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 2022 Annual Results

HIGHLIGHTS

- **Resilient performance despite a difficult operating environment:** 2022 was a very challenging year with global and local factors leading to unprecedented impacts on our business. Geopolitical tensions, continuing COVID-19 outbreaks leading to subsequent lockdowns in Shanghai and other major cities in China, together with heightened inflationary and liquidity uncertainties, have placed a high degree of pressure on the Chinese economy and, in particular, the property industry. Amidst such a difficult operating environment, the Group is pleased to stay profitable, achieving a net profit of RMB1,475 million in 2022, with profit attributable to shareholders at RMB906 million.

- **Strong fundamentals with a stable balance sheet:** The Group redeemed the USD600,000,000 6.40% senior perpetual capital securities in June 2022 with internal resources. Our net gearing ratio stayed at a healthy level of 45% (31 December 2021: 30%), with the redemption of the senior perpetual capital securities resulting in a 13% increase. Cash and bank deposits remained stable at RMB13,368 million. We aim to maintain a prudent stance in the management of our balance sheet.

- **Downward pressure from the COVID-19 outbreak, but the overall operational performance was satisfactory:** Partly due to the delays in construction and handover of residential units, the Group's revenue for 2022 decreased by 11% to RMB15,565 million (2021: RMB17,555 million), while contracted property sales decreased by 10% year-on-year to RMB27.2 billion. As of 31 December 2022, the Group's total locked-in sales, including that of joint ventures and associates, was RMB40.9 billion for delivery and to be recognised in the financial year 2023 and beyond. The commercial portfolio, impacted by rental concessions granted to tenants, saw total rental and related income (including joint ventures and associates) of RMB2,802 million, representing a decrease of 4% year-on-year.

- **Dividend declared:** The Board has recommended a final dividend for the year of HKD0.064 per share (2021: HKD0.084). Together with an interim dividend of HKD0.036 per share, the full-year dividend for 2022 amounted to HKD0.10 per share (2021: HKD0.12).

- **Gradual recovery is likely following government's supportive measures:** We remain cautious of developments in the global environment under ongoing geopolitical tensions. However, recent relaxation in China's COVID-19 restrictions and government support for the domestic credit market should improve business sentiment and gradually restore confidence in the real estate market.

Website: www.shuionland.com

PERFORMANCE HIGHLIGHTS

	2022	2021	Year-on-Year Growth/ (Decline)
Grand total rental and related income (RMB'million)	**2,802[1]**	**2,915[1]**	**(4%)**
Contracted sales (RMB'million)	**27,219**	**30,270**	**(10%)**
Subscribed sales (RMB'million)	**1,427**	**5,505**	**(74%)**
Selected Financial Information (RMB'million)			
Revenue	15,565	17,555	(11%)
Property sales recognised as revenue	11,695	13,638	(14%)
Consolidated rental and related income	2,070	2,259	(8%)
Gross profit	6,649	7,173	(7%)
Profit for the year	1,475	2,208	(33%)
Profit attributable to shareholders of the Company	906	1,636	(45%)
Selected Financial Ratios			
Gross profit margin	43%	41%	2ppt
Net profit margin	9%	13%	(4ppt)
Earnings per share (basic), RMB cents	11.3	20.3	(45%)

Selected Balance Sheet Data (RMB'million)	**31 December 2022**	**31 December 2021**	**Changes**
Total assets	104,878	113,896	(8%)
Cash and bank deposits	13,368	17,284	(23%)
Total indebtedness	33,512	31,863	5%
Net debt	20,144	14,579	38%
Total equity	44,401	49,178	(10%)
Net gearing (Net debt-to-equity ratio) at year-end	45%	30%	15ppt
Landbank (GFA, million sq.m.)			
Total leasable and saleable landbank	6.8	7.0	(3%)
Attributable leasable and saleable landbank	4.2	4.3	(2%)

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

BUSINESS REVIEW

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

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

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

KEY ACHIEVEMENTS IN 2022

- In 2022, we achieved contracted sales of RMB27,219 million. This includes the launch of Shanghai RHXC Ocean One (Lot 7), Shanghai RHXC Park Vera (Lot 167A), and Shanghai Panlong Tiandi Jingyuan (Lot 11). RMB1,427 million of subscribed sales as of 31 December 2022 is expected to be turned into contracted property sales in 2023 and beyond.

- Despite the negative impact of COVID-19, our commercial property portfolio has delivered resilient recurrent rental income. Including properties held by joint ventures and associates, our total rental and related income decreased by 4% year-on-year to RMB2,802 million in 2022, of which 73% was contributed by our portfolio located in Shanghai.

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

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

- In May 2022, the Group announced its participation in the "Business With Purpose 2022" platform. We have since signed a green pact with 100 supply eco-partners and signed the industry's first deep green lease with the United States Green Building Council (USGBC) in November 2022. These initiatives aim to deepen green practices, create a green ecosystem, and provide a platform for our tenants and customers to implement sustainable urban development solutions.

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

- In November 2022, the Group formed a joint venture with Shanghai Yangshupu Real Estate Co., Ltd., and the joint venture subsequently, in December 2022, won a bid for the land use rights of the land parcel located in Yangpu District at a total consideration of RMB2,376 million. The total site area for the land parcel is 16,993.8 sq.m. with a total GFA of 23,791.32 sq.m. for residential and other facilities use. The Group holds a 60% effective interest in the project.

PROPERTY SALES PERFORMANCE

Recognised Property Sales

For 2022, the total recognised property sales were RMB12,972 million (after the deduction of applicable taxes). The decrease was partly due to the delay in the construction and handover of residential units to buyers resulting from the COVID-19 lockdown in Shanghai in Q2 2022. The average selling price ("ASP") (including carparks) increased by 45% to RMB67,900 per sq.m. compared to 2021, as most of the sales this year were recorded from Shanghai Taipingqiao and Panlong Tiandi with higher ASPs.

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

	2022			2021		
Project	**Sales revenue**	**GFA sold**	**ASP[1]**	**Sales revenue**	**GFA sold**	**ASP[1]**
	RMB' million	sq.m.	RMB per sq.m.	RMB' million	sq.m.	RMB per sq.m.
Shanghai Taipingqiao						
Residential (Lot 118)	5,375	35,700	165,000	5,936	39,500	164,500
Shanghai RHXC						
Residential (Lot 1)	16	200	87,500	3,391	33,900	109,100
Retail (Lot 1)	88	1,200	80,000	-	-	-
Shanghai Panlong Tiandi	5,472	97,400	61,400	3,227	57,200	61,700
Wuhan Tiandi						
Residential	436	9,100	52,400	4,115	104,800	43,000
Office	26	1,300	21,500	-	-	-
Wuhan Optics Valley Innovation Tiandi						
Residential	840	40,200	22,800	2,124	112,600	20,600
Foshan Lingnan Tiandi						
Residential	10	400	27,500	205	8,800	25,600
Retail	-	-	-	12	1,500	8,700
Chongqing Tiandi[2]						
Residential	-	-	-	2,491	152,500	21,700
Retail/Office (Loft)	286	23,100	12,600	45	2,200	22,300
Subtotal	**12,549**	**208,600**	**65,700**	**21,546**	**513,000**	**45,900**
Carparks	423	-	-	476	-	-
Grand Total	**12,972**	**208,600**	**67,900**	**22,022**	**513,000**	**46,900**
Recognised as:						
- property sales in revenue of the Group	11,695			13,638		
- revenue of associates	408			6,260		
- revenue of joint ventures	869			2,124		
Grand Total	**12,972**			**22,022**		

Notes:

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

2 *ASP of Chongqing residential sales is based on net floor area, a common market practice in the region. Office (Loft) and ancillary retail space of RMB279 million and carparks sales of RMB25 million were contributed by the Chongqing Tiandi partnership portfolio and were recognised as revenue of associates in 2022. 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 10% to RMB27,219 million in 2022, compared to RMB30,270 million in 2021, with residential property sales accounting for 95% and the remainder contributed by the sale of commercial units. The ASP of residential property sales increased by 11% to RMB70,900 per sq.m. in 2022, compared to RMB63,800 per sq.m. in 2021. The increase was mainly due to changes in the project mix. In 2022, a higher proportion of contracted property sales was generated from higher ASP projects in Shanghai.

As of 31 December 2022:

i) a total subscribed sales of RMB1,427 million was recorded, among which RMB760 million and RMB194 million were from Wuhan Tiandi La Riva III (Lot B12) and Shanghai Panlong Tiandi Jingyuan (Lot 11), respectively. These are subject to formal sales and purchase agreements in the coming months.

ii) a total locked-in sales of RMB40.9 billion was recorded and available for delivery to customers and recognition as profit in 2023 and beyond.

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

	2022			**2021**		
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	810	4,800	168,800	6,051	36,600	165,300
Shanghai RHXC (Lot 1)	-	-	-	599	5,500	108,900
Shanghai RHXC (Lot 7)	8,113	70,600	114,900	10,424	90,600	115,100
Shanghai RHXC (Lot 167)	10,291	85,900	119,800	-	-	-
Shanghai Panlong Tiandi	4,823	69,700	69,200	7,370	119,900	61,500
Wuhan Tiandi	384	6,500	59,100	80	1,700	47,100
Wuhan Optics Valley Innovation Tiandi	216	9,500	22,700	1,665	75,200	22,100
Foshan Lingnan Tiandi	2	100	20,000	71	2,800	25,400
Chongqing Tiandi[1]	658	26,600	30,200	3,347	134,500	30,300
Carparks	486	-	-	550	-	-
Subtotal	**25,783**	**273,700**	**94,200**	**30,157**	**466,800**	**64,600**
Commercial property sales:						
Shanghai RHXC (Lot 1)	96	1,200	80,000	-	-	-
Foshan Lingnan Tiandi	-	-	-	12	1,500	8,000
Chongqing Tiandi[1]						
Office (Loft)	913	78,400	11,600	4	300	13,300
Retail	134	7,900	17,000	97	5,900	16,400
Wuhan Optics Valley Innovation Tiandi	293	22,600	13,000	-	-	-
Subtotal	**1,436**	**110,100**	**13,000**	**113**	**7,700**	**14,700**
Grand Total	**27,219**	**383,800**	**70,900**	**30,270**	**474,500**	**63,800**

Note:

[1] *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 2023

The Group has approximately 291,000 sq.m. of residential GFA spanning six projects available for sale and pre-sale in 2023, which are summarised below:

Project	Product		Available for sale and pre-sale in 2023	
		GFA in sq.m.	Group's interests	Attributable GFA in sq.m.
Shanghai Taipingqiao Lot 118	High-rises	3,000	99%	3,000
Shanghai Panlong Tiandi	High-rises/Townhouses	3,500	80%	2,800
Wuhan Tiandi	High-rises	65,100	100%	65,100
Wuhan Optics Valley Innovation Tiandi	High-rises	73,900	50%	37,000
Wuhan Changjiang Tiandi	High-rises	124,900	50%	62,500
Chongqing Tiandi	High-rises	20,600	19.80%	4,100
Total		**291,000**		**174,500**

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

PROPERTY DEVELOPMENT

Residential Development Saleable Resources as of 31 December 2022

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	3,000	0.5	99%	0.5
Shanghai Taipingqiao Lot 122	80,600	19.2	50%	9.6
Shanghai Panlong Tiandi	3,500	0.3	80%	0.2
Shanghai Yangpu Binjiang[2]	22,000	4.5	60%	2.7
Shanghai Sub-total	**109,100**	**24.5**		**13.0**
Wuhan Changjiang Tiandi[2]	753,900	40.1	50%	20.0
Wuhan Tiandi	102,600	6.0	100%	6.0
Wuhan Optics Valley Innovation Tiandi	169,600	4.3	50%	2.2
Chongqing Tiandi	20,600	0.4	19.80%	0.1
Other Cities Sub-total	**1,046,700**	**50.8**		**28.3**
Grand Total	**1,155,800**	**75.3**		**41.3**

Notes:

[1] *This table represents saleable resources not yet recorded as contracted sales as of 31 December 2022.*

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

Residential Properties under Development

Shanghai Taipingqiao - Ville V (Lot 118) has a total GFA of 78,000 sq.m. for residential use. The Group launched the second phase, comprising 106 units, in October 2021 with a total GFA of 36,000 sq.m.. A total amount equivalent to RMB5.4 billion was handed over and recognised as revenue in 2022.

Shanghai RHXC - Ocean One (Lot 7) has a total GFA of 161,000 sq.m. for residential and 2,000 sq.m. for retail shops. The final batch was launched in January 2022, and all residential units have been launched and subscribed. The tower structures have been completed and will be ready for handover in 2023. Park Vera (Lot 167A), with a total GFA of 86,000 sq.m. for residential, was launched in June 2022. As of 31 December 2022, all 609 units have been contracted with a sales amount of RMB10,291 million.

Shanghai Panlong Tiandi - Jingyuan (Lot 11) and Zhenyuan (Lot A05-04 & Lot A03-02), with a total GFA of 76,000 sq.m. (including underground GFA of 5,000 sq.m.), were launched in July 2022. We received over 2,000 subscriptions for the 571 units to be launched, and according to government policy, 1,062 customers entered the final ballot process with an entry score of 91.22, which was a record-high score for Shanghai. As of 31 December 2022, 551 units have been contracted, translating into a sales amount of RMB4.7 billion.

Wuhan Tiandi - La Riva II (Lot B10) comprises high-rise residential apartments with a total GFA of 114,000 sq.m.. As of 31 December 2022, all units have been delivered to buyers. As for Lot B12, the basement construction has been completed with a total GFA of 72,000 sq.m. for residential and 1,000 sq.m. for retail shops. The Group launched 65 units in November 2022, with all units sold out on launch day.

Wuhan Optics Valley Innovation Tiandi - The site was acquired in 2017. Lot R6, with a saleable GFA of 36,000 sq.m., started pre-sale in November 2021, and the units were delivered to buyers in December 2022. The construction for Lots R7 and R8, which have a total saleable GFA of 73,000 sq.m., was commenced in November 2021 and is planned for sale in 2023.

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

Chongqing Tiandi - Glory Mansion (Lot B13) Phase I, with a total GFA of 153,000 sq.m., was completed and handed over in 2021. Glory Mansion Phase II, with a total GFA of 95,000 sq.m., comprises a GFA of 33,000 sq.m. completed in 2022, of which 19,000 sq.m. was sold, and the remaining GFA of 62,000 sq.m. under construction. Glorious River (Lots B5 & B10) with a total GFA of 173,000 sq.m. and Quiet Mansion (Lot B24-6) with a total GFA of 71,000 sq.m. were under construction. The Group holds a 19.8% interest in the partnership portfolio.

Commercial Properties under Development as of 31 December 2022

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[1]	192,000	84,000	276,000	25.00%	69,000
Shanghai Taipingqiao Lot 122	-	19,000	19,000	50.00%	9,500
Shanghai RHXC Lot 7	-	2,000	2,000	49.50%	1,000
Shanghai RHXC Lot 167A	-	1,000	1,000	49.00%	500
Shanghai RHXC Lot 167B	107,000	12,000	119,000	49.00%	58,300
Shanghai HONG SHOU FANG[2]	48,000	14,000	62,000	100.00%	62,000
Shanghai Sub-total	**347,000**	**132,000**	**479,000**		**200,300**
Wuhan Tiandi	70,000	4,000	74,000	100.00%	74,000
Wuhan Optics Valley Innovation Tiandi	365,000	340,000	705,000	50.00%	352,500
Wuhan Changjiang Tiandi	56,000	232,000+30,000[3]	318,000	50.00%	159,000
Foshan Lingnan Tiandi	450,000	108,000+80,000[3]	638,000	100.00%	638,000
Chongqing Tiandi	328,000	170,000+25,000[3]	523,000	19.80%	103,600
Other Cities Sub-total	**1,269,000**	**989,000**	**2,258,000**		**1,327,100**
Grand Total	**1,616,000**	**1,121,000**	**2,737,000**		**1,527,400**

Notes:
1 *The construction of the office towers is planned for completion from 2023 to 2024 in phases, and the shopping mall is planned to be completed in 2024.*
2 *Construction work commenced in the second half of 2020 and is planned for completion in 2023.*
3 *Hotel use.*

LANDBANK

As of 31 December 2022, the Group's landbank was 9.3 million sq.m. (comprising 6.8 million sq.m. of leasable and saleable area and 2.5 million sq.m. for clubhouses, car parking spaces, and other facilities) spanning fourteen development projects located in the prime areas of five major PRC cities, namely: Shanghai, Nanjing, Wuhan, Foshan, and Chongqing. The leasable and saleable GFA attributable to the Group was 4.2 million sq.m.. Of the total leasable and saleable GFA of 6.8 million sq.m., approximately 2.3 million sq.m. was completed and held for sale and/or investment. Approximately 2.1 million sq.m. was under development, and the remaining 2.4 million sq.m. was held for future development.

In December 2022, the Group succeeded in the bid for land use rights in Shanghai Yangpu District at a total consideration of RMB2,376 million. The land site has a total GFA of 23,791.32 sq.m. with a term of use of 70 years. The Group holds a 60% effective interest in this site. The project is a heritage preservation and development project that involves the development of a high-end low-density residential community. Sited in the Yangpu Riverside Zone, a part of the "Central Activities Zone" outlined in the "Shanghai Master Plan 2017-2035", the land is located near the Huangpu River and Inner-ring road Elevated Expressway with convenient access to three metro lines.

The Group's total landbank as of 31 December 2022, including that of its joint ventures and associates, is summarised below:

Project	Approximate/Estimated leasable and saleable GFA: Residential	Office	Retail	Hotel/ serviced apartments	Subtotal	Clubhouse, carpark, and other facilities	Total	Group's interests	Attributable leasable, and saleable GFA
	sq.m.	sq.m.	sq.m.	sq.m.	sq.m.	sq.m.	sq.m.		sq.m.
Completed properties:									
Shanghai Taipingqiao	3,000	88,000	131,000	-	**222,000**	91,000	**313,000**	99.00%[1]	167,000
Shanghai RHXC	-	145,000	297,000	-	**442,000**	226,000	**668,000**	99.00%[2]	219,000
Shanghai KIC	-	164,000	67,000	22,000	**253,000**	142,000	**395,000**	44.27%[3]	117,000
The Hub	-	90,000	173,000	-	**263,000**	72,000	**335,000**	100.00%	263,000
Shanghai Panlong Tiandi	15,000	-	41,000	4,000	**60,000**	80,000	**140,000**	80.00%	48,000
INNO KIC	-	41,000	4,000	-	**45,000**	18,000	**63,000**	100.00%	45,000
Wuhan Tiandi	-	165,000	239,000	-	**404,000**	306,000	**710,000**	100.00%	404,000
Wuhan Optics Valley Innovation Tiandi	2,000	119,000	17,000	-	**138,000**	169,000	**307,000**	50.00%	69,000
Foshan Lingnan Tiandi	-	16,000	156,000	43,000	**215,000**	112,000	**327,000**	100.00%	215,000
Chongqing Tiandi	-	12,000	133,000	-	**145,000**	339,000	**484,000**	99.00%[4]	132,000
Nanjing IFC	-	72,000	28,000	-	**100,000**	18,000	**118,000**	50.00%	50,000
Subtotal	**20,000**	**912,000**	**1,286,000**	**69,000**	**2,287,000**	**1,573,000**	**3,860,000**		**1,729,000**
Properties under development:									
Shanghai Taipingqiao	98,000	192,000	103,000	-	**393,000**	158,000	**551,000**	25.00%[5]	127,000
Shanghai RHXC	247,000	107,000	15,000	-	**369,000**	132,000	**501,000**	49.50%[6]	182,000
Shanghai HONG SHOU FANG	-	48,000	14,000	-	**62,000**	21,000	**83,000**	100.00%	62,000
Shanghai Panlong Tiandi	76,000	-	-	-	**76,000**	32,000	**108,000**	80.00%	61,000
Wuhan Tiandi	72,000	-	1,000	-	**73,000**	36,000	**109,000**	100.00%	73,000
Wuhan Optics Valley Innovation Tiandi	73,000	183,000	52,000	-	**308,000**	200,000	**508,000**	50.00%	154,000
Wuhan Changjiang Tiandi	136,000	-	-	-	**136,000**	55,000	**191,000**	50.00%	68,000
Foshan Lingnan Tiandi	-	-	1,000	-	**1,000**	-	**1,000**	100.00%	1,000
Chongqing Tiandi	237,000	328,000	105,000	25,000	**695,000**	252,000	**947,000**	19.80%	138,000
Subtotal	**939,000**	**858,000**	**291,000**	**25,000**	**2,113,000**	**886,000**	**2,999,000**		**866,000**
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	182,000	288,000	-	**567,000**	-	**567,000**	50.00%	284,000
Wuhan Changjiang Tiandi	651,000	56,000	232,000	30,000	**969,000**	49,000	**1,018,000**	50.00%	484,000
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
Shanghai Yangpu Binjiang[7]	22,000	-	-	-	**22,000**	-	**22,000**	60.00%	13,000
Subtotal	**837,000**	**758,000**	**695,000**	**110,000**	**2,400,000**	**49,000**	**2,449,000**		**1,571,000**
Total landbank GFA	**1,796,000**	**2,528,000**	**2,272,000**	**204,000**	**6,800,000**	**2,508,000**	**9,308,000**		**4,166,000**

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

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

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

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

5 *The Group has a 25.00% interest in Lots 123, 124 & 132 for office and retail uses and a 50.00% interest in Lot 122.*

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

7 *The GFA of Shanghai Yangpu Binjiang is a preliminary estimate subject to further revision of the project plan.*

INVESTMENT PROPERTIES

A Leading Player in Commercial Real Estate

Project	Office GFA	Retail GFA	Total GFA	Attributable GFA	Asset Value as of 31 December 2022	% of ownership
	sq.m.	sq.m.	sq.m.	sq.m.	RMB'billion	
Completed properties						
Shanghai Taipingqiao Community						
Shanghai Xintiandi, Xintiandi Style II, Xintiandi Plaza, Shui On Plaza	36,000	104,000	140,000	127,800	**12.87**	100%/99%/80%/80%
5 Corporate Avenue, Hubindao	52,000	27,000	79,000	35,200	**6.72**	44.55%
The Hub	90,000	173,000	263,000	263,000	**8.92**	100%
Ruihong Tiandi Community						
Hall of the Moon, Hall of the Stars, The Palette 3	-	111,000	111,000	55,000	**3.99**	49.5%
Hall of the Sun, Ruihong Corporate Avenue	145,000	185,000	330,000	163,400	**11.75**	49.5%
Shanghai KIC	186,000	67,000	253,000	117,300	**8.57**	44.27%/50.49%
INNO KIC	41,000	4,000	45,000	45,000	**1.47**	100%
Nanjing IFC	72,000	28,000	100,000	50,000	**3.03**	50%
Wuhan Tiandi Community	165,000	239,000	404,000	404,000	**9.28**	100%
Foshan Lingnan Tiandi Community	16,000	143,000	159,000	159,000	**4.43**	100%
Chongqing Tiandi Community	-	131,000	131,000	130,000	**1.53**	99%
Shanghai Panlong Tiandi	-	41,000	41,000	32,800	**1.17**	80%
Subtotal	**803,000**	**1,253,000**	**2,056,000**	**1,582,500**	**73.73**	
Land & properties under development						
Shanghai Taipingqiao Community						
CPIC Xintiandi Commercial Center	192,000	84,000	276,000	69,000	**19.45**	25%
Shanghai RHXC						
Ruihong Tiandi Lot 167B	107,000	12,000	119,000	58,300	**5.12**	49%
Shanghai HONG SHOU FANG	48,000	14,000	62,000	62,000	**2.41**	100%
Foshan Lot A	190,000	64,000	254,000	254,000	**1.89**	100%
Subtotal	**537,000**	**174,000**	**711,000**	**443,300**	**28.87**	
Grand Total	**1,340,000**	**1,427,000**	**2,767,000**	**2,025,800**	**102.60**	

Valuation of Investment Properties

As of 31 December 2022, the carrying value of the Group's investment properties at valuation (excluding hotels for operation and self-use properties) was RMB96,513 million with a total GFA of 2,635,700 sq.m.. The properties located in Shanghai, Wuhan, Foshan, Nanjing and Chongqing, respectively, contributed 79%, 10%, 6%, 3% and 2% of the carrying value.

The table below summarises the carrying value of the Group's investment properties at valuation as of 31 December 2022, together with the change in fair value for 2022:

Project	Leasable GFA	Increase /(decrease) in fair value for 2022	Carrying value as of 31 December 2022	Fair Value gain/(loss) to carrying value	Attributable carrying value to the Group
	sq.m.	RMB'million	RMB'million	%	RMB'million
SXTD Portfolio[2]					
Completed investment properties					
Shanghai Taipingqiao Community					
Shanghai Xintiandi and Xintiandi Style II	80,000	33	8,126	0.4%	8,106
Shui On Plaza and Xintiandi Plaza	52,200	(10)	4,095	(0.2%)	3,318
5 Corporate Avenue, Hubindao (associate)	79,000	(27)	6,720	(0.4%)	2,994
The Hub	263,000	(48)	8,921	(0.5%)	8,921
Shanghai KIC	248,000	22	8,418	0.3%	3,889
INNO KIC	45,000	(8)	1,468	(0.5%)	1,468
Wuhan Tiandi Community	239,000	79	6,613	1.2%	6,613
Foshan Lingnan Tiandi Community	142,000	43	4,174	1.0%	4,174
Chongqing Tiandi Community	128,000	7	1,503	0.5%	1,488
Nanjing IFC (joint venture)	100,000	7	3,030	0.2%	1,515
Subtotal	**1,376,200**	**98**	**53,068**	**0.2%**	**42,486**
Investment property – sublease of right-of-use assets					
Nanjing INNO	17,000	(10)	84	(11.9%)	84
SXTD Portfolio Total	**1,393,200**	**88**	**53,152**	**0.2%**	**42,570**
Other Investment Properties					
Shanghai RHXC	500	-	8	-	8
Shanghai Panlong Tiandi	41,000	10	1,169	0.8%	935
1 Corporate Avenue, Wuhan	165,000	-	2,670	-	2,670
Chongqing Street shops	3,000	(6)	28	(21.4%)	28
Shanghai HONG SHOU FANG	62,000	(226)	2,405	(9.4%)	2,405
Foshan Lot A	254,000	-	1,892	-	1,892
Ruihong Tiandi Community (joint venture)	441,000	30	15,743	0.2%	7,793
CPIC Xintiandi Commercial Center (joint venture)	276,000	(492)	19,446	(2.5%)	4,862
Other Investment Properties Total	**1,242,500**	**(684)**	**43,361**	**(1.6%)**	**20,593**
Grand Total	**2,635,700[1]**	**(596)**	**96,513**	**(0.6%)**	**63,163**
Grand Total (excluding associates and JV)	**1,739,700[1]**	**(114)**	**51,574**	**(0.2%)**	**45,999**

Notes:

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

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

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

SXTD is the Group's property investment and management arm. It has 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.

Selected financial information[1]

RMB'million	2022	2021	Year-on-Year Growth/(Decline)
Revenue	2,702	2,865	(6%)
Comprised of:			
- Property investment[2]	2,040	2,221	(8%)
- Property management	512	500	2%
- Real estate asset management	130	93	40%
- Others	20	51	(61%)
Gross profit	1,924	2,071	(7%)
Operating profit	1,452	1,629	(11%)
Underlying profit[3]	575	602	(4%)
Net assets	34,026	33,416	2%
Net gearing ratio at year-end	11.5%	14.8%	(3.3ppt)

Notes:

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

2 *The difference between revenue from the property investment of SXTD and the consolidated rental and related income of the Group was mainly due to the income from 1 Corporate Avenue in Wuhan and the temp shop in Foshan Lingnan Tiandi.*

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

Property Investment

As of 31 December 2022, SXTD owns and manages eleven completed investment properties and two joint venture projects, namely 5 Corporate Avenue and Hubindao in Shanghai and Nanjing IFC, respectively.

Property investment contributed approximately 75% of SXTD's total revenue in 2022. Our retail and office investment properties accounted for 58% and 42% of rental income from property investment (including 5 Corporate Avenue and Hubindao and Nanjing IFC), respectively.

The retail market has been negatively affected by the COVID-19 outbreak and lockdown in Shanghai in Q2 2022 and continuous outbreaks throughout 2022. The retail portfolio occupancy averaged 89% as of 31 December 2022, while retail rental reversion was slightly negative, given the weak market sentiment. Following the relaxation of pandemic-related restrictions, sales, and shopper traffic in our portfolio for the first two months of 2023 have recovered to over 90% of the levels seen in the same period in 2022.

Despite the pressure from the economic slowdown and the oversupply of offices in Shanghai, our office portfolio saw a relatively stable performance, which bears testimony to our service quality and the prime locations of our properties. Office rental reversion remained positive in the year, while the occupancy rate across the portfolio maintained an average of 89% as of 31 December 2022. In particular, the occupancy rate of our office properties in Shanghai achieved an average of 92%.

Performance of Investment Properties

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

Project	Product	Leasable GFA	Rental & related income[6] RMB'million		Changes	Occupancy rate		Changes
		sq.m.	2022	2021	%	31 Dec 2022	31 Dec 2021	ppt
Shanghai Taipingqiao Community								
Shanghai Xintiandi	Office/ Retail	54,000	360	454	(21%)	91%	100%	(9)
Xintiandi Style II	Retail	26,000[1]	31	51	(39%)	60%[2]	79%	(19)
Shui On Plaza & Xintiandi Plaza	Office / Retail	56,000	174	180	(3%)	93%	99%	(6)
The Hub	Office/ Retail	263,000	384	422	(9%)	88%	95%	(7)
Shanghai KIC	Office/Retail	248,000	441	487	(9%)	90%	97%	(7)
INNO KIC	Office/ Retail	45,000	60	63	(5%)	91%	97%	(6)
Wuhan Tiandi Community	Retail	239,000	333	320	4%	90%	93%	(3)
Foshan Lingnan Tiandi Community	Office/ Retail	144,000	189	187	1%	90%	96%	(6)
Chongqing Tiandi Community	Retail	128,000	68	57	19%	96%	94%	2
Total rental and related income[7]		**1,203,000**	**2,040**	**2,221**	**(8%)**			
Shanghai Taipingqiao Community								
5 Corporate Avenue, Hubindao[3] (classified as associate income)	Office/Retail	79,000	234	270	(13%)	92%	96%	(4)
Nanjing IFC[4] (classified as joint venture income)	Office/Retail	100,000	122	122	-	73%	60%	13
Grand Total		**1,382,000[5]**	**2,396**	**2,613**	**(8%)**			

Notes:

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

[2] *Drop in occupancy rate in 2022 was due to AEI works, and tenants were vacated since 2021.*

[3] *The Group holds a 44.55% effective interest in the property. Rental and related income attributable to SXTD were RMB104 million in 2022 and RMB120 million in 2021.*

[4] *The acquisition of Nanjing IFC was completed in February 2021. The Group holds a 50% effective interest in the property. Rental and related income attributable to SXTD was RMB61 million for both 2022 and 2021.*

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

[6] *Excluding property management income from commercial properties included in the Property Management segment.*

[7] *The difference between revenue from the property investment of SXTD and the consolidated rental and related income of the Group was mainly due to the income from 1 Corporate Avenue in Wuhan and the temp shop in Foshan Lingnan Tiandi.*

Rental and related income decreased by 8% to RMB2,040 million in 2022 compared to RMB2,221 million in 2021. The decrease was driven by an adverse impact on rental and related income due to the COVID-19-related lockdowns and the related tenant support.

Including the properties of 5 Corporate Avenue and Hubindao, and Nanjing IFC, the total rental and related income decreased by 8% year-on-year to RMB2,396 million in 2022, of which 70% of the rental and related income was contributed by the portfolio located in Shanghai, with the remaining from other cities in China.

Retail Tenant Mix
As of 31 December 2022

	By occupied GFA
Food & beverage	29.3%
Fashion & beauty	26.7%
Services	14.4%
Entertainment	13.7%
Children & family	9.4%
Showroom	2.4%
Hotel & service apartment	2.1%
Supermarkets & hypermarkets	2.0%
Total	**100%**

Office Tenant Mix
As of 31 December 2022

	By occupied GFA
High-tech & TMT	24.4%
Biological, pharmaceutical & medical	14.3%
Banking, insurance & financial services	10.5%
Professional services	10.0%
Automation & manufacturing	7.2%
Consumer products & services	6.6%
Commercial	5.4%
Services	5.2%
Real estate & construction	4.2%
Education, culture & innovation	4.1%
Others	8.1%
Total	**100%**

Our Projects and Latest Updates

Shanghai Taipingqiao Community:

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

Xintiandi Style II's rental income and occupancy rate declined during the year due to an ongoing AEI that commenced in October 2021. The AEI was completed at the end of 2022. Xintiandi Style II 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.

The Hub:

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

Shanghai KIC:

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

INNO KIC:

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

Wuhan Tiandi Community:

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

Despite the impact of COVID-19 and the lockdown happening in the year, the project has recorded a 4% increase in rental and related income in 2022 due to the successful repositioning. We have optimised its tenant mix and food & beverage offerings, introducing new tenants focusing on young premium customers such as Knowin and Harmay. It has become a retail and social destination in Wuhan that offers lifestyle experiences to a young premium clientele.

Foshan Lingnan Tiandi Community:

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

Chongqing Tiandi Community:

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

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

Nanjing IFC:

We acquired a mixed-use Grade-A landmark property in Nanjing with Grosvenor on a 50/50 basis in February 2021. Nanjing IFC is predominantly an office building occupied by a diverse mix of high-quality tenants, including MetLife, AIA, and KFC. The property has completed an AEI that will increase its growth potential.

Property Management

We provide premium property management services for the commercial properties within the Group's portfolio and selective commercial and residential properties owned by third parties. In 2022, the total GFA under management for commercial and residential properties were 4.2 million sq.m. and 4.9 million sq.m. respectively. Property management contributed approximately 19% of SXTD's revenue in 2022. During the year, the segment's increased revenue was due to an increase in GFA under management compared to 2021.

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, and account and finance management. After construction, 1 Corporate Avenue in Wuhan and Shanghai Panlong Tiandi were added to our asset management portfolio. Valuation of the two projects totaled RMB3.8 billion, with a total GFA of 206,000 sq.m. As of 31 December 2022, our asset management projects include 5 Corporate Avenue and Hubindao, Nanjing IFC, commercial properties in the Ruihong Tiandi Community, 1 & 2 Corporate Avenue in Wuhan, Shanghai Panlong Tiandi and Nanjing INNO. The total valuation of the projects we managed amounted to RMB30.3 billion, with a total GFA of 886,000 sq.m. as of 31 December 2022. The business segment contributed approximately 5% of SXTD's revenue in 2022.

FINANCIAL REVIEW

The Group's ***revenue*** for 2022 decreased by 11% to RMB15,565 million, compared to RMB17,555 million in 2021, due mainly to a decrease in property sales.

Property sales for 2022 were RMB11,695 million (2021: RMB13,638 million), mainly comprised of RMB5,584 million from Shanghai Panlong Tiandi, RMB5,566 million from Taipingqiao Ville V, and RMB462 million from Wuhan Tiandi La Riva II. As a comparison, property sales in 2021 were primarily contributed by Taipingqiao Ville V, Wuhan Tiandi La Riva II, and Shanghai Panlong Tiandi, which amounted to RMB5,935 million, RMB4,115 million and RMB3,227 million, respectively.

Rental and related income from property investment for 2022 was RMB2,070 million (2021: RMB2,259 million). During 2022, the operations and performances of the Group's Shanghai properties were affected by the COVID-related lockdowns in the second quarter of 2022 and the large-scale COVID-19 outbreak at the end of the year. Rental and related income from the Group's Shanghai properties, which accounted for 70% (2021: 73%) of the total, decreased by 12% to RMB1,439 million (2021: RMB1,643 million). The rental and related income from the Group's non-Shanghai properties totalled RMB631 million in 2022 (2021: RMB616 million), representing a 2% year-on-year increase.

Property management income for 2022 increased by 4% to RMB508 million (2021: RMB490 million), of which RMB330 million (2021: RMB318 million) was from our services rendered to commercial properties, with the remaining income of RMB178 million (2021: RMB172 million) from residential properties.

Construction income generated by the construction business advanced to RMB958 million in 2022 (2021: RMB835 million).

Gross profit for 2022 declined by 7% to RMB6,649 million (2021: RMB7,173 million) alongside the decrease in revenue, while ***gross profit margin*** grew to 43% (2021: 41%).

Other income for 2022 increased by 56% to RMB376 million (2021: RMB241 million), mainly comprised of bank interest income and interest income from joint ventures.

Selling and marketing expenses for 2022 increased by 10% to RMB212 million (2021: RMB192 million) as a result of higher selling and promotional activities in the second half year of 2022.

General and administrative expenses, which are comprised of staff costs, depreciation charges, and advisory costs incurred, were stable at RMB907 million in 2022 (2021: RMB928 million).

A decrease in the fair value of investment properties totalled RMB114 million in 2022 (2021: increase of RMB35 million). The investment property portfolio in Shanghai recorded a valuation loss of RMB227 million, and the investment property portfolio outside Shanghai recorded a gain of RMB113 million. The decline in the fair value of our investment property portfolio in Shanghai reflected the negative financial effects of the pandemic. 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 RMB27 million in 2022 (2021: net loss of RMB334 million), comprised of:

Gains/(losses)	**2022** **RMB'million**	2021 RMB'million
Cost arising from hedging activities	**(175)**	(213)
Gain/(loss) from fair value change of derivative financial instruments	**331**	(16)
Loss from a change of certain hedging arrangements	**(169)**	-
Write-off of receivables	**-**	(84)
Loss from fair value change of liability arising from a rental guarantee arrangement	**-**	(50)
Others	**(14)**	29
Total	**(27)**	(334)

Share of results of associates and joint ventures recorded a net loss of RMB151 million in 2022 (2021: net gain of RMB620 million). The loss in 2022 was mainly attributable to the decrease in fair value of investment properties, which totaled RMB107 million, and an operating loss in commercial properties amounting to RMB111 million, mainly due to prolonged city lockdowns in Shanghai and the depreciation of the RMB against the USD in 2022. In comparison, net gains on investment property revaluation contributed RMB236 million in 2021, mainly comprised RMB173 million from RHXC commercial properties and RMB57 million from 5 Corporate Avenue and Hubindao. Gains from property sales in 2022 amounted to RMB105 million (2021: RMB407 million), of which RMB103 million (2021: RMB293 million) was from Wuhan Optics Valley Innovation Tiandi.

Finance costs, inclusive of exchange differences, totalled RMB2,127 million in 2022 (2021: RMB895 million). Total interest costs increased by 7% to RMB1,951 million (2021: RMB1,827 million) due to the rising average cost of debt of 5.53% in 2022 (2021: 5.16%). Of the abovementioned interest costs, 17% (2021: 37%) or RMB332 million (2021: RMB684 million) was capitalised as the cost of property development, with the remaining 83% (2021: 63%) of interest costs relating to mortgage loans on completed properties and borrowings for general working capital purposes were accounted for as expenses. The lower capitalised interest also caused the increase in finance costs in 2022. An exchange loss of RMB495 million (2021: exchange gain of RMB255 million) was recorded as a result of the depreciation of the RMB against the HKD and the USD in 2022.

Taxation totalled RMB1,932 million in 2022 (2021: RMB3,463 million). The year-on-year decrease was partly 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 progressing rates ranging from 30 percent to 60 percent on the appreciation value, which is the proceeds of property sales less deductible expenditures, including costs of land, development, and construction.

Profit for the year 2022 was RMB1,475 million (2021: RMB2,208 million).

Profit attributable to shareholders of the Company for 2022 was RMB906 million (2021: RMB1,636 million).

The core earnings of the Group are as follows:

	2022 RMB'million	2021 RMB'million	Change %
Profit attributable to shareholders of the Company	**906**	1,636	(45%)
Decrease / (increase) in fair value of investment properties, net of tax	**100**	(33)	
Share of results of associates and joint ventures			
- fair value loss / (gain) of investment properties, net of tax	**107**	(236)	
	207	(269)	
Non-controlling interests	**10**	7	
Net effect of changes in the valuation	**217**	(262)	
Profit attributable to shareholders of the Company before revaluation	**1,123**	1,374	(18%)
Add:			
Profit attributable to owners of perpetual capital securities	**116**	234	
Core earnings of the Group	**1,239**	1,608	(23%)

Earnings per share for 2022 was RMB11.3 cents, calculated based on a weighted average of approximately 8,035 million shares in issue in 2022 (2021: earnings per share RMB20.3 cents, calculated based on a weighted average of approximately 8,044 million shares in issue).

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

Having considered the Group’s financial position, the Board has resolved to recommend the payment of a 2022 final dividend of HKD0.064 per share (2021: HKD0.084 per share).

Major Acquisition

In November 2022, the Group formed a joint venture with Shanghai Yangshupu Real Estate Co., Ltd. In December 2022, the joint venture successfully won the bid for the land use rights of a land parcel located in Yangpu District, at a total consideration of RMB2,376 million, with a total site area of 16,993.8 sq.m. and a total GFA of 23,791.32 sq.m. The land is permitted for residential use for a term of a grant of 70 years. For details, please refer to the circular issued by the Company dated 20 January 2023.

Liquidity, Capital Structure, and Gearing Ratio

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

The structure of the Group's borrowings as of 31 December 2022 is summarised below:

	Total (in RMB equivalent)	**Due within one year**	**Due in more than one year but not exceeding two years**	**Due in more than two years but not exceeding five years**	**Due in more than five years**
	RMB'million	RMB'million	RMB'million	RMB'million	RMB'million
Bank borrowings – RMB	7,245	1,018	1,288	2,450	2,489
Bank borrowings – HKD	2,343	1,543	692	108	-
Bank borrowings – USD	10,669	5,508	4,778	383	-
Senior notes – USD	13,255	3,491	3,541	6,223	-
Total	**33,512**	**11,560**	**10,299**	**9,164**	**2,489**

Cash and bank deposits totalled RMB13,368 million as of 31 December 2022 (31 December 2021: RMB17,284 million), which included RMB2,192 million (31 December 2021: nil) of deposits pledged to banks and RMB1,691 million (31 December 2021: RMB2,165 million) of restricted bank balances which can only be applied to designated property development projects of the Group.

As of 31 December 2022, the Group's net debt was RMB20,144 million (31 December 2021: RMB14,579 million), and its total equity was RMB44,401 million (31 December 2021: RMB49,178 million). The Group's net gearing ratio was 45% as of 31 December 2022 (31 December 2021: 30%), calculated based on the excess of the sum of senior notes and bank borrowings net of bank balances and cash (including pledged bank deposits and restricted bank balances) over the total equity. The increase in the net gearing ratio was mainly due to the redemption of the USD600 million perpetual securities with our cash in hand, which resulted in a 13% increase in the net gearing ratio. Our stable financials should enable the Group to better withstand future volatile macroeconomic conditions.

As of 31 December 2022, HKD/USD borrowings, including senior notes (unhedged), net off HKD/USD cash and bank deposits, amounted to approximately RMB13,519 million in equivalent, comprising approximately 40% of the total borrowings (31 December 2021: 40%).

The total undrawn banking facilities available to the Group amounted to approximately RMB2,196 million as of 31 December 2022 (31 December 2021: RMB1,730 million).

Pledged Assets

As of 31 December 2022, the Group had pledged investment properties, property and equipment, right-of-use assets, properties under development for sale, receivables, and bank deposits totalling RMB35,536 million (31 December 2021: RMB34,433 million) to secure the Group's borrowings of RMB10,662 million (31 December 2021: RMB9,319 million).

Capital and Other Development Related Commitments

As of 31 December 2022, the Group had contracted commitments for development costs, capital expenditure, and other investments of RMB5,771 million (31 December 2021: RMB8,999 million).

Cash Flow Management and Liquidity Risk

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

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

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 and perpetual capital securities denominated in USD issued from 2017 to 2021. Thus, to the extent that the Group has a net currency exposure, there is exposure to fluctuations in foreign exchange rates. As of 31 December 2022, the Group has entered into approximately USD1,530 million and HKD300 million forward contracts and USD100 million call spread contracts to hedge the USD and HKD currency risk against RMB. The Group continues to closely monitor its exposure to exchange rate risk. It may further consider additional derivative financial instruments to hedge against its remaining exposure to exchange rate risk, if necessary.

The Group's exposure to interest rate risk results from fluctuations in interest rates. Most of the Group's bank borrowings consist of variable-rate debt obligations with original maturities ranging from one to fifteen years for project construction 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 2022, the Group had various outstanding loans that bear variable interests linked to Hong Kong Inter-bank Offered Rates ("HIBOR"), London Inter-bank Offered Rates ("LIBOR"), Secured Overnight Financing Rate ("SOFR") and Loan Prime Rate ("LPR"). The Group has hedged against the variability of cash flow arising from interest rate fluctuations by entering into interest rate swaps in which the Group would receive interest at variable rates at HIBOR and pay interests at fixed rates ranging from 0.28% to 2.75%; receive interest at variable rates at LIBOR and pay interests at fixed rates ranging from 0.22% to 0.235%, based on the notional aggregate amounts of HKD1,250 million and USD200 million respectively. The Group closely monitors its exposure to interest rate risk. It may further consider additional derivative financial instruments to hedge against its remaining exposure to interest rate risk, if necessary.

Save for disclosed above, as of 31 December 2022; the Group does not hold any other derivative financial instruments linked to exchange rates or interest rates. The Group continues to closely monitor its exposure to exchange rate and interest rate risks and may employ derivative financial instruments to hedge against risk when necessary.

Contingent Liabilities

The Group provided guarantees of RMB1,983 million on 31 December 2022 (31 December 2021: RMB2,672 million) to banks in favour of its customers in respect of mortgage loans provided by banks to those customers for the purchase of the Group's developed properties. These guarantees provided by the Group to the banks will be released upon the earlier of receiving the building ownership certificates of the respective properties by the banks from the customers or 90 days after the customers are allowed to apply for the building ownership certificates.

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 2022 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Notes	**2022**		2021	
		HKD'million *(Note 2)*	**RMB'million**	HKD'million *(Note 2)*	RMB'million
Revenue	*4*	**18,040**	**15,565**	21,147	17,555
Cost of sales		**(10,334)**	**(8,916)**	(12,506)	(10,382)
Gross profit		**7,706**	**6,649**	8,641	7,173
Other income	*5*	**436**	**376**	290	241
Selling and marketing expenses		**(246)**	**(212)**	(231)	(192)
General and administrative expenses		**(1,051)**	**(907)**	(1,118)	(928)
(Decrease)/increase in fair value of the investment properties		**(132)**	**(114)**	42	35
Other gains and losses	*5*	**(31)**	**(27)**	(402)	(334)
Provision for impairment losses under expected credit loss model	*7*	**(93)**	**(80)**	(59)	(49)
Share of results of associates and joint ventures		**(175)**	**(151)**	747	620
Finance costs, inclusive of exchange differences	*6*	**(2,465)**	**(2,127)**	(1,078)	(895)
Profit before tax	*7*	**3,949**	**3,407**	6,832	5,671
Tax	*8*	**(2,239)**	**(1,932)**	(4,172)	(3,463)
Profit for the year		**1,710**	**1,475**	2,660	2,208
Attributable to:					
Shareholders of the Company		**1,050**	**906**	1,971	1,636
Owners of perpetual capital securities		**134**	**116**	282	234
Non-controlling shareholders of subsidiaries		**526**	**453**	407	338
		660	**569**	689	572
		1,710	**1,475**	2,660	2,208
Earnings per share attributable to the shareholders of the Company	*10*				
Basic		**HKD13.1 cents**	**RMB11.3 cents**	HKD24.5 cents	RMB20.3 cents
Diluted		**HKD13.1 cents**	**RMB11.3 cents**	HKD24.5 cents	RMB20.3 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2022		2021	
	HKD'million *(Note 2)*	**RMB'million**	HKD'million *(Note 2)*	RMB'million
Profit for the year	**1,710**	**1,475**	2,660	2,208
Other comprehensive income/(expense)				
Items that may be reclassified subsequently to profit or loss:				
Exchange difference arising on translation of foreign operations	**(1,041)**	**(898)**	1	1
The effective portion of changes in fair value of currency forward contracts designated as cash flow hedges	**548**	**473**	388	322
The effective portion of changes in fair value of interest rate swaps designated as cash flow hedges	**39**	**34**	8	7
Reclassification from hedge reserve to profit or loss arising from currency forward contracts	**(668)**	**(576)**	(465)	(386)
Share of other comprehensive (expenses)/ income of an associate and a joint venture	**(93)**	**(80)**	26	22
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	**(2)**	**(2)**	(2)	(2)
Surplus on revaluation of properties transferred from property and equipment to investment properties, net of tax	**16**	**14**	-	-
Other comprehensive expense for the year	**(1,005)**	**(866)**	(44)	(36)
Total comprehensive income for the year	**705**	**609**	2,616	2,172
Total comprehensive income attributable to:				
Shareholders of the Company	**37**	**32**	1,927	1,600
Owners of perpetual capital securities	**134**	**116**	282	234
Non-controlling shareholders of subsidiaries	**534**	**461**	407	338
	668	**577**	689	572
	705	**609**	2,616	2,172

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**31 December 2022 RMB'million**	31 December 2021 RMB'million
Non-current assets			
Investment properties		**51,665**	51,311
Interests in associates		**8,010**	8,038
Interests in joint ventures		**13,154**	15,472
Property and equipment		**1,197**	1,193
Right-of-use assets		**46**	55
Receivables, deposits, and prepayments	*11*	**298**	289
Pledged bank deposits		**2,192**	-
Loan to a non-controlling shareholder		**22**	22
Deferred tax assets		**282**	279
Other non-current assets		**106**	99
		76,972	76,758
Current assets			
Properties under development for sale		**4,541**	6,699
Properties held for sale		**1,759**	7,217
Receivables, deposits and prepayments	*11*	**1,603**	1,889
Loans to/amounts due from associates		**193**	555
Loans to/amounts due from joint ventures		**4,926**	-
Amounts due from related companies		**411**	394
Contract assets		**322**	434
Derivative financial instruments		**492**	-
Bank balances and cash		**11,176**	17,284
Prepaid taxes		**26**	209
Assets classified as held for sale		**2,457**	2,457
		27,906	37,138
Current liabilities			
Accounts payable, deposits received, and accrued charges	*12*	**5,311**	7,965
Contract liabilities		**5,416**	11,056
Bank borrowings		**8,069**	6,424
Senior notes		**3,491**	-
Tax liabilities		**4,035**	4,617
Amounts due to non-controlling shareholders of subsidiaries		**204**	281
Amounts due to associates		**557**	3,000
Amount due to joint ventures		**45**	13
Amounts due to related companies		**357**	365
Liability arising from a rental guarantee arrangement		**28**	175
Lease liabilities		**11**	13
Derivative financial instruments		**-**	240
		27,524	34,149
Net current assets		**382**	2,989
Total assets less current liabilities		**77,354**	79,747

CONSOLIDATED STATEMENT OF FINANCIAL POSITION - CONTINUED

	Notes	**31 December 2022 RMB'million**	31 December 2021 RMB'million
Non-current liabilities			
Bank borrowings		**12,188**	13,323
Senior notes		**9,764**	12,116
Deferred tax liabilities		**4,799**	5,058
Accounts payable, deposits received, and accrued charges	*12*	**560**	-
Loans from an associate		**5,575**	-
Lease liabilities		**56**	64
Defined benefit liabilities		**11**	8
		32,953	30,569
Capital and reserves			
Share capital	*13*	**146**	146
Reserves		**39,004**	39,790
Equity attributable to shareholders of the Company		**39,150**	39,936
Perpetual capital securities		**-**	4,049
Non-controlling interests		**5,251**	5,193
		5,251	9,242
Total equity		**44,401**	49,178
Total equity and non-current liabilities		**77,354**	79,747

Notes to the consolidated financial statements:

1. General

The consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (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 HKD1.1590 for 2022 and RMB1.000 to HKD1.2046 for 2021, the average exchange rates that prevailed during the respective years.

3. Changes in Accounting Policies and Disclosures

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

Amendments to IFRS 3	*Reference to the Conceptual Framework*
Amendment to IFRS 16	*COVID-19-Related Rent Concessions beyond 30 June 2021*
Amendments to IAS 16	*Property, Plant, and Equipment: Proceeds before Intended Use*
Amendments to IAS 37	*Onerous Contracts - Cost of Fulfilling a Contract*
Annual Improvements to IFRS standards 2018-2020	Amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41

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

(a) Amendments to IFRS 3 replace a reference to the previous *Framework for the Preparation and Presentation of Financial Statements* with reference to the *Conceptual Framework for Financial Reporting* (the “Conceptual Framework”) issued in March 2018 without significantly changing its requirements. The amendments also add to IFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 if they were incurred separately rather than assumed in a business combination, an entity applying IFRS 3 should refer to IAS 37 or IFRIC 21, respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group has applied the amendments prospectively to business combinations that occurred on or after 1 January 2022. As there were no business combinations during the year, the amendments did not have any impact on the financial position and performance of the Group.

3. Changes in Accounting Policies and Disclosures –continued

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

(b) Amendment to IFRS 16 issued in April 2021 extends the availability of the practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic by 12 months. Accordingly, the practical expedient applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. The amendment is effective retrospectively for annual periods beginning on or after 1 April 2021, with any cumulative effect of initially applying the amendment recognised as an adjustment to the opening balance of retained profits at the beginning of the current accounting period. Earlier application is permitted.

The Group has early adopted the amendment on 1 January 2021 and applied the practical expedient to all rent concessions granted by the lessors that affected only payments originally due on or before 30 June 2022 as a direct consequence of the COVID-19 pandemic.

(c) Amendments to IAS 16 prohibit an entity from deducting from the cost of an item of property, plant, and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items and the cost of those items as determined by IAS 2 Inventories in profit or loss. The Group has applied the amendments retrospectively to items of property, plant, and equipment made available for use on or after 1 January 2021. Since there was no sale of items produced prior to the property, plant, and equipment being available for use, the amendments did not have any impact on the financial position or performance of the Group.

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

(e) Annual Improvements to IFRSs 2018-2020 sets out amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41. Details of the amendments that are applicable to the Group are as follows:

- IFRS 9 *Financial Instruments* clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. The Group has applied the amendment prospectively from 1 January 2022. As there was no modification or exchange of the Group's financial liabilities during the year, the amendment did not have any impact on the financial position or performance of the Group.

4. Revenue and Segmental Information

A. Disaggregation of revenue from contracts with customers

	2022	2021
	RMB'million	RMB'million
Property development:		
Property sales	**11,695**	13,638
	11,695	13,638
Property management:		
Property management fee income	**508**	490
	508	490
Construction	**958**	835
Others	**334**	333
	13,495	15,296
Geographical markets		
Shanghai	**12,378**	10,519
Wuhan	**897**	4,292
Foshan	**132**	428
Chongqing	**66**	48
Nanjing	**22**	9
	13,495	15,296
Timing of revenue recognition		
At a point in time	**11,695**	13,638
Over time	**1,800**	1,658
	13,495	15,296

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:

	2022	2021
	RMB'million	RMB'million
Revenue recognised that was included in contract liabilities at the beginning of the reporting year:		
Sale of properties	**10,516**	11,566
	10,516	11,566

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 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

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 2021

	RMB'million
Property development:	
Property sales	13,638
Property management:	
Property management fee income	490
Construction	835
Others	333
Revenue from contracts with customers	15,296
Property investment	
(property investment segment)	
Rental income from investment properties (Note)	2,005
Rental-related income	254
	17,555

Note:

	2021 RMB'million
For operating leases:	
Fixed lease payment	1,897
Variable lease payments that do not depend on an index or a rate	108
	2,005

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 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							**(27)**
Provision for impairment losses under expected credit loss model							**(80)**
Unallocated income							**36**
Unallocated expenses							**(359)**
Profit before tax							**3,407**
Tax							**(1,932)**
Profit for the year							**1,475**

4. Revenue and Segmental Information - continued

For the year ended 31 December 2021

	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	13,638	2,259	490	835	17,222	333	17,555
SEGMENT RESULTS							
Segment results of the Group	4,524	1,679	92	146	6,441	42	6,483
Interest income							222
Share of results of associates and joint ventures							620
Finance costs, inclusive of exchange differences							(895)
Other gains and losses							(334)
Provision for impairment losses under expected credit loss model							(49)
Unallocated income							20
Unallocated expenses							(396)
Profit before tax							5,671
Tax							(3,463)
Profit for the year							2,208

Segment results represent the profit earned or loss incurred by each segment without allocation of central administration costs, directors' salaries, interest income, the share of results of associates and joint ventures, provision for impairment losses under expected credit loss model, 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

	2022 RMB'million	2021 RMB'million
Other income		
Interest income from banks	**226**	179
Interest income from loans to joint ventures	**115**	43
Grants received from local government	**28**	17
Others	**7**	2
	376	241
Other gains and losses		
Cost arising from hedging activities	**(175)**	(213)
Gain/(loss) from fair value change of derivative financial instruments	**331**	(16)
Loss from a change of certain hedging arrangements	**(169)**	-
Write-off of receivables	-	(84)
Loss from fair value change of liability arising from a rental guarantee arrangement	-	(50)
Others	**(14)**	29
	(27)	(334)

6. Finance Costs, Inclusive of Exchange Differences

	2022	2021
	RMB'million	RMB'million
Interest on bank borrowings	**1,100**	951
Interest on senior notes	**745**	839
Interest on loans from an associate	**102**	33
Interest expenses from lease liabilities	**4**	4
Total interest costs	**1,951**	1,827
Less: Amount capitalised to investment properties under construction or development and properties under development for sale	**(332)**	(684)
Interest expenses charged to profit or loss	**1,619**	1,143
Net exchange loss /(gain) on bank borrowings and other financing activities	**495**	(255)
Others	**13**	7
	2,127	895

Borrowing costs capitalised during the year were calculated by applying a capitalisation rate of approximately 5.7% (2021: 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):

	2022 **RMB'million**	2021 RMB'million
Auditor's remuneration		
- audit services	**5**	5
Depreciation of property and equipment	**115**	105
Depreciation of right-of-use assets	**9**	30
Employee benefits expenses		
Directors' emoluments		
Fees	**4**	2
Salaries, bonuses, and other benefits	**43**	27
	47	29
Other staff costs		
Salaries, bonuses, and other benefits	**891**	857
Retirement benefits cost	**47**	35
	938	892
Total employee benefits expense	**985**	921
Less: Amount capitalised to investment properties under construction or development and properties under development for sale	**(85)**	(113)
	900	808
Provision for impairment losses		
Receivables	**80**	49
Cost of properties sold recognised as an expense	**7,295**	8,835
The net impact of provision for impairment losses on properties held for sale (included in "cost of sales")	**1**	50
Lease payments relating to short-term leases and low-value leases	**12**	3

8. Tax

	2022 RMB'million	2021 RMB'million
Hong Kong profits tax		
- Charge for the year	**19**	12
PRC enterprise income tax ("EIT")		
- Charge for the year	**926**	1,275
PRC withholding tax		
- Charge for the year	**284**	65
PRC land appreciation tax ("LAT")		
- Charge for the year	**970**	1,916
Deferred tax		
- (Credit)/charge for the year	**(267)**	195
	1,932	3,463

Hong Kong profits tax has been provided at the rate of 16.5% on 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 2022 and 31 December 2021, the deferred tax was provided for in respect of the temporary differences attributable to such profits, except to the extent that the Group is able to control the timing of the reversal of such temporary differences and it is probable that such temporary differences would not be reversed in the foreseeable future.

The provision of PRC LAT is estimated per the requirements set forth 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 the relevant property development expenditures.

9. Dividends

	2022 RMB'million	2021 RMB'million
Dividends recognised as distribution during the year:		
Interim dividend paid in respect of 2022 of HKD0.036 per share (2021: interim dividend paid in respect of 2021 of HKD0.036 per share)	**256**	241
Final dividend paid in respect of 2021 of HKD0.084 per share (2021: No final dividend for 2020)	**574**	-
	830	241

A final dividend for the year ended 31 December 2022 of HKD0.064 per share (2021: HKD0.084 per share), amounting to HKD514 million (equivalent to RMB459 million translated using the exchange rate of 0.89327 as of 31 December 2022) in the aggregate, was proposed by the Directors of the Company on 23 March 2023 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	**2022 RMB'million**	2021 RMB'million
Earnings for the purpose of basic/diluted earnings per share, being profit for the year attributable to shareholders of the Company	**906**	1,636

Number of shares	**2022 'million**	2021 'million
The weighted average number of ordinary shares for basic earnings per share (*note (a)*)	**8,035**	8,044
Effect of dilutive potential ordinary shares (*note (c)*)	**-**	-
The weighted average number of ordinary shares for diluted earnings per share	**8,035**	8,044

Basic earnings per share (*note (b)*)	RMB11.3 cents HKD13.1 cents	RMB20.3 cents HKD24.5 cents
Diluted earnings per share (*note (b)*)	RMB11.3 cents HKD13.1 cents	RMB20.3 cents HKD24.5 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 (2021: 17,710,250) shares held by a share award scheme trust.

(b) The Hong Kong dollar figures presented above are shown for reference only and have been arrived at based on the exchange rate of RMB1.000 to HKD1.1590 for 2022 and RMB1.000 to HKD1.2046 for 2021, being the average exchange rates that prevailed during the respective years.

(c) There were no dilution effects from outstanding share options as the exercise prices of each of these share options were higher than the average market price of the Company's shares per share for the years ended 31 December 2022 and 2021. The effect for convertible perpetual capital securities was anti-dilutive for the year ended 31 December 2021.

11. Receivables, Deposits, and Prepayments

	2022	2021
	RMB'million	RMB'million
Non-current portion comprise:		
Trade receivables(*note(b)*)		
- rental receivables	**298**	289
Current portion comprise:		
Trade receivables (*note(b)*)		
- rental receivables	**140**	87
- goods and services	**160**	143
- operating lease receivables	**84**	26
Prepayments of relocation costs (*note(a)*)	**640**	682
Receivables from the disposal of an associate and a joint venture	**123**	197
Other deposits, prepayments, and receivables	**434**	427
Value-added tax recoverable	**22**	327
	1,603	1,889

Notes:

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

(b) Trade receivables comprise:

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

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

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

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

As of 31 December 2022 and 31 December 2021, trade receivables from contracts with customers amounted to RMB160 million and RMB143 million, respectively.

Included in the Group's receivables, deposits, and prepayments are trade receivable balances of RMB682 million (2021: RMB545 million), of which 65% (2021: 80%) are not yet past due, 14% (2021: 14%) are past due less than 90 days, and 21% (2021: 6%) are past due over 90 days, as compared to when revenue was recognised.

Out of the past due balances, RMB145 million (2021: RMB35 million) has been past due 90 days or more and is not considered as in default since the directors of the Company consider that such balances could be recovered based on repayment history, the financial conditions and the current credit worthiness of each customer.

12. Accounts Payable, Deposits Received, and Accrued Charges

	2022 **RMB'million**	2021 RMB'million
Current portion comprise:		
Trade payables	**3,103**	3,875
Land and relocation cost payables	**783**	1,310
Deed tax and other tax payables	**81**	69
Deposits received in advance for the rental of investment properties	**382**	970
Value-added tax payables	**109**	596
Value-added tax arising from contract liabilities	**322**	663
Other payables and accrued charges	**531**	482
	5,311	7,965
Non-current portion comprise:		
Land and relocation cost payables	**45**	-
Deposits received in advance for the rental of investment properties	**515**	-
	560	-

Included in the Group's accounts payable, deposits received, and accrued charges are trade payable balances of RMB3,103 million (2021: RMB3,875 million), of which 92% (2021: 94%) are aged less than 30 days, 7% (2021: 1%) are aged between 31 to 90 days, and 1% (2021: 5%) 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
On 1 January 2021, 31 December 2021 and 1 January 2022	12,000,000,000	30,000	8,062,216,324	20,155
Shares repurchased	-	-	(34,951,000)	(87)
31 December 2022	12,000,000,000	30,000	8,027,265,324	20,068

13. Share Capital - continued

	2022	2021
	RMB'million	RMB'million
Shown in the consolidated statement of financial position as	**146**	146

During the year ended 31 December 2022, the Company repurchased 34,951,000 of its shares on The Stock Exchange of Hong Kong Limited at a total consideration of HKD30 million (equivalent to RMB26 million). The repurchased shares were cancelled, and the total amount paid for the repurchase of HKD30 million (equivalent to RMB26 million) has been debited to share capital and share premium of the Company.

14. Events after the Reporting Period

Up to the date of approval of the consolidated financial statement, the Group has been granted new bank loans/credit facilities of USD113.5 million and HKD585 million (equivalent to RMB1,313 million in aggregate translated using the exchange rate of RMB to USD of 6.9646 and exchange rate of RMB to HKD of 0.89327 as at 31 December 2022) with maturity period after 31 December 2023.

MARKET OUTLOOK

The global economy remains in a volatile and uncertain state after a turbulent year of COVID-19 resurgences and rising geopolitical tension accentuated by the war in Ukraine. Rising inflation has prompted the Federal Reserve to raise interest rates higher than expected, and monetary policy is expected to remain tight in 2023. Against this backdrop, the International Monetary Fund projects global economic growth to slow from 3.4% in 2022 to 2.9% in 2023. Economic growth in China slowed to 3.0% in 2022 amid multiple COVID-19 outbreaks and a steep property market correction. However, the lifting of the “zero-COVID” policy and ensuing border reopening should enable China’s economy to stage a moderate rebound, notwithstanding the slow progress in alleviating property developers’ financing crunch, and debt defaults.

At the Central Economic Work Conference held in mid-December 2022, the authorities noted the weak market sentiment. They signaled that the stabilization of consumer confidence will be a policy imperative in 2023. Measures to support job creation and increase household income will be rolled out to spur consumption, and financing will be made available to facilitate the completion of pre-sold property projects. On the investment front, infrastructure projects earmarked for the 14th Five-year Plan will be expedited through issuance of special purpose bonds and by attracting private sector participation.

China’s residential property market encountered the deepest downturn since the start of housing reform in 1998. Country-wide residential sales revenue and ASP plummeted 28.3% and 2.0% respectively in 2022, while real estate investment registered a fall of 10%. To defuse the risk of a systemic crisis, property market control policy has been eased, and local governments are tasked with stabilizing housing sales to support economic recovery. Home purchase restrictions have been relaxed for many cities, and mortgage rate cuts have become prevalent. The scope of developers financing has been broadened to encompass domestic bonds and equity issuance, and the borrowing caps for property development have been relaxed to support land sales and real estate investment.

Business activities were battered by COVID-19 disruptions due to prolonged city lockdowns in Shanghai, which dealt a severe blow to corporate expansion plans and undermined Shanghai's office market performance. According to Jones Lang LaSalle (“JLL”), the net take-up of Shanghai Grade A office declined 65.2% to 523,900 sq.m., with rents falling by 1.1% in 2022. The lifting of the COVID-19 control policy has resulted in improved traffic mobility and a rebound of business activities in early 2023. It is expected that commercial office leasing demand will pick up in the second half year when economic recovery gains traction. However, the office market still faces excess supply which will be a drag on rental growth performance. The overall grade A office rental is forecast to fall by 0.4% in 2023.

Retail sales in Shanghai suffered a 9.1% contraction to RMB1.6 trillion in 2022 due to pandemic-related lockdowns. Consumption spending is set to recover with the reversal of COVID-19 containment policies, but the restoration of consumer confidence is expected to take time in view of the scarring impact from subdued income growth. In 2022, prime retail rental in Shanghai declined 6.8%, and rentals for prime retail space are projected to remain flat throughout 2023 based on JLL’s projection.

Shanghai’s economy shrunk by 0.2% in 2022 due to pandemic disruptions impacting the manufacturing supply chain and a slowdown in consumption and the services sector. The government aims to strengthen the city’s competitiveness through enhancing its international reinsurance centre and global asset management centre functions. For 2023, Shanghai targets to attain economic growth of 5.5%. To achieve this goal, the government has rolled out a plan to develop four industry clusters, comprising artificial intelligence, new-energy vehicles, semiconductors, and high-end equipment. In addition, a 16-point real estate rescue program has been implemented to restore household and investor confidence.

In 2022, Chongqing achieved GDP growth of 2.6%, with secondary and tertiary sector growth rising 3.3%, and 1.9% respectively. The municipality's resident population increased by 9,000 to 32.1 million in 2022. Chongqing has set a GDP growth target of 6% for 2023, and its development will focus on enhancing ecological civilization, social governance, and quality of education. The government aims to further strengthen its economic development through accelerating employment growth.

Wuhan maintained a resilient 4.0% GDP growth in 2022, with fixed asset investment charting a strong 10.8% growth. The government plans to boost investment in infrastructure and advanced manufacturing, targeting to achieve GDP growth of 6.5% in 2023. Efforts will be devoted to boost the development of the modern service sector and the emerging digital economy. The city has obtained approval to construct a national science and technology innovation centre, which will be a boost to future employment growth.

Foshan's economic growth dropped to 2.1% in 2022, dragged by respective declines in fixed asset investment and retail sales growth of 3.6% and 1.0 %. Foshan residential sales area contracted by 30.5% in 2022, prompting the city to lift home purchase restrictions in December fully. This policy should help to boost demand and ensure a gradual recovery of residential transactions this year. The provincial government issued an urban spatial development guideline to support further integration of Guangzhou and Foshan economies. Foshan government has set its GDP growth target for 2023 at 6%.

Nanjing's GDP growth slowed to 2.1% in 2022 amid a severe property downturn, with residential sales area registering a 39.3% decline. The residential market is expected to stabilize following the removal of purchase restrictions. Nanjing has remained a favored location for home buyers from Jiangsu Province and the adjacent cities in Anhui Province. The economy stands to benefit from central government approval to construct a National Integrated Circuit Design Automation Technology Innovation Center. This project is expected to create ample job opportunities, attracting inflows of talents and investment.

The global economy faces immense financial fragilities and uncertainties in a year of slowing US and EU growth. An escalation of the Ukraine crisis and ongoing episodes of property developers' debt defaults constitute risks that could affect the economic outlook. China's property downturn has been a drag on the economy, and government policies will remain accommodative to ease funding bottleneck hampering land sales and property development. However, the debt problems for cash-strapped developers are deeply entrenched, and the process of debt restructuring will require time to resolve. At the 2023 "Two Sessions", the government has set an annual GDP growth target of "around 5%" which reflects deep concerns confronting the economic outlook this year. We remain cautious and will closely monitor the pace of market recovery to pursue suitable mergers and acquisitions opportunities that may arise.

FINAL DIVIDEND

The Board has resolved to recommend the payment of a final dividend of HKD0.064 per share for the year ended 31 December 2022 (2021: HKD0.084 per share), amounting to approximately RMB459 million (2021: RMB574 million) in aggregate. Subject to shareholders' approval of the final dividend at the forthcoming annual general meeting ("AGM") to be held on 24 May 2023, the final dividend is expected to be paid on or about 16 June 2023 to shareholders whose names appear on the register of members of the Company on 2 June 2023. 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, 17/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration not later than 4:30 p.m. on 2 June 2023.

CLOSURE OF REGISTER OF MEMBERS

The register of members will be closed from Thursday, 18 May 2023, to Wednesday, 24 May 2023 (both dates inclusive), during which period no transfer of shares will be registered. In order 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 Wednesday, 17 May 2023.

PURCHASE, SALE, OR REDEMPTION/CANCELLATION OF LISTED SECURITIES

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

During the year ended 31 December 2022, the Company repurchased its shares on The Stock Exchange of Hong Kong Limited, and these shares were subsequently cancelled by the Company. The summary details of those transactions are as follows:

Month	**Number of shares repurchased**	**Highest price paid per share HKD**	**Lowest price paid per share HKD**	**Aggregate consideration paid HKD**
July 2022	2,442,000	1.06	1.03	2,559,459.85
August 2022	5,000,000	1.02	0.99	5,021,500.00
September 2022	12,509,000	0.96	0.79	10,621,362.10
October 2022	10,000,000	0.79	0.74	7,692,000.00
November 2022	5,000,000	0.75	0.74	3,725,500.00
Total	**34,951,000**			**29,619,821.95**

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 2022.

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 14 of the Listing Rules and aligns its practices with the latest developments of the CG Code. During the year ended 31 December 2022, 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 2022 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. David J. Shaw, who is an Independent Non-executive Director ("INED"), could not attend the annual general meeting held on 26 May 2022 (the "2022 AGM") due to the time difference. Save for the above, all the INEDs attended the 2022 AGM.

The Audit and Risk Committee has reviewed the Group's audited consolidated financial statements for the year ended 31 December 2022, 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 10 of the Listing Rules as the code of conduct regarding securities transactions by the Directors. Following specific enquiries by the Company, all Directors have confirmed that they complied with the required standard set out in the Model Code throughout the year ended 31 December 2022.

EMPLOYEES AND REMUNERATION POLICY

As of 31 December 2022, the number of employees in the Group was 3,098 (31 December 2021: 3,186); which included the headcount of the property management business at 1,545 (31 December 2021: 1,630) and the headcount of the construction and fitting out business at 172 (31 December 2021: 193). The Group provides a comprehensive benefits package for all employees as well as career development opportunities. This includes retirement schemes, long-term incentive schemes, medical insurance, other insurances, in-house training, on-the-job training, external seminars, and programs organised by professional bodies and educational institutes.

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

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 then ended 31 December 2022 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. Consequently, no assurance has been expressed by Messrs. Ernst & Young on the preliminary announcement.

APPRECIATION TO ALL OUR STAKEHOLDERS

In challenging times such as these, the strategic advice given by our experienced Board members is especially valued, and I take this opportunity to thank them. On behalf of the Board, I wish to extend our appreciation to our shareholders, business partners, and customers for their steadfast support of Shui On Land throughout the year. Importantly, my heartfelt thanks go to our management team and our employees. Their unstinting efforts throughout 2022 to ensure we implemented our strategy successfully were of vital importance to the Group's ability to weather the storm. As we look forward to 2023, I am confident we can continue to rely on such dedication as we navigate the uncertain seas ahead.

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

Hong Kong, 23 March 2023

At the date of this announcement, the executive directors of the Company are Mr. Vincent H. S. LO (Chairman), Ms. Stephanie B. Y. LO, Ms. Ying 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. David J. SHAW, Mr. Anthony J. L. NIGHTINGALE, Mr. Shane S. TEDJARATI, Ms. Ya Ting WU, and Mr. Albert Kong Ping NG.

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

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

- *changes in laws and PRC governmental regulations, policies, and approval processes in the regions where we develop or manage our projects;*
- *changes in economic, political, and social conditions and competition in the cities we operate in, including a downturn in the property markets;*
- *our business and operating strategies;*
- *our capital expenditure plans;*
- *various business opportunities that we may pursue;*
- *our dividend policy;*
- *our operations and business prospects;*
- *our financial condition and results of operations;*
- *the industry outlook generally;*
- *our proposed completion and delivery dates for our projects;*
- *changes in competitive conditions and our ability to compete under these conditions;*
- *catastrophic losses from fires, floods, windstorms, earthquakes, or other adverse weather conditions, diseases, or natural disasters;*
- *our ability to further acquire suitable sites and develop and manage our projects as planned;*
- *availability and changes of loans and other forms of financing;*
- *the 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, and 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*