, based on invoice date.

13. Share Capital

	Authorised		Issued and fully paid	
Ordinary shares of USD0.0025 each	Number of shares	USD'000	Number of shares	USD'000
1 January 2022	12,000,000,000	30,000	8,062,216,324	20,155
Shares repurchased	-	-	(34,951,000)	(87)
On 31 December 2022, 1 January 2023 and 31 December 2023	12,000,000,000	30,000	8,027,265,324	20,068

	2023 RMB'million	2022 RMB'million
Shown in the consolidated statement of financial position as	**146**	146

MARKET OUTLOOK

The global economy encountered persistent headwinds from elevated inflation, high interest rates, and heightened geopolitical risks throughout 2023. The US and Eurozone economies showed remarkable resilience, however, with robust labour markets supporting consumer spending despite aggressive rate hikes by the central banks. In 2024, falling inflation should provide the Federal Reserve and European Central Bank with policy room to cut rates, mitigating the risks of an economic hard landing. However, prolonged conflicts in the Middle East have disrupted the shipment of cargo via the Red Sea, making the outlook for global inflation and the timing of central banks' monetary policy loosening highly uncertain. For the present, the combination of continued high borrowing costs and rising debt will, therefore, be a drag on economic expansion. Against this backdrop, the World Bank projects global growth to soften from 2.6% in 2023 to 2.4% in 2024, down from the 3.1% average recorded during the 2010s.

China experienced an uneven 5.2% economic recovery in 2023 following the removal of COVID-19 lockdown measures. With the property market undergoing a protracted downturn, the pace of recovery has been more gradual than expected, marked by weak market confidence and severe deflationary pressure. As the post-reopening momentum has faded coming into 2024, China continues to confront multiple cyclical and structural challenges, including demographic and geopolitical challenges. In response, the December 2023 Central Economic Work Conference called for greater efforts to pursue progress while ensuring stability and to consolidate stability through progress. This indicates that macroeconomic policies will be proactive and pro-growth, with the goals being to stabilise expectations and promote growth in employment and the economy.

China's residential market downturn continued in 2023 despite gradual government policy easing designed to stimulate home purchases throughout the year. Real estate sector financing has remained restrictive, with developers' access to funding declining by over 35% from the peak in 2021. Annualised land sales area and new construction starts further fell by 24.5% and 21.4%, respectively, following contractions of 53.4% and 39.8% in 2022. The national housing inventory has reached a record high, putting pressure on property developers to offer price cuts to expedite sales and raise funds for the repayment of maturing debt. In early 2024, 170 cities established property financing coordination mechanisms and issued property project whitelists, indicating increased funding access for qualified property developers and stronger government support to address the financing needs of the real estate sector.

Commercial office property continues to face oversupply as tenants have become more conservative in acquiring new workspace. Companies are vigilant in controlling operating costs given the uncertain business outlook and challenging market environment. In Shanghai, Grade A office leasing activities are predominantly driven by renewals from domestic companies. According to Jones Lang LaSalle (JLL), the annual net absorption of Grade A office space in Shanghai fell by 27% to 381,686 sq.m., while the vacancy rate rose 5.3% to 22.9% at the end of 2023. Specifically, the Central Business District (CBD) witnessed a rise in the vacancy rate to around 15%. A surge in new supply has given office tenants additional bargaining power, resulting in downward pressure on rents. Grade A CBD office rents dropped by 5.6% in 2023, with the rate of decline increasing over the course of the year. Rents are expected to remain on a downward trajectory in 2024, given the persistent pressure from new supply and soft demand.

Driven by the normalisation of retail consumption, consumer traffic has gradually returned to shopping malls. The release of pent-up demand has significantly boosted services consumption, notably in food and drink establishments. In 2023, catering sales experienced a significant 30% increase, whereas sales of consumer goods only grew by 4.8%. JLL reports that restaurants have led the expansion of retail leasing. In 2023, the vacancy rate for Shanghai prime retail properties lowered to 9%, with new absorption reaching 94,009 sq.m.. Although vacancy rates improved, tenants' rental affordability remained constrained, with prime rents experiencing a slight 0.2% year-on-year drop, stabilising by year-end. With little pressure from new prime supply, 2024 commercial retail rentals are projected to register a slight increase amid an anticipated rebound in leasing demand.

In 2023, Shanghai's GDP growth reached 5%, falling short of the 5.5% target due to a challenging external environment. The city registered USD24 billion of foreign investment while maintaining export growth of 1.6%. Shanghai's port maintained its top position in container throughput for the 14th consecutive year. The government has introduced new reform measures for the Free Trade Zone, including easing cross-border data transfers. Apart from focusing on revitalising economic growth, Shanghai is committed to developing the digital economy and green industries going forward. The municipality aims to strengthen its position as an international financial centre and become a global hub for asset management and reinsurance.

Chongqing's Gross Domestic Product (GDP) grew by 6.1% to RMB3.01 trillion in 2023. The city's development focus is on transforming its economic structure, with double-digit growth achieved in high-tech manufacturing and strategic emerging industries. Fixed asset investment grew by 4.3%, while real estate investment declined by 13.2%. Chongqing's consumer market showed a strong recovery, with total retail sales reaching RMB1.51 trillion, an 8.6% increase surpassing the national average. The government aims to promote its status as an international consumption centre, targeting retail sales growth of 7.5% and GDP growth of around 6% in 2024.

In 2023, Wuhan recorded GDP growth of 5.7%, with fixed asset investment rising 0.3% and real estate investment growing by 2.5%. Household consumption rebounded, with a growth rate of 8.6%, surpassing RMB753 billion. In 2024, Wuhan aims to establish a nationally influential science and technology innovation centre, making innovation-driven urban development the primary strategy. The city is committed to building a modern industrial system driven by the advanced manufacturing sector. It will also focus on developing a smart city and integrating the Wuhan metropolitan area to enhance overall competitiveness.

In Foshan, the gradual recovery of the manufacturing sector helped the city to maintain 5.0% GDP growth in 2023. The city has vowed to prioritise manufacturing upgrading and innovation as key development strategies for 2024. The government aims to achieve digital transformation in over 80% of industrial enterprises by 2025 while actively promoting the upgrading of its traditional industries. Foshan will vigorously promote emerging industries such as new energy storage, biomedicine, high-end equipment, and industrial robots. In December 2023, the intercity rail line connecting Foshan West Railway Station to Guangzhou South Railway Station came into operation, which is expected to enhance connectivity and transit efficiency within the Guangzhou-Foshan metropolitan area.

Nanjing's GDP growth accelerated to 4.6% in 2023, short of the 5% growth target. The city was ranked 11th in the national commerce city ranking, with its 175 shopping arcades offering over 95% of the world's top brands. In 2023, new housing supply and transactions by area decreased by 19.4% and 24.3%, respectively, reaching the lowest levels in the past decade. The government implemented various supportive policies, such as home purchase subsidies and easing provident fund and purchase restrictions, to stimulate demand. A decrease in new housing supply in 2024 should help to alleviate the oversupply situation and stabilise market sentiment, mitigating the downward pressure on home prices.

While the risks of high inflation and a US economic hard landing are diminishing, geopolitical risks and uncertainties surrounding monetary policy will continue to impact the prospects of the global economy in 2024. In China, strengthened monetary and fiscal policies can stimulate domestic demand to cushion the impact of a protracted property market adjustment. Despite strong deflationary headwinds, there are opportunities arising from the Shanghai government's plans to expedite urban village transformation through its 3-Year Urban Renewal Action Plan. We will remain vigilant in monitoring the market risks and continue to explore new opportunities accorded by the unfolding trends.

FINAL DIVIDEND

The Board has resolved to recommend the payment of a final dividend of HKD0.058 per share for the year ended 31 December 2023 (2022: HKD0.064 per share), amounting to approximately RMB422 million (2022: RMB466 million) in aggregate. Subject to shareholders' approval of the final dividend at the forthcoming annual general meeting ("AGM") to be held on 28 May 2024, the final dividend is expected to be paid on or about 21 June 2024 to shareholders whose names appear on the register of members of the Company on 7 June 2024. To qualify for the proposed final dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration not later than 4:30 p.m. on 7 June 2024.

CLOSURE OF REGISTER OF MEMBERS

The register of members will be closed from Wednesday, 22 May 2024, to Tuesday, 28 May 2024 (both dates inclusive), during which period no transfer of shares will be registered. To be eligible to attend and vote at the AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17/F., Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 21 May 2024.

PURCHASE, SALE, OR REDEMPTION/CANCELLATION OF LISTED SECURITIES

On 12 November 2019, Shui On Development (Holding) Limited ("SODH") issued USD300 million in 5.75% senior notes due 2023 (the "2023 SODH Notes"). On 24 November 2020, SODH further issued 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. On 13 November 2023, SODH fully repaid the principal amount of the outstanding 2023 SODH Notes (inclusive of the Additional USD Notes) and the accrued and unpaid interest upon its maturity date.

Save as disclosed above, neither the Company nor its subsidiaries have purchased, sold, or redeemed any of the Company's listed securities during the year ended 31 December 2023.

CORPORATE GOVERNANCE

The Company reviews its corporate governance practices from time to time to ensure they comply with all the applicable code provisions set out in the Corporate Governance Code (the "CG Code") contained in Appendix C1 of the Listing Rules and aligns with its latest developments. During the year ended 31 December 2023, the Company has applied the principles of and complied with all the applicable code provisions of the CG Code except for a deviation as stated below. Further information on the Company's corporate governance practices is set out in the Company's 2023 Annual Report.

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

The Audit and Risk Committee has reviewed the Group's audited consolidated financial statements for the year ended 31 December 2023, including the accounting principles and practices adopted by the Company.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 of the Listing Rules as the code of conduct regarding securities transactions by the Directors. Following specific enquiries by the Company, all Directors have confirmed that they complied with the required standard set out in the Model Code throughout the year ended 31 December 2023.

EMPLOYEES AND REMUNERATION POLICY

As of 31 December 2023, the number of employees in the Group was 3,054 (31 December 2022: 3,098); which included the headcount of the property management business at 1,548 (31 December 2022: 1,545) and the headcount of the construction and fitting out business at 139 (31 December 2022: 172). The Group provides a comprehensive benefits package for all employees and career development opportunities. This includes retirement schemes, long-term incentive schemes, medical insurance, other insurances, in-house training, on-the-job training, external seminars, and programs organised by professional bodies and educational institutes.

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

SCOPE OF WORK OF MESSRS. ERNST & YOUNG

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income, and the related notes thereto for the year that ended 31 December 2023 as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Ernst & Young, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by Messrs. Ernst & Young in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements, or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Ernst & Young on the preliminary announcement.

APPRECIATION TO ALL OUR STAKEHOLDERS

It has been a difficult few years, as first the COVID pandemic and, more recently, the long-overdue market adjustment have challenged every company operating in the Chinese property market. The strategic counsel offered by my fellow directors has helped the Group immeasurably and I take this opportunity to thank them for their contributions during the past year. My gratitude also goes to our management team and employees, whose hard work and know-how have allowed us to negotiate the difficulties so successfully. Finally, I extend my appreciation to our shareholders, business partners, and customers for their continued support. There is no doubt that 2024 will present further challenges, but we will once again overcome them as we strengthen our foundation in preparation for better times ahead.

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

Hong Kong, 21 March 2024

At the date of this announcement, the executive directors of the Company are Mr. Vincent H. S. LO (Chairman), Ms. Stephanie B. Y. LO, Ms. Jessica Y. WANG (Chief Executive Officer), and Mr. Douglas H. H. SUNG (Chief Financial Officer and Chief Investment Officer); and the independent non-executive directors of the Company are Professor Gary C. BIDDLE, Dr. Roger L. McCARTHY, Mr. Anthony J. L. NIGHTINGALE, Mr. Shane S. TEDJARATI, Ms. Ya Ting WU, Mr. Albert K. P. NG, Mr. Gregory K. L. SO, and Ms. Randy W. S. LAI.

This announcement contains forward-looking statements, including, without limitation, words and expressions such as "expect," "believe," "plan," "intend," "aim," "estimate," "project," "anticipate," "seek," "predict," "may," "should," "will," "would" and "could" or similar words or statements, in particularly statements about future events, our future financial, business or other performance and development, strategy, plans, objectives, goals, and targets, the future development of our industry and the future development of the general economy of our key markets and globally.

These statements are based on numerous assumptions regarding our present and future business strategy and the environment in which we will operate. These forward-looking statements reflect our current views concerning future events, are not a guarantee of future performance, and are subject to certain risks, uncertainties, and assumptions, including with respect to the following:

- *changes in laws and PRC governmental regulations, policies, and approval processes in the regions where we develop or manage our projects;*
- *changes in economic, political and social conditions and competition in the cities we operate in, including a downturn in the property markets;*
- *our business and operating strategies;*
- *our capital expenditure plans;*
- *various business opportunities that we may pursue;*
- *our dividend policy;*
- *our operations and business prospects;*
- *our financial condition and results of operations;*
- *the industry outlook generally;*
- *our proposed completion and delivery dates for our projects;*
- *changes in competitive conditions and our ability to compete under these conditions;*
- *catastrophic losses from fires, floods, windstorms, earthquakes, or other adverse weather conditions, diseases or natural disasters;*
- *our ability to further acquire suitable sites and develop and manage our projects as planned;*
- *availability and changes of loans and other forms of financing;*
- *departure of key management personnel;*
- *performance of the obligations and undertakings of the independent contractors under various construction, building, interior decoration, and installation contracts;*
- *exchange rate fluctuations;*
- *currency exchange restrictions;*
- *the effects of Covid-19 and*
- *other factors beyond our control.*

This list of important factors is not exhaustive. Additional factors could cause the actual results, performance, or achievements to differ materially. We do not make any representation, warranty, or prediction that the results anticipated by such forward-looking statements, which speak only as of the date of this announcement, will be achieved. Such forward-looking statements represent, in each case, only one of many possible scenarios and should not be viewed as the most likely or standard scenario. Subject to the requirements of applicable laws, rules, and regulations, we do not have any obligation to update or otherwise revise any forward-looking statements. You should not place undue reliance on any forward-looking information.

** For identification purposes only*