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 2014 Interim Results

HIGHLIGHTS

- For the first half of year 2014 ("1H 2014"), the Group recorded turnover of RMB5,236 million, an increase of 45% compared to the first half of year 2013 ("1H 2013"). The increase was mainly due to more properties of a higher average selling price located in Shanghai, having been delivered and recognised as property sales during the reporting period. Rental and related income (including income from hotel operations) increased by 9% to RMB764 million for 1H 2014.
- Gross profit margin dropped by 7% to 32% resulting from a lower gross profit margin of the property sales.
- Operating profit increased by 22% to RMB1,247 million, compared to RMB1,019 million in 1H 2013.
- Profit for the period decreased by 16% to RMB1,105 million compared to RMB1,323 million in 1H 2013. Profit attributable to shareholders decreased by 24% to RMB797 million in 1H 2014, after distribution to the owners of the Perpetual Capital Securities of the Company and the Convertible Perpetual Securities of China Xintiandi Holding Company Limited.
- As of 30 June 2014, total locked-in sales, including disposal of investment properties, for delivery in the second half of year 2014 and beyond had reached RMB6,479 million (including those of Dalian associates) with a total gross floor area of 331,200 sq.m..
- As of 30 June 2014, total cash and bank deposits of the Group amounted to RMB12,941 million.
- Net gearing ratio was 64% as of 30 June 2014, an increase of 5% compared to 31 December 2013.
- As of 30 June 2014, total assets of the Group increased by 9% to RMB107.7 billion, compared to 31 December 2013.
- As of 30 June 2014, the Group had invested a total of RMB14.2 billion of capital into relocation of sites for a total GFA of 861,000 sq.m. in the Shanghai Taipingqiao project and Shanghai Rui Hong Xin Cheng project. A total of 283,000 sq.m. of GFA was cleared during the past few months. The Group expects stronger sales to be generated from Shanghai from the second half of year 2015.

Website: www.shuionland.com

BUSINESS REVIEW

For the first half of year 2014 ("1H 2014"), the Group's turnover increased by 45% to RMB5,236 million, in comparison with turnover of RMB3,623 million in the first half of year 2013 ("1H 2013"). Property sales and rental and related income (including income from hotel operations) accounted for RMB4,447 million and RMB764 million respectively, or 84.9% and 14.6% of total turnover in 1H 2014. The remaining sum of RMB25 million or 0.5% was generated from other income. The significant increase in turnover in 1H 2014 reflected delivery at a higher Average Selling Price ("ASP") of The View, Phase 5 residential properties (Lot 6) of Shanghai Rui Hong Xin Cheng ("RHXC"), constituting a total Gross Floor Area ("GFA") of 88,100 sq.m. and carparks, for RMB3,885 million, or 87.4% of the total recognised property sales.

Rental and related income (including income from hotel operations) increased by 9% to RMB764 million in 1H 2014 compared to 1H 2013. Occupancy of the completed investment properties remained stable. Pre-leasing of 3 Corporate Avenue, Phase II ("3 Corporate Avenue"), THE HUB and Rui Hong Tiandi Lot 6 located in Shanghai, as well as the HORIZON (Lots A1/A2/A3 shopping mall) at Wuhan Tiandi and 6, 7 and 8 Corporate Avenue of Jialing Tiandi at Chongqing Tiandi, received overwhelming responses from top tier retailers and multi-national corporations for the respective retail and office spaces. The Group expects a stronger rental growth with completion of investment properties in Shanghai in the coming year. Details of the business performance of the investment properties are reported under the sections: Business Updates of CXTD Holding and Business Updates of Knowledge Communities.

Gross profit increased by 17% to RMB1,667 million in 1H 2014 compared to RMB1,419 million in 1H 2013. Due to a lower gross profit margin of the property sales, the gross profit margin dropped by 7% to 32%.

In 1H 2014, contracted property sales from general property and carparks, including those from Dalian associates, amounted to RMB2,819 million, a decrease of 56% from RMB6,409 million in 1H 2013. A total GFA of 131,400 sq.m. was sold and presold, representing a drop of 45% compared to 238,400 sq.m. in 1H 2013.

Selling and marketing expenses decreased by 28% to RMB103 million in 1H 2014, due to fewer contracted sales being achieved in 1H 2014.

General and administrative expenses increased by 34% to RMB543 million in 1H 2014, compared to RMB406 million in 1H 2013. The increase was a result of the establishment during the reporting period of the fully integrated asset management platform for China Xintiandi Holding Company Limited ("CXTD Holding").

In 1H 2014, the Group also recorded an increase in fair value of investment properties, totalling RMB1,262 million. The increase represents 3.0% of the total carrying value of its completed investment properties and investment properties under development at valuation as of 30 June 2014. A total leasable and saleable GFA of 1,687,000 sq.m. of investment properties held by the Group was carrying at valuation, accounting for 16.4% of the total landbank of the Group as of 30 June 2014.

Profit for the period decreased by 16% to RMB1,105 million, mainly due to the drop in gross profit margin, the increase in general and administrative expenses, and an exchange loss of RMB126 million as a result of depreciation of the Renminbi during the six months ended 30 June 2014. Comparatively, appreciation of the Renminbi during the six months ended 30 June 2013 generated a gain of RMB205 million.

Profit attributable to shareholders decreased by 24% to RMB797 million in 1H 2014 compared to RMB1,051 million in 1H 2013. The decrease was mainly due to a lower net profit and the distribution to the owners of the Perpetual Capital Securities of the Company and the Convertible Perpetual Securities of CXTD Holding.

As of 30 June 2014, the Group held a total of RMB6,479 million in locked-in sales (including those of Dalian associates), comprising a total GFA of 331,200 sq.m., slated for delivery to customers and recognised as property sales or disposal of investment properties in the second half of year 2014 ("2H 2014") and beyond.

As of 30 June 2014, the Group had invested a total of RMB14.2 billion of capital into relocation of sites for a total GFA of 861,000 sq.m. in the Shanghai Taipingqiao project and Shanghai RHXC project. A total of 283,000 sq.m. of GFA was cleared during the past few months. The Group expects stronger sales to be generated from Shanghai from the second half of year 2015 ("2H 2015").

Property Sales

Recognised Property Sales

Recognised property sales increased by 53% to RMB4,447 million, amounting to a total GFA of 118,000 sq.m. during the reporting period. The increase was due to more properties with a higher ASP located at Shanghai RHXC Phase 5 being delivered and recognised as property sales under turnover of the Group. Shanghai RHXC contributed 87.4% of the Group's recognised property sales in 1H 2014. Foshan Lingnan Tiandi and Chongqing Tiandi accounted for recognised sales of 7% and 4% respectively.

The Group's recognised ASP was recorded at RMB39,900 per sq.m. in 1H 2014. The increase of 128% compared to 1H 2013 was mainly due to more properties with a higher ASP located at Shanghai RHXC Phase 5 being delivered during the period.

The table below summarises by project the recognised sales (stated after the deduction of business tax of 5% and other surcharges/taxes) for 1H 2014 and 1H 2013:

	1H 2014			**1H 2013**			**ASP**
Project	**Sales revenue**	**GFA sold**	**ASP**	**Sales revenue**	**GFA sold**	**ASP**	**Growth rate**
	RMB' million	sq.m.	RMB per sq.m.	RMB' million	sq.m.	RMB per sq.m.	%
Shanghai RHXC	3,883	88,100	46,700	-	-	-	-
Shanghai Knowledge and Innovation Community ("KIC")							
Small Office	44	1,800	25,900	74	3,000	26,100	(1%)
Grade A Office	-	-	-	161	4,600	37,100	-
Residential	2	100	21,200	-	-	-	-
Wuhan Tiandi							
Site B Residential	-	-	-	255	12,600	21,500	-
Site B Retail	-	-	-	46	1,100	44,300	-
Chongqing Tiandi							
Residential[1]	164	15,400	13,800	450	44,200	13,200	5%
Retail & Office	38	1,000	40,300	1,535	100,900	16,100	150%
Foshan Lingnan Tiandi							
Townhouses	75	2,100	37,900	38	1,100	36,600	4%
Low-/mid-/high-rises	195	12,200	17,000	250	16,100	16,500	3%
Retail	8	100	84,900	135	1,800	79,600	7%
Subtotal	**4,409**	**120,800**	**38,700**	**2,944**	**185,400**	**16,800**	**130%**
Carparks and others	120	-	-	244	-	-	-
Dalian Tiandi							
Mid-/high-rises	398	38,600	10,900	214	22,900	9,900	10%
Villa	23	1,300	18,800	51	2,900	18,600	1%
Total	**4,950**	**160,700**	**32,600**	**3,453**	**211,200**	**17,300**	**88%**
Recognised as:							
- property sales in turnover of the Group [2]	4,447	118,000	39,900	2,913	176,700	17,500	128%
- disposal of investment properties[2]	82	2,800	31,000	275	8,700	33,500	(7%)
- turnover of associates	421	39,900	11,200	265	25,800	10,900	3%
Total	**4,950**	**160,700**	**32,600**	**3,453**	**211,200**	**17,300**	**88%**

1 *ASP of Chongqing residential sales is based on net floor area, a common market practice in the region.*

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

Contracted Property Sales

In 1H 2014, contracted property sales from general property and carparks, including those from Dalian associates, amounted to RMB2,819 million, a decrease of 56% from RMB6,409 million in 1H 2013. A total GFA of 131,400 sq.m. was sold and presold, representing a drop of 45% compared to 238,400 sq.m. in 1H 2013.

In addition to the contracted property sales outlined above, a total GFA of 35,200 sq.m. was subscribed for and subject to formal sale and purchase agreements as of 30 June 2014, at a total value of RMB736 million.

A change in project contribution and product mix resulted in a drop of 20% in ASP, which attained RMB21,500 per sq.m.. ASP of Shanghai RHXC increased by 18% to RMB54,500 per sq.m. in 1H 2014, compared to RMB46,100 per sq.m. in 1H 2013. The drop of ASP in Chongqing Tiandi retail shops, Foshan Lingnan Tiandi low-/mid-/high-rises apartments and Dalian Tiandi villas, was mainly due to differences in the location of the properties sold, as well as different sales periods.

No *en-bloc* commercial property sale was entered into during 1H 2014.

The table below provides an analysis by project of contracted sales (stated before the deduction of business tax of 5% and other surcharges/taxes) for 1H 2014 and 1H 2013:

	1H 2014			**1H 2013**			**ASP**
Project	**Contracted amount**	**GFA sold**	**ASP**	**Contracted amount**	**GFA sold**	**ASP**	**Growth rate**
	RMB' million	sq.m.	RMB per sq.m.	RMB' million	sq.m.	RMB per sq.m.	%
General property sales:							
Shanghai RHXC	1,129	20,700	54,500	3,487	75,600	46,100	18%
Shanghai KIC							
Office	31	1,300	23,800	34	1,400	24,300	(2%)
Residential	-	-	-	297	7,800	38,100	-
Wuhan Tiandi							
Site B Residential	616	26,000	23,700	942	42,100	22,400	6%
Site B Retail	-	-	-	72	1,600	45,000	-
Chongqing Tiandi							
Residential[1]	488	49,600	12,000	714	70,600	12,300	(2%)
Retail	48	1,500	32,000	103	2,500	41,200	(22%)
Foshan Lingnan Tiandi							
Townhouses	-	-	-	95	2,600	36,500	-
Low-/mid-/high-rises	129	8,200	15,700	205	11,700	17,500	(10%)
High-rises (Bareshell)	58	5,800	10,000	-	-	-	-
Retail	22	300	73,300	80	1,300	61,500	19%
Subtotal	**2,521**	**113,400**	**22,200**	**6,029**	**217,200**	**27,800**	**(20%)**
Dalian Tiandi							
Villas	17	1,000	17,000	36	1,800	20,000	(15%)
Mid-/high-rises	189	17,000	11,100	206	19,400	10,600	5%
Carparks and others	92	-	-	138	-	-	-
Grand total	**2,819**	**131,400**	**21,500**	**6,409**	**238,400**	**26,900**	**(20%)**

[1] *ASP of Chongqing residential sales is based on net floor area, a common market practice in the region.*

Residential GFA Available for Sale and Pre-sale in 2H 2014

The Group has approximately 483,800 sq.m. of residential GFA spanning six Group projects, available for sale and pre-sale during 2H 2014, as summarised below:

Project Name	**Phase Name**	**Available for sale and pre-sale in 2H 2014**	
		Completed	Under Construction
		GFA in sq.m.	GFA in sq.m.
Shanghai RHXC	The View (High-rises)	2,000	3,900
Shanghai KIC	Jiangwan Regency (Lot 311 Mid-rises)	200	-
Wuhan Tiandi	Wuhan Tiandi B13 and LA RIVA (Low-/mid-/high-rises)	-	96,800
Chongqing Tiandi	The Riviera II, IV and V (Low-/mid-/high-rises, townhouses)	60,500	46,200
Foshan Lingnan Tiandi	The Regency Phase 2 and Lingnan Tiandi Park Royale (Low-/mid-/high-rises)	36,400	-
	The Legendary Phases 1-2 (Townhouses)	9,900	-
	Lingnan Tiandi The Imperial (Low-rises) and The Metropolis (High-rises)	-	97,400
Dalian Tiandi	Huangnichuan (Mid-/high-rises)	100	64,900
	Huangnichuan (Villas)	15,800	-
	Hekou Bay (Mid-/high-rises)	22,700	27,000
Total		**147,600**	**336,200**

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

Investment Property Business

Rental and related income

Rental and related income from investment properties rose by 9% to RMB764 million in 1H 2014. The sum of RMB614 million was generated by rental and related income from the existing investment properties, representing an annual growth of 8%. The remaining sum of RMB150 million was generated from hotel operations. This result was mainly contributed by the rental growth of Shanghai KIC and the new completion of the two Showroom Office Towers at D17 at THE HUB. A total GFA of 19,000 sq.m. of investment properties was completed in 1H 2014. As newly completed investment properties, they had yet to contribute to rental and related income in 1H 2014.

Details of the business performance of the investment properties are reported under the sections: Business Updates of CXTD Holding and Business Updates of Knowledge Communities.

Change in fair value and carrying value of the Investment Properties Portfolio

The carrying value of the completed investment properties (excluding hotels and self-use properties) at valuation with a total GFA of 862,000 sq.m., was RMB30,144 million as of 30 June 2014. Of this sum, RMB533 million (representing 2% of the carrying value) arose from increased fair value during 1H 2014. The properties located in Shanghai, Chongqing, Foshan and Wuhan respectively, accounted for 76%, 13%, 6% and 5% of the carrying value of the portfolio.

As of 30 June 2014, the carrying value of the investment properties under development at valuation for a total GFA of 825,000 sq.m. was RMB12,476 million. Of this sum, RMB729 million (representing 6% of the carrying value) arose from increased fair value during 1H 2014. The increase was mainly due to the accelerated construction works of 3 Corporate Avenue located at the Shanghai Taipingqiao project and HORIZON (Lots A1/A2/A3 shopping mall) at the Wuhan Tiandi project.

The carrying value of Shanghai Langham Xintiandi Hotel, Shanghai 88 Xintiandi Hotel and Marco Polo Lingnan Tiandi Foshan Hotel was RMB2,292 million as of 30 June 2014. These projects were carried at either the original acquisition cost or the construction cost, net of accumulated depreciation.

The carrying value of the remaining commercial-use landbank acquired on or before 2007, was stated at cost of RMB11,934 million as of 30 June 2014.

The table below summarises the carrying value of the investment properties at valuation as of 30 June 2014 together with the change in fair value for 1H 2014:

Project	**Leasable GFA**	**Increase/ (decrease) in fair value for 1H 2014**	**Carrying value as of 30 June 2014**	**Carrying value per GFA**	**Valuation gain/(loss) to carrying value**
	sq.m.	RMB' million	RMB' million	RMB per sq.m.	%
CXTD Holding Initial Portfolio in co-operation with Brookfield					
Completed investment properties at valuation					
Shanghai Taipingqiao					
Shanghai Xintiandi and Xintiandi Style	79,000	104	6,225	78,800	2%
1&2 Corporate Avenue	83,000	93	4,684	56,400	2%
Shui On Plaza	50,000	53	2,884	57,700	2%
THE HUB	58,000	4	2,510	43,300	-
Subtotal	**270,000**	**254**	**16,303**	**60,400**	**2%**
Investment properties under development at valuation					
Shanghai Taipingqiao					
3 Corporate Avenue	87,000	288	4,144	47,600	7%
THE HUB	178,000	13	4,611	25,900	-
Subtotal	**265,000**	**301**	**8,755**	**33,000**	**3%**
Shui On Land Portfolio					
Completed investment properties at valuation					
Shanghai Taipingqiao					
Langham Xintiandi Hotel Retail Shops	1,000	3	204	204,000	1%
Shanghai RHXC	66,000	170	1,693	25,700	10%
Shanghai KIC	155,000	87	4,726	30,500	2%
Wuhan Tiandi	46,000	102	1,395	30,300	7%
Chongqing Tiandi	258,000	(97)	3,829	14,800	(3%)
Foshan Lingnan Tiandi	66,000	14	1,994	30,200	1%
Subtotal	**592,000**	**279**[1]	**13,841**[2]	**23,400**	**2%**
Investment properties under development at valuation					
Shanghai KIC	5,000	16	47	9,400	34%
Wuhan Tiandi	167,000	418	2,082	12,500	20%
Chongqing Tiandi	388,000	(6)	1,592	4,100	-
Subtotal	**560,000**	**428**	**3,721**	**6,600**	**12%**
Total	**1,687,000**	**1,262**	**42,620**	**25,300**	**3%**

[1] *The valuation gain of RMB119 million from investment properties completed in 1H 2014 was recognised during the development stage.*

[2] *Certain investment properties with the aggregate carrying amount of RMB2,111 million were included in investment properties classified as held for sale in the Group's condensed consolidated statement of financial position.*

Property Development Progress

Construction works completed in 1H 2014

A total of 363,000 sq.m. of GFA for residential and retail properties was completed at four major developments during 1H 2014. The View, Phase 5 of Shanghai RHXC, which was substantially completed, accounted for a total of 96,000 sq.m. of residential GFA and 19,000 sq.m. of ancillary retail space during the reporting period. Chongqing Tiandi, Foshan Lingnan Tiandi and Dalian Tiandi at Hekou Bay accounted for 126,000 sq.m., 46,000 sq.m. and 76,000 sq.m. of GFA, respectively.

Property Completed in 1H 2014 and Development Plan for 2H 2014 and 2015

The table below summarises the projects with construction works completed in 1H 2014 and construction works that are planned for completion in 2H 2014 and 2015:

Project	**Residential**	**Office**	**Retail**	**Hotel/ serviced apartments**	**Subtotal**	**Clubhouse, carpark and other facilities**	**Total**
	sq.m.	sq.m.	sq.m.	sq.m.	sq.m.	sq.m.	sq.m.
Delivered in 1H 2014							
Shanghai RHXC	96,000	-	19,000	-	115,000	49,000	164,000
Chongqing Tiandi	124,000	-	2,000	-	126,000	40,000	166,000
Foshan Lingnan Tiandi	43,000	-	3,000	-	46,000	29,000	75,000
Dalian Tiandi[1]	76,000	-	-	-	76,000	38,000	114,000
Total	**339,000**	**-**	**24,000**	**-**	**363,000**	**156,000**	**519,000**
Planned for delivery in 2H 2014							
Shanghai RHXC	22,000	-	-	-	22,000	-	22,000
Shanghai KIC	-	87,000	9,000	-	96,000	44,000	140,000
THE HUB	-	38,000	126,000	-	164,000	112,000	276,000
Wuhan Tiandi	56,000	-	-	-	56,000	22,000	78,000
Chongqing Tiandi	46,000	-	-	-	46,000	1,000	47,000
Foshan Lingnan Tiandi	12,000	-	4,000	-	16,000	10,000	26,000
Dalian Tiandi[1]	15,000	-	-	-	15,000	7,000	22,000
Total	**151,000**	**125,000**	**139,000**	**-**	**415,000**	**196,000**	**611,000**
Planned for delivery in 2015							
Shanghai Taipingqiao	-	56,000	31,000	-	87,000	32,000	119,000
Shanghai RHXC	-	-	59,000	17,000	76,000	28,000	104,000
Shanghai KIC	-	5,000	-	23,000	28,000	2,000	30,000
THE HUB	-	11,000	3,000	45,000	59,000	3,000	62,000
Wuhan Tiandi	-	119,000	110,000	7,000	236,000	129,000	365,000
Chongqing Tiandi	71,000	-	9,000	-	80,000	23,000	103,000
Foshan Lingnan Tiandi	114,000	-	102,000	-	216,000	69,000	285,000
Dalian Tiandi[1]	88,000	36,000	1,000	-	125,000	40,000	165,000
Total	**273,000**	**227,000**	**315,000**	**92,000**	**907,000**	**326,000**	**1,233,000**

[1] *Dalian Tiandi is a project developed by associates of the Group.*

As a cautionary note, the actual completion date depends on and will be affected by construction progress, changes in the market environments, changes in government regulations and other factors.

<u>The following section provides further details of the development progress and completion of each of the projects located in Shanghai, Wuhan, Chongqing, Foshan and Dalian</u>

Shanghai Taipingqiao
Comprising a total GFA of 87,000 sq.m., 3 Corporate Avenue will accommodate a Grade A office building with a GFA of 56,000 sq.m. and a high-end shopping mall offering 31,000 sq.m. of retail space, both properties being under development. The superstructure of 3 Corporate Avenue was completed in 1H 2014. Construction is scheduled to be completed in 1H 2015 and offices are projected to be available for fitting out and occupancy in 2015.

Shanghai RHXC
The View, residential Phase 5 of RHXC, was substantially completed in 1H 2014 for a residential GFA of 96,000 sq.m. and retail GFA of 19,000 sq.m. (also known as Rui Hong Tiandi Lot 6). The plan is to complete the remaining area and progressively deliver to buyers in 2H 2014.

Rui Hong Tiandi Lot 3 with 59,000 sq.m. of retail space and 17,000 sq.m. of hotel and serviced apartment use, is currently under construction. Completion is planned for 2015.

Shanghai KIC
The remaining area of Lot 311, also known as 1-7 KIC Corporate Avenue, and Lot 12-8, are currently under construction, with 92,000 sq.m. of GFA designated for offices, 9,000 sq.m. for retail space and 23,000 sq.m. for hotel construction. Sales and delivery are planned for 2014 and 2015.

THE HUB
Construction works of the above ground area of D17 Showroom Office Towers 2 and 3 for a total GFA of 58,000 sq.m., were completed in 2H 2013. The remaining area of THE HUB is currently under construction and will yield an estimated GFA of 223,000 sq.m.. A total GFA of 164,000 sq.m. is planned for completion during 2H 2014, comprising 38,000 sq.m. of office space, and 126,000 sq.m. of retail, entertainment and restaurant facilities. The performance and exhibition centre of 14,000 sq.m. and a 5-Star hotel of 45,000 sq.m. are scheduled for completion in 2015.

Wuhan Tiandi
Wuhan Tiandi B13 and LA RIVA (Lot B14), with a total GFA of 144,000 sq.m., are currently under construction. Lot B13 is scheduled to be completed in 2H 2014 and LA RIVA is planned for completion in 2016.

Construction is in progress at HORIZON, and is projected to yield a total GFA of 110,000 sq.m.. Completion is expected to be in 2H 2015. A Grade A office building at Lot A2 is currently under construction and is expected to yield prime office space, providing 46,000 sq.m. of GFA. Completion is targeted for 2015. Construction works are in progress at Lot A3 with a total GFA of 60,000 sq.m for office space. Targeted completion is from late 2015.

Chongqing Tiandi
Construction works at stage 2 of The Riviera V, offering a total of 124,000 sq.m. of GFA for residential units and a total GFA of 2,000 sq.m. for retail use were completed in 1H 2014. The residential units will be progressively delivered to customers in 2H 2014. The remaining units of The Riviera V, with a total GFA of 46,000 sq.m. are currently under construction and planned for completion in 2H 2014. Construction of The Riviera VI will commence in 2H 2014 to yield a total GFA of 189,000 sq.m.. Completion is scheduled in phases from late 2015 to 2016.

Foshan Lingnan Tiandi
Construction works of 43,000 sq.m. of high-rises and 3,000 sq.m. of the retail spaces at Lingnan Tiandi Park Royale (Lot 6) were completed in 1H 2014. Development works are in progress at Lot 1 Phase 3, Lots 16, 18, E and Lot 3 Phase 1, where a total GFA of 232,000 sq.m. will accommodate residential and retail use. The development is scheduled to be progressively completed between 2H 2014 and 2015.

Dalian Tiandi
A total GFA of 76,000 sq.m. of residential development at Hekou Bay area (Site A of Dalian Tiandi) was completed in 1H 2014 and has been progressively handed over to the buyers.

At Hekou Bay (Site A of Dalian Tiandi), GFA of 60,000 sq.m. for residential use, 30,000 sq.m. for office space, 13,000 sq.m. for retail space and 13,000 sq.m. for service apartments are under construction. Except the office space which is expected to be completed after 2016, the properties for residential, retail and service apartments are scheduled for completion between 2H 2014 and 2016.

At Huangnichuan (Site C of Dalian Tiandi), a total GFA of 70,000 sq.m. is under construction for commercial use and 156,000 sq.m. for residential properties. They are planned for completion starting from 2015.

Relocation progress

Shanghai Taipingqiao
Lakeville Phase 4 (Lot 116) has a total residential GFA of 87,000 sq.m. and the site was cleared in August 2014. As of 30 June 2014, RMB3,973 million had been paid for Lot 116.

Relocation plans have yet to be determined for Lots 118, 119, 120, 122, 123, 124 and 132, with a total proposed GFA of 496,000 sq.m.. The relocation plans for these sites are subject to final proposal and agreement terms among relevant parties.

Shanghai RHXC
Relocation of Lots 2 and 9, with a planned total GFA of 196,000 sq.m., was completed in June and July of 2014. These sites have been delivered to the Group for commencement of construction. The pre-sale launch of properties is scheduled from 2H 2015.

Lots 1 and 7 are earmarked for residential use. Relocation at these lots started in late 2013, with 94% of residents confirming their agreement to the relocation scheme. Relocation of Lot 10 remained at 78%, as more resources were allocated to completing the relocation of Lots 2 and 9. The relocation of these sites is estimated to be completed in 2015. The development plan for these sites comprises the construction of residential properties in Lots 2 and 9, Rui Hong Tiandi entertainment hub in Lot 3, and two office buildings at a shopping mall in Lot 10.

As of 30 June 2014, RMB10,220 million had been paid for Lots 1, 2, 7, 9 and 10, yielding a total GFA of 774,000 sq.m. It is envisaged that the balance of the relocation cost will be paid according to the actual relocation progress and site delivery.

Relocation plans and timetables have yet to be determined for Lot 167 for residential, office and retail use, with a total planned GFA of 230,000 sq.m.. The relocation plans of these sites are subject to final proposal and agreement terms among relevant parties.

Details of the relocation progress for the respective lots are provided below:

Project		**Percentage of relocation as of 30 June 2014**	**Leasable and saleable GFA**	**Relocation cost paid as of 30 June 2014**	**Estimated outstanding relocation cost as of 30 June 2014**	**Actual/ Estimated relocation completion year**
			sq.m.	RMB'million	RMB'million	
Shanghai Taipingqiao Lot 116 (Phase 4 residential)		99.9%	87,000	3,973	200	2014
RHXC Lot 2	(Phase 7 residential)	100%	108,000	1,727	132	2014
RHXC Lot 9	(Phase 6 residential)	99.5%	88,000	1,705	234	2014
RHXC Lot 1	(Residential)	94%	110,000	2,298	1,766	2015
RHXC Lot 7	(Residential)	94%	160,000	2,298	1,781	2015
RHXC Lot 10	(Rui Hong Tiandi Lot 10)	78%	308,000	2,192	879	2015
Total			**861,000**	**14,193**	**4,992**	

Landbank

As of 30 June 2014, the Group's landbank, including the contribution of its Dalian associates, stood at a GFA of 12.5 million sq.m., comprising 10.3 million sq.m. of leasable and saleable area, and 2.2 million sq.m. for clubhouses, car parking spaces and other facilities. These landbank properties are spread across eight development projects located in the prime areas of five major PRC cities: Shanghai, Wuhan, Chongqing, Foshan and Dalian.

Of the total leasable and saleable GFA of 10.3 million sq.m., the sum of 1.5 million sq.m. was developed, and held for sale and/or investment. Approximately 3.4 million sq.m. were under development, and the remaining 5.4 million sq.m. were held for future development.

Only two major Group projects, namely Shanghai Taipingqiao and Shanghai RHXC, are still subject to relocation. They are city re-development projects acquired in the mid-1990s, before the implementation of the public land auction system in China during the early 2000s.

Relocation is underway on a total leasable and saleable GFA of 861,000 sq.m., as described in the previous section. Relocations at these sites are planned for completion between 2014 and 2015. Relocation plans and the timetable for the remaining 726,000 sq.m. of GFA located at Shanghai Taipingqiao and RHXC have yet to be determined. The relocation plans for these sites are subject to final proposal and agreement terms among relevant parties.

The Group's total landbank as of 30 June 2014, including that of its 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 interest
	sq.m.	sq.m.	sq.m.	sq.m.	sq.m.	sq.m.	sq.m.	%
Completed properties:								
Shanghai Taipingqiao	-	111,000	110,000	38,000	**259,000**	102,000	**361,000**	99.0%[1]
Shanghai RHXC	8,000	-	66,000	-	**74,000**	107,000	**181,000**	79.0%[2]
Shanghai KIC	2,000	108,000	53,000	-	**163,000**	121,000	**284,000**	86.8%[3]
THE HUB	-	57,000	1,000	-	**58,000**	2,000	**60,000**	100.0%
Wuhan Tiandi	-	-	46,000	-	**46,000**	30,000	**76,000**	75.0%
Chongqing Tiandi	148,000	120,000	143,000	-	**411,000**	232,000	**643,000**	79.4%[4]
Foshan Lingnan Tiandi	54,000	-	69,000	38,000	**161,000**	101,000	**262,000**	100.0%[5]
Dalian Tiandi	101,000	207,000	41,000	-	**349,000**	150,000	**499,000**	48.0%[6]
Subtotal	313,000	603,000	529,000	76,000	**1,521,000**	845,000	**2,366,000**	
Properties under development:								
Shanghai Taipingqiao	87,000	56,000	31,000	-	**174,000**	79,000	**253,000**	99.0%[1]
Shanghai RHXC	215,000	-	62,000	17,000	**294,000**	104,000	**398,000**	79.0%[2]
Shanghai KIC	-	92,000	9,000	23,000	**124,000**	46,000	**170,000**	99.0%[3]
THE HUB	-	49,000	129,000	45,000	**223,000**	115,000	**338,000**	100.0%
Wuhan Tiandi	144,000	235,000	110,000	58,000	**547,000**	186,000	**733,000**	75.0%
Chongqing Tiandi	222,000	411,000	200,000	25,000	**858,000**	239,000	**1,097,000**	79.4%[4]
Foshan Lingnan Tiandi	126,000	-	108,000	-	**234,000**	79,000	**313,000**	100.0%[5]
Dalian Tiandi	411,000	207,000	188,000	143,000	**949,000**	292,000	**1,241,000**	48.0%[6]
Subtotal	1,205,000	1,050,000	837,000	311,000	**3,403,000**	1,140,000	**4,543,000**	
Properties for future development:								
Shanghai Taipingqiao	166,000	174,000	118,000	38,000	**496,000**	44,000	**540,000**	99.0%
Shanghai RHXC	351,000	272,000	185,000	-	**808,000**	9,000	**817,000**	79.0%[2]
Wuhan Tiandi	283,000	166,000	148,000	10,000	**607,000**	4,000	**611,000**	75.0%
Chongqing Tiandi	593,000	25,000	84,000	78,000	**780,000**	177,000	**957,000**	79.4%
Foshan Lingnan Tiandi	377,000	450,000	125,000	80,000	**1,032,000**	10,000	**1,042,000**	100.0%
Dalian Tiandi[7]	491,000	867,000	262,000	42,000	**1,662,000**	-	**1,662,000**	48.0%[6]
Subtotal	2,261,000	1,954,000	922,000	248,000	**5,385,000**	244,000	**5,629,000**	
Total landbank GFA	**3,779,000**	**3,607,000**	**2,288,000**	**635,000**	**10,309,000**	**2,229,000**	**12,538,000**	

[1] *The Group has a 99.0% interest in all the remaining lots, except for Shanghai Xintiandi, 1& 2 Corporate Avenue, Lot 116, Shui On Plaza and Langham Xintiandi Hotel, in which the Group has an effective interest of 100.0%, 100.0%, 50.0%, 80.0% and 66.7%, respectively.*

[2] *The Group has a 79.8% interest in Phase 1, Lot 167A and Lot 167B of Shanghai Rui Hong Xin Cheng, a 99.0% interest in the non-retail portion of Lot 6 (Phase 5) and a 79.0% interest in all remaining phases.*

[3] *The Group has an 86.8% interest in all remaining lots, except for KIC Lot 311 in which the Group has an effective interest of 99.0%.*

[4] *The Group has a 79.4% interest in Chongqing Tiandi, except for Lot B11-1/02 in which the Group has a 59.5% effective interest. The development of super-high-rise towers is planned for Lot B11-1/02 for a leasable and saleable GFA of 519,000 sq.m..*

[5] *The Group has a 100.0% interest in Foshan Lingnan Tiandi, except for Lot 6, Lot 16, and Lot 18. For Lots 6 and 16, the Group holds 55.9% effective interest and the joint venture partner, Mitsui Fudosan Residential Co., Ltd. ("Mitsui") has 44.1% effective interest. For Lot 18, the Group has 54.92% effective interest and Mitsui has 45.08% effective interest. The Group and Mitsui entered into a sale and purchase agreement on 26 August 2014, pursuant to which the Group agreed to acquire Mitsui's 49.0% equity interest of the entire issued share capital of Value Land Investment Limited ("Value Land") which indirectly owns 92.0% of Foshan Yong Rui Tian Di Property Development Co. Limited, which in turn owns the land known as Lot 18. Upon completion of this acquisition, the Group will be entitled to a 100.0% interest in Lot 18.*

[6] *The Group has a 48.0% interest in Dalian Tiandi, except for Lots C01, C03, B08, B09, E02A and D06 in which the Group has a 33.6% effective interest. Richcoast Group Limited (a BVI company owned by the Group, the SOCAM group and the Yida group, ("Richcoast")) and Mitsui, amongst others, entered into a deed of assignment on 26 August 2014 to assign all rights and economic interests, together with risk and return generated from Lot D06 to Sinoco Investment Limited and Garco Investment Limited (wholly-owned subsidiaries of Richcoast), such that after the assignment, the Group will have 48.0% interest in Lot D06.*

[7] *Dalian Tiandi is expected to have a landbank of 3.4 million sq.m. in GFA. As of 30 June 2014, approximately 3.1 million sq.m. had been acquired. The remaining GFA of approximately 0.3 million sq.m. is expected to be acquired through public bidding in due course.*

Business Updates of CXTD Holding

With the successful completion of the initial investment of Brookfield Property L.P. and BSREP CXTD Holdings L.P. ("Brookfield") into CXTD Holding in February 2014, Mr. Bill Powell and Mr. Brian Kingston, two senior managing directors of Brookfield, were appointed as directors of CXTD Holding. The integrated asset management platform was established with 458 employees as of 30 June 2014.

The following provides an overview of the business performance of the portfolio outlined below:

- CXTD Holding's Initial Portfolio in co-operation with Brookfield ("Initial Portfolio") with a total GFA of 593,000 sq.m..
- Shui On Land's commercial property portfolio (excluding hotel properties) with a total GFA of 647,000 sq.m..
- Third parties' assets under management with a total GFA of 357,000 sq.m..

Initial Portfolio

For 1H 2014, rental and related income increased by 4% to RMB377 million compared to RMB363 million in 1H 2013. Office and retail spaces in the Shanghai Taipingqiao project remained stable due to tenant mix adjustments at Shanghai Xintiandi and asset enhancement initiatives at Xintiandi Style. The increase in rental and related income was driven by the newly completed Showroom Office Towers at THE HUB in the Hongqiao Transportation Hub. The tenant move-in process commenced during the second quarter of 2014 and 36% of the two office towers were occupied by the end of 1H 2014. There are active, ongoing discussions with tenants aimed at leasing the balance of the space.

Completed Investment Properties

The table below provides an overview of the performance of the completed investment properties of Initial Portfolio for 1H 2014 and 1H 2013 as well as a tenancy expiry analysis:

Project	Product	Leasable GFA	Occupancy rate as of			Rental & related income RMB'million		Period on period change (%)	Leases expire in % of GFA		
		sq.m.	30 June 2014	31 December 2013	30 June 2013	1H 2014	1H 2013	1H 2014	2H 2014	2015	2016
Shanghai Taipingqiao											
Shanghai Xintiandi	Retail/ Offices	52,000	99%	97%	99%	147	146	1%	12%	30%	29%
Xintiandi Style	Retail	27,000	94%	88%	99%	33	33	0%	12%	26%	24%
1&2 Corporate Avenue	Offices/ Retail	83,000	96%	94%	100%	121	120	1%	3%	32%	24%
Shui On Plaza	Offices/ Retail	50,000[1]	97%	98%	100%	61	64	(5%)	19%	17%	3%
Subtotal		212,000	97%	95%	99%	362	363	0%	11%	26%	20%
THE HUB											
D17 Showroom Office Towers 2 & 3	Offices/ Retail	58,000	36%	N/A	N/A	15	-	-	0%	0%	0%
Total		**270,000**				**377**	**363**	**4%**	**10%**	**24%**	**18%**

[1] *A total leasable GFA of 8,000 sq.m. at Shanghai Shui On Plaza was occupied by the Group for self use.*

Shanghai Taipingqiao

Shanghai Xintiandi went through a tenant mix adjustment during 1H 2014 with various new tenants introduced. As a result, the occupancy rate as of 30 June 2014 increased by 2% to 99% from 97% as of 31 December 2013.

The Group undertook a major asset enhancement initiative ("AEI") starting July 2014, closing down 88 Xintiandi Hotel, a boutique hotel located in Shanghai Xintiandi. The hotel is being converted to retail to generate enhanced returns. The conversion is estimated to be completed in late 2015, with the opening scheduled for 2016.

In September 2013, AEI works began on shop fronts located in Xintiandi Style along Madang Road, aimed at diversifying tenant mix and increasing food & beverage ("F&B") choices at Xintiandi Style. The work was completed in May 2014 and traffic to the mall increased significantly. The occupancy rate of Xintiandi Style increased by 6% to 94% as of 30 June 2014, compared to 88% as of 31 December 2013.

The occupancy rate of 1&2 Corporate Avenue remained stable at 96%. Rental and related income of Shui On Plaza declined, mainly due to a reduction of leasable area, attributable to some space being reclaimed by the Group as the office of the integrated management platform of CXTD.

THE HUB

Pre-leasing of the two Showroom Office Towers located at D17 received an overwhelming response from the market. The Showroom Office Towers are ideally situated at a prime site connecting to the Hongqiao Transportation Hub. Of the completed leasable GFA of 58,000 sq.m. for office and retail use, 56% was leased to several multi-national corporations as their China headquarters or Eastern China regional headquarters. Two anchor tenants occupying 36% of the space had moved in as of 30 June 2014. The average rental rate achieved was approximately 20-30% higher than the average rental rate of Hongqiao business district as a whole. Rentals of the remaining leasable areas are under negotiation. Leasing activities will continue throughout the rest of the 2014 calendar year.

During the reporting period, a total of 27,000 sq.m. of leasable GFA, representing 10% of the total completed leasable GFA, signed new tenancy agreements. Rental reversion of these newly signed tenancy agreements recorded a 12% increase compared to the previous tenancies.

Investment Properties under Development

The table below provides an overview of investment properties under development in the Initial Portfolio as of 30 June 2014:

Project	**Product**	**Leasable GFA (sq.m.)**	**Estimated year of opening**
Investment properties undergoing pre-leasing			
Shanghai Taipingqiao			
3 Corporate Avenue	Office	56,000	2H 2015
3 Corporate Avenue	Retail	31,000	2H 2015
THE HUB			
D17 - Showroom Office Tower 1	Offices/Retail	23,000	1H 2015
D19 - Showroom Office Tower 5	Offices/Retail	18,000	1H 2015
D17 - Xintiandi	Retail	15,000	1H 2015
D19 - Shopping Mall	Retail	108,000	2H 2015
Total		**251,000**[1]	

[1] *A total leasable GFA of 14,000 sq.m. of the performance and exhibition centre located at THE HUB D19 was not included in this table.*

At Shanghai Taipingqiao, pre-leasing of 3 Corporate Avenue received a strong response despite the slowdown in economic growth and increase of Grade A office supply in Shanghai. Most of the potential tenants under discussion with are multi-national corporations in the consulting and financial service industries. Pre-leasing of the retail podium started early this year. The plan is for the grand opening of 3 Corporate Avenue and retail podium to coincide with that of 5 Corporate Avenue, Phase II ("5 Corporate Avenue") in 2H 2015.

Market response to the pre-leasing of the total leasable GFA of 164,000 sq.m. under construction at THE HUB has been positive.

It is expected that upon completion of 3 Corporate Avenue and THE HUB, rental and related income is likely to grow substantially in the coming years.

Shui On Land Portfolio

The table below provides an overview of the performance of the completed commercial properties of Shui On Land Portfolio in 1H 2014 and 1H 2013 as well as a tenancy expiry analysis:

Project	Product	Leasable GFA	Occupancy rate as of			Rental & related income RMB'million		Period on period change (%)	Leases expire in % of GFA		
		sq.m.	30 June 2014	31 December 2013	30 June 2013	1H 2014	1H 2013	1H 2014	2H 2014	2015	2016
Shanghai Taipingqiao											
Langham Xintiandi Hotel Retail Shops	Retail	1,000	100%	100%	100%	7	7	0%	0%	0%	6%
Shanghai RHXC											
The Palette 1,2,3 & 5	Retail	47,000	100%	95%	95%	31	29	7%	7%	16%	9%
Wuhan Tiandi											
Wuhan Xintiandi	Retail	46,000	89%	91%	88%	33	27	22%	16%	25%	16%
Chongqing Tiandi											
Chongqing Xintiandi	Retail	49,000	72%	62%	76%	17	10	70%	2%	23%	12%
Foshan Lingnan Tiandi											
Lingnan Tiandi Phase 1	Retail	16,000	97%	87%	88%	37	32	16%	3%	7%	29%
Lingnan Tiandi Phase 2	Retail	36,000	17%	N/A	N/A				0%	1%	7%
Total		**195,000**				**125**[1]	**105**[1]	**19%**	**8%**	**19%**	**14%**

[1] *Rental income of Hangzhou Xihu Tiandi for 1H 2014 and 1H 2013, respectively of RMB8 million and RMB9 million, was not recorded in the table as Hangzhou Xihu Tiandi was disposed of on 30 May 2014.*

In 1H 2014, rental and related income generated by Shui On Land's completed commercial properties portfolio increased by 19% to RMB125 million compared to RMB105 million in 1H 2013.

Rental and related income of Shanghai RHXC in 1H 2014 increased by 7% compared to 1H 2013. Rental income of Xintiandi at Wuhan Tiandi increased significantly by 22% to RMB33 million compared to RMB27 million in 1H 2013. The occupancy rate remained stable at 89%. Rental income of Xintiandi at Chongqing Tiandi rose by 70% to RMB17 million, resulting from the increased occupancy of 72% as of 30 June 2014 compared to 62% as of 31 December 2013. The rental income also reflected the improved sales results due to tenants who paid turnover rents during the reporting period. Foshan Lingnan Tiandi achieved strong 16% growth in rental income.

The table below provides an overview of newly completed commercial properties and commercial properties under development in the Shui On Land Portfolio as of 30 June 2014:

Project	Product	Leasable GFA (sq.m.)	Estimated year of opening
Shanghai RHXC			
Rui Hong Tiandi Lot 6	Retail	19,000	2H 2014
Rui Hong Tiandi Lot 3	Retail	59,000	2016
Wuhan Tiandi			
HORIZON (Lots A1/A2/A3)	Retail	110,000	2H 2015
Lot A2	Office	46,000	2015
Lot A3	Office	60,000	2015
Chongqing Tiandi			
Jialing Tiandi			
- 6, 7 Corporate Avenue	Retail	37,000	2H 2015
- 8 Corporate Avenue	Retail	31,000	2H 2015
- 2 Corporate Avenue	Retail	11,000	2018
Foshan Lingnan Tiandi			
Lot E	Retail	79,000	2016
Total		**452,000**	

Construction works of Rui Hong Tiandi Lot 6 were completed in 1H 2014. Pre-leasing commenced with strong response received from the tenants. Pre-leasing of Lot 3 is scheduled to be launched in 2015.

A soft opening in 2H 2015 is the target for HORIZON (Lots A1/A2/A3 shopping mall) at Wuhan Tiandi, with strong responses received from potential tenants including top tier and multi-national retailers. Pre-leasing of the total GFA of 68,000 sq.m. of retail space at Jialing Tiandi in Chongqing made good progress during 1H 2014 for 6, 7 Corporate Avenue and 8 Corporate Avenue. The shopping mall at Lot E in Foshan Lingnan Tiandi is proceeding well, with more information to be made available to potential customers.

Third Party Assets under Management

CXTD provides asset management services for a portfolio of assets held by third parties for a total GFA of 357,000 sq.m..

Completed in late 2011, the Corporate Centre 5 office tower in Wuhan Tiandi had achieved a 99% occupancy rate as of 30 June 2014.

In Shanghai, the occupancy rate of 5 Corporate Avenue office tower completed in late 2013, reached 64% as of 30 June 2014. Pre-leasing of the retail podium is to be launched in 2H 2014.

Pre-leasing is currently underway at 3, 4 & 5 Corporate Avenue at Chongqing Tiandi, properties held by certain affiliates of Ping An Group. The office area of 2 Corporate Avenue in Chongqing Tiandi, which was sold to Sunshine Life Insurance, is yet to be delivered.

Business Updates of Knowledge Communities

Rental and related income of Shanghai KIC increased by 14% to RMB104 million compared to RMB91 million in 1H 2013. The increase was mainly due to a higher occupancy rate.

The table below provides an overview of the leasing performance as well as lease expiry analysis of the investment properties in the Knowledge Communities:

Project	**Product**	**Leasable GFA**	**Occupancy rate as of**			**Rental & related income RMB' million**		**Period on period change (%)**	**Leases expire in % of GFA**		
		sq.m.	**30 June 2014**	**31 December 2013**	**30 June 2013**	**1H 2014**	**1H 2013**	**1H 2014**	**2H 2014**	**2015**	**2016**
Shanghai KIC											
1, 2, 3 and 10 KIC Plaza (Phase 1)	Offices/ Retail	50,000	98%	77%	85%	104	91	14%	3%	44%	18%
5 - 9 KIC Plaza (Phase 2)	Offices/ Retail	49,000	99%	96%	81%				13%	56%	22%
KIC Village (R1 and R2)	Offices/ Retail	24,000	93%	91%	86%				16%	35%	28%
11 - 12 KIC Plaza (C2)	Offices/ Retail	38,000	79%	78%	73%				39%	22%	14%
Subtotal		161,000[1]	93%	89%	81%	104	91	14%	17%	32%	24%
Dalian Tiandi (associates)											
Software office buildings (D22)	Office	42,000	78%	78%	75%						
Ambow training school	Office	113,000	100%	100%	100%						
Software office buildings (D14-SO2/SO4)	Office	52,000	73%	73%	38%						
ITTD (D10)	Retail	41,000	52%	N/A	N/A						
Subtotal		248,000									
Total		**409,000**									

[1] *A total of 6,000 sq.m. of leasable GFA at Shanghai KIC was occupied as offices by the Group.*

MARKET OUTLOOK

The global economy registered mild improvements in 1H 2014, supported by an upturn of the major advanced economies. Although economic performance in the US was somewhat subdued in the first quarter, the Federal Reserve Board is confident that momentum will strengthen and has proceeded with tapering of its bond purchase programme, targeting to exit quantitative easing before year end. Leading economic indicators suggest that the present growth momentum is sustainable, and a forthcoming US rate hike is anticipated before mid-2015. In China, the pace of economic growth moderated from 7.7% in 2013 to 7.4% in 1H 2014, and is on track to achieve the 7.5% GDP growth target for the year. The government has rolled out a new round of mini-stimulus measures and adopted targeted monetary policy easing to offset the drag from a cyclical correction of the housing market.

After last year's spectacular performance, nationwide residential transaction area declined by 9.4% due to a tightening of bank credit for home purchases in the first seven months of 2014. As a result, unsold inventory rises and worsening market sentiment has led to falling house prices in many cities. In May, the PBOC issued window guidance requesting commercial banks to support mortgage lending for end-user demand. The government has also given the green light for cities to relax home purchase restrictions based on local circumstances. By mid-August, around 35 of the 46 cities subject to the home purchase restriction policy had taken steps to relax property curbs to varying degrees, and some banks have resumed mortgage rate discounts for qualified buyers. These changes should help improve market sentiment in the coming months and thus shorten the period of downturn, eventually leading to a recovery in housing demand.

The outlook for the office market in tier-one cities remained stable, underpinned by China's on-going financial sector reform. According to a JLL survey, financial and professional services firms seeking office expansion and relocation remained strong in Shanghai. Office demand growth from MNCs is moderating, while that from domestic companies registered a steady increase. In the commercial retail sector, the demand for space has been robust, although luxury brands in China are mostly focused on expanding within their existing city locations. The demand for warehousing space has remained strong in line with the rapid development of e-commerce.

Shanghai is moving ahead with its ambitious plan to become an international financial and trading centre by 2020. The economy is seen to benefit from the Free Trade Zone (FTZ) pilot policy. A revised 'negative list' issued on 1 July will help to attract talent and more foreign investment into a broader spectrum of tertiary sector activities. The recently announced Shanghai–Hong Kong Stock Connect programme is a new experiment for a two-way opening of China's capital markets, which will boost cross-border stock investment between Shanghai and Hong Kong. The opening of Disneyland in 2015 will stimulate tourism and retail sales, helping to support retail rents in both primary and secondary locations. These developments should energise tertiary sector growth and attract more capital flows into Shanghai.

Chongqing, the principal economic hub of West China, achieved a GDP growth rate of 10.9% in 1H 2014, the fastest growth pace amongst provincial level cities. Under China's New Silk Road Economic Belt Strategy, the economic role of Chongqing has been broadened to encompass international trade with Eurasia, as witnessed by a 41.8% surge in Chongqing's foreign trade during 1H 2014 to RMB267.5 billion. Chongqing is also seen to benefit from China's New Urbanisation drive, which is expected to result in population increase of 1.3 million between now and 2020.

Wuhan's economic growth remained strong at 9.6% in the first half of 2014, driven by its ambitious industrial growth initiatives. Future growth prospects are enhanced by the newly-announced "Yangtze River Golden Waterway" strategy, which will strengthen Wuhan's role as Central China's prominent logistics hub. In addition, the city announced in July a partial lifting of home purchase restrictions, starting with apartments larger than 140 square metres. This policy should help stimulate both investment and upgrader demand, which should lead to stronger residential market sentiment in the second half of 2014.

Foshan, a prominent Pearl River Delta manufacturing base, registered a rise in industrial production of 9.4% in 1H 2014. The city's Purchasing Manager Index reached 51.1% in June, reflecting the prospects of rising external demand in the coming quarters. Going forward, Foshan's economy will be supported by an increase in infrastructure investment to enhance transport connectivity with other Pearl River Delta cities, as well as the development of smart home appliances and e-commerce. Foshan has removed its home purchase restriction policies in August. This should provide a boost to its economy, which is closely tied to the property sector.

As the major port city in China's northeast, Dalian registered strong FDI growth of 10.2% to USD7.05 billion during the first half of 2014. Meanwhile, Dalian's software business revenue grew by 23.9% to RMB73.0 billion. To further improve transportation connectivity, the government plans to invest RMB260 billion to construct a 123-kilometre undersea tunnel across the Bohai Strait to connect Dalian with Yantai in Shandong Province. The advantage of Dalian as a resort location for second homes will thus be further strengthened. The city will be well placed to benefit from the expected lifting of home purchase restriction policies in the second half of 2014.

Although China's economic growth is slowing due to economic restructuring, on-going market-oriented reform will unleash economic dividends to improve city competitiveness, particularly those cities that serve as a regional and economic hub. Following a decade of rapid growth, China's housing market is entering a more mature stage of development. The development pattern going forward will be more divergent and closely tied to individual cities' underlying growth potential. Some cities with a hollow economic base will lose population and experience a slowdown in real estate investment. Those cities that are able to establish a robust economic base and diversify beyond manufacturing to build a strong tertiary sector should create increased employment, attract population inflow and witness land value appreciation. The cities in which Shui On has invested, namely, Shanghai, Chongqing, Wuhan, Foshan and Dalian, are all in a strong position to see rising competitiveness and good opportunities for quality economic growth and development. Going forward, our business development efforts will be focused on cities that attract talent and capital and have excellent potential for growth and value creation.

The Board of Directors (the "Board") of Shui On Land Limited (the "Company" or "Shui On Land") hereby announces the unaudited consolidated results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 June 2014 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Notes	**Six months ended 30 June 2014 (Unaudited)**		Six months ended 30 June 2013 (Unaudited)	
		HKD'million *(Note 2)*	**RMB'million**	HKD'million *(Note 2)*	RMB'million
Turnover					
- The Group	*4*	**6,613**	**5,236**	4,511	3,623
- Share of associates		**275**	**218**	178	143
		6,888	**5,454**	4,689	3,766
Turnover of the Group	*4*	**6,613**	**5,236**	4,511	3,623
Cost of sales		**(4,507)**	**(3,569)**	(2,744)	(2,204)
Gross profit		**2,106**	**1,667**	1,767	1,419
Other income		**285**	**226**	185	149
Selling and marketing expenses		**(130)**	**(103)**	(178)	(143)
General and administrative expenses		**(686)**	**(543)**	(505)	(406)
Operating profit	*5*	**1,575**	**1,247**	1,269	1,019
Increase in fair value of investment properties		**1,594**	**1,262**	1,417	1,138
Share of results of associates		**(114)**	**(90)**	3	3
Finance costs, inclusive of exchange differences	*6*	**(589)**	**(466)**	(117)	(94)
Change in fair value of derivative financial instruments		**(17)**	**(14)**	-	-
Profit before taxation		**2,449**	**1,939**	2,572	2,066
Taxation	*7*	**(1,053)**	**(834)**	(925)	(743)
Profit for the period		**1,396**	**1,105**	1,647	1,323
Attributable to:					
Shareholders of the Company		**1,007**	**797**	1,308	1,051
Owners of convertible perpetual securities		**116**	**92**	-	-
Owners of perpetual capital securities		**196**	**155**	197	158
Other non-controlling shareholders of subsidiaries		**77**	**61**	142	114
		389	**308**	339	272
		1,396	**1,105**	1,647	1,323
Earnings per share	*9*				
Basic		**HKD0.13**	**RMB0.10**	HKD0.19	RMB0.15
Diluted		**HKD0.13**	**RMB0.10**	HKD0.17	RMB0.14

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Six months ended 30 June 2014 (Unaudited)		Six months ended 30 June 2013 (Unaudited)	
	HKD'million *(Note 2)*	**RMB'million**	HKD'million *(Note 2)*	RMB'million
Profit for the period	**1,396**	**1,105**	1,647	1,323
Other comprehensive income (expense)				
Items that may be reclassified subsequently to profit or loss:				
Exchange difference arising on translation of foreign operations	**(9)**	**(7)**	(9)	(7)
Fair value adjustments on interest rate swaps designated as cash flow hedges	**(4)**	**(3)**	22	18
Fair value adjustments on cross currency swaps designated as cash flow hedges	**33**	**26**	(67)	(54)
Reclassification from hedge reserve to profit or loss	**(51)**	**(40)**	75	60
	(31)	**(24)**	21	17
Item that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit obligations	**-**	**-**	(56)	(45)
Other comprehensive expense for the period	**(31)**	**(24)**	(35)	(28)
Total comprehensive income for the period	**1,365**	**1,081**	1,612	1,295
Total comprehensive income attributable to:				
Shareholders of the Company	**976**	**773**	1,273	1,023
Owners of convertible perpetual securities	**116**	**92**	-	-
Owners of perpetual capital securities	**196**	**155**	197	158
Other non-controlling shareholders of subsidiaries	**77**	**61**	142	114
	389	**308**	339	272
	1,365	**1,081**	1,612	1,295

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**30 June 2014 RMB'million (Unaudited)**	31 December 2013 RMB'million (Audited)
Non-current assets			
Investment properties		**52,443**	50,273
Property, plant and equipment		**3,539**	3,577
Prepaid lease payments		**491**	586
Interests in associates		**996**	1,086
Interests in joint ventures		**25**	25
Loans to associates		**1,795**	1,654
Loan to a joint venture		**695**	675
Amounts due from associates		**261**	-
Accounts receivable	*10*	**119**	171
Pledged bank deposits		**2,046**	2,747
Deferred tax assets		**120**	100
		62,530	60,894
Current assets			
Properties under development for sale		**20,047**	22,711
Properties held for sale		**3,359**	1,536
Accounts receivable, deposits and prepayments	*10*	**7,675**	5,066
Amounts due from associates		**601**	564
Amounts due from related companies		**461**	347
Amounts due from non-controlling shareholders of subsidiaries		**38**	51
Pledged bank deposits		**544**	824
Restricted bank deposits		**748**	1,231
Bank balances and cash		**9,603**	5,378
		43,076	37,708
Investment properties classified as held for sale		**2,111**	-
		45,187	37,708
Current liabilities			
Accounts payable, deposits received and accrued charges	*11*	**7,725**	11,046
Amounts due to related companies		**569**	411
Amounts due to non-controlling shareholders of subsidiaries		**704**	634
Tax liabilities		**916**	823
Bank and other borrowings – due within one year		**5,145**	6,315
Senior notes		**5,324**	-
Derivative financial instruments		**181**	-
Deposits received relating to the disposal of investment properties		**1,447**	-
		22,011	19,229
Net current assets		**23,176**	18,479
Total assets less current liabilities		**85,706**	79,373

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION - CONTINUED

	Notes	**30 June 2014 RMB'million (Unaudited)**	31 December 2013 RMB'million (Audited)
Capital and reserves			
Share capital	*12*	**145**	145
Reserves		**36,531**	36,010
Equity attributable to shareholders of the Company		**36,676**	36,155
Convertible perpetual securities	*13*	**2,894**	-
Perpetual capital securities		**3,051**	3,094
Other non-controlling shareholders of subsidiaries		**3,000**	2,925
		8,945	6,019
Total equity		**45,621**	42,174
Non-current liabilities			
Bank and other borrowings – due after one year		**20,390**	18,051
Convertible bonds		**407**	395
Senior notes		**10,857**	10,330
Derivative financial instruments		**44**	105
Loans from non-controlling shareholders of subsidiaries		**2,638**	2,605
Deferred tax liabilities		**5,698**	5,662
Defined benefit liabilities		**51**	51
		40,085	37,199
Total equity and non-current liabilities		**85,706**	79,373

Notes to the condensed consolidated financial statements:

1. General

The condensed consolidated financial statements for the six months ended 30 June 2014 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 and with International Accounting Standard 34 “Interim Financial Reporting” (“IAS 34”).

2. Presentation

The Hong Kong dollar figures presented in the condensed consolidated statement of profit or loss and condensed consolidated statement of profit or loss and other comprehensive income are shown for reference only and have been arrived at based on the exchange rate of RMB1.000 to HKD1.263 for the six months ended 30 June 2014 and RMB1.000 to HKD1.245 for the six months ended 30 June 2013, being the average exchange rates that prevailed during the respective periods.

3. Principal Accounting Policies

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain investment properties and certain financial instruments which are measured at fair values.

The accounting policies used in the condensed consolidated financial statements for the six months ended 30 June 2014 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2013 except for the newly adopted accounting policies as described below:

Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset is available for immediate sale in its present condition and it is highly probable that the sale will be completed within one year from the date when the asset is reclassified as held for sale.

Investment properties that are classified as held for sale are measured using the fair value model in accordance with IAS 40 “Investment Property”.

Application of new Interpretation and amendments to International Financial Reporting Standards

In addition, in the current reporting period, the Group has applied, for the first time, the following new Interpretation and amendments to International Financial Reporting Standards ("IFRSs") that are mandatorily effective for annual periods beginning on 1 January 2014:

Amendments to IFRS 10, IFRS 12 and IAS 27	Investment Entities
Amendments to IAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to IAS 36	Recoverable Amount for Non-Financial Assets
Amendments to IAS 39	Novation of Derivatives and Continuation of Hedge Accounting
IFRIC 21	Levies

The application of the new Interpretation and amendments to IFRSs in the current reporting period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

4. Turnover and Segmental Information

An analysis of the turnover of the Group and share of turnover of associates for the period is as follows:

	Six months ended 30 June (Unaudited)					
	2014			2013		
	Group	**Share of associates**	**Total**	Group	Share of associates	Total
	RMB'million	**RMB'million**	**RMB'million**	RMB'million	RMB'million	RMB'million
Property development:						
Property sales	**4,447**	**202**	**4,649**	2,913	128	3,041
Property investment:						
Rental income received from investment properties	**561**	**16**	**577**	518	15	533
Income from hotel operations	**150**	**-**	**150**	133	-	133
Property management fee income	**13**	**-**	**13**	14	-	14
Rental related income	**40**	**-**	**40**	36	-	36
	764	**16**	**780**	701	15	716
Others	**25**	**-**	**25**	9	-	9
Total	**5,236**	**218**	**5,454**	3,623	143	3,766

For management purposes, the Group is organised based on its business activities, which are broadly categorised into property development and property investment.

Principal activities of the two major reportable and operating segments are as follows:

Property development - development and sale of properties, mainly residential units
Property investment - offices and retail shops letting, property management and hotel operations

4. Turnover and Segmental Information - continued

	Six months ended 30 June 2014 (Unaudited)			
	Property development RMB'million	**Property investment RMB'million**	**Others RMB'million**	**Consolidated RMB'million**
SEGMENT REVENUE				
Turnover of the Group	**4,447**	**764**	**25**	**5,236**
Share of turnover of associates	**202**	**16**	**-**	**218**
Total segment revenue	**4,649**	**780**	**25**	**5,454**
RESULTS				
Segment results of the Group	**972**	**1,554**	**19**	**2,545**
Interest income				**137**
Share of results of associates				**(90)**
Finance costs, inclusive of exchange differences				**(466)**
Change in fair value of derivative financial instruments				**(14)**
Gain on disposal of subsidiaries				**69**
Net unallocated expenses				**(242)**
Profit before taxation				**1,939**
Taxation				**(834)**
Profit for the period				**1,105**

	Six months ended 30 June 2013 (Unaudited)			
	Property development RMB'million	Property investment RMB'million	Others RMB'million	Consolidated RMB'million
SEGMENT REVENUE				
Turnover of the Group	2,913	701	9	3,623
Share of turnover of associates	128	15	-	143
Total segment revenue	3,041	716	9	3,766
RESULTS				
Segment results of the Group	746	1,459	(1)	2,204
Interest income				106
Share of results of associates				3
Finance costs, inclusive of exchange differences				(94)
Net unallocated expenses				(153)
Profit before taxation				2,066
Taxation				(743)
Profit for the period				1,323

Segment revenue represents the turnover of the Group and the share of turnover of associates.

4. Turnover and Segmental Information - continued

Segment results represent the profit earned or loss incurred by each segment without allocation of central administration costs, Directors' salaries, interest income, gain on disposal of subsidiaries, share of results of associates, change in fair values of derivative financial instruments, finance costs and exchange differences. This is the measure reported to the chief operating decision makers who are the Executive Directors of the Company for the purpose of resource allocation and performance assessment.

5. Operating Profit

	Six months ended 30 June	
	2014	2013
	RMB'million	RMB'million
	(Unaudited)	(Unaudited)
Operating profit has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment	**92**	93
Less: Amount capitalised to properties under development for sale	**-**	(1)
	92	92
Release of prepaid lease payments	**1**	7
Less: Amount capitalised to property, plant and equipment	**-**	(6)
	1	1
Employee benefit expenses		
Directors' emoluments		
Fees	**1**	1
Salaries, bonuses and allowances	**19**	11
Retirement benefit costs	**-**	1
Share-based payment expenses	**1**	1
	21	14
Other staff costs		
Salaries, bonuses and allowances	**323**	251
Retirement benefit costs	**19**	18
Share-based payment expenses	**2**	5
	344	274
Total employee benefit expenses	**365**	288
Less: Amount capitalised to investment properties under construction or development and properties under development for sale	**(94)**	(83)
	271	205
Cost of properties sold recognised as an expense	**3,265**	1,922
Rental charges under operating leases	**18**	22
Gain on disposal of subsidiaries (included in other income)	**(69)**	-
Gain on disposal of investment properties (included in other income)	**(16)**	(21)
Interest income	**(137)**	(106)

6. Finance Costs, Inclusive of Exchange Differences

	Six months ended 30 June	
	2014	2013
	RMB'million	RMB'million
	(Unaudited)	(Unaudited)
Interest on bank and other borrowings		
- wholly repayable within five years	**809**	583
- not wholly repayable within five years	**63**	66
Interest on loans from non-controlling shareholders of subsidiaries wholly repayable within five years	**70**	72
Imputed interest on loans from non-controlling shareholders of subsidiaries	**22**	11
Interest on amount due to a related company	**-**	1
Interest on convertible bonds	**21**	217
Interest on senior notes	**610**	582
Net interest expense from cross currency swaps designated as cash flow hedges	**27**	11
Net interest expense from interest rate swaps designated as cash flow hedges	**3**	10
Total interest costs	**1,625**	1,553
Less: Amount capitalised to investment properties under construction or development and properties under development for sale	**(1,385)**	(1,256)
Interest expenses charged to condensed consolidated statement of profit or loss	**240**	297
Net exchange loss (gain) on bank borrowings and other financing activities	**126**	(205)
Premium for repurchase/exchange of RMB denominated senior notes due in 2015	**58**	-
Others	**42**	2
	466	94

Borrowing costs capitalised during the six months ended 30 June 2014 arose on the general borrowing pool of the Group and were calculated by applying a capitalisation rate of approximately 9.1% (for the six months ended 30 June 2013: approximately 8.1%) per annum to expenditure on the qualifying assets.

7. Taxation

	Six months ended 30 June	
	2014	2013
	RMB'million	RMB'million
	(Unaudited)	(Unaudited)
The People's Republic of China ("PRC") Enterprise Income Tax	**418**	162
Deferred taxation	**143**	334
PRC Land Appreciation Tax	**273**	247
	834	743

No provision for Hong Kong Profits Tax has been made as the income of the Group neither arises in, nor is derived from, Hong Kong.

PRC Enterprise Income Tax has been provided for at the applicable income tax rate of 25% (for the six months ended 30 June 2013: 25%) on the assessable profits of the companies in the Group during the period.

7. Taxation - continued

The provision for Land Appreciation Tax is estimated according to the requirements set forth in the relevant PRC tax laws and regulations. Land Appreciation Tax has been provided at ranges of progressive rates of the appreciation value, with certain allowable deductions including land costs, borrowing costs and the relevant property development expenditures.

8. Dividends

	Six months ended 30 June	
	2014	2013
	RMB'million	RMB'million
	(Unaudited)	(Unaudited)
2013 Final dividend declared and paid (2013: 2012 final dividend declared and paid)	**255**	223
Interim dividend declared in respect of 2014 of HKD0.022 (2013: HKD0.022) per share	**140**	140

Subsequent to the end of the interim period, the Board has declared the payment of HKD0.022 (equivalent to RMB0.017) per share, amounting to HKD176 million (equivalent to RMB140 million) in aggregate as the interim dividend with respect to 2014.

A final dividend with respect to 2013 of HKD0.04 (equivalent to RMB0.03) per share, amounting to HKD320 million (equivalent to RMB255 million) in aggregate, was approved by the shareholders of the Company at the annual general meeting on 28 May 2014 and was paid to the shareholders of the Company in June 2014.

In September 2013, an interim dividend with respect to 2013 of HKD0.022 (equivalent to RMB0.017) per share, amounting to HKD176 million (equivalent to RMB140 million) in aggregate was paid to the shareholders of the Company.

9. Earnings Per Share

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

	Six months ended 30 June	
	2014	2013
	RMB'million	RMB'million
	(Unaudited)	(Unaudited)
Earnings		
Earnings for the purposes of basic earnings per share and diluted earnings per share, being profit for the period attributable to shareholders of the Company	**797**	1,051

	Six months ended 30 June	
	2014	2013
	'million	'million
	(Unaudited)	(Unaudited)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**8,002**	6,973
Effect of dilutive potential shares: Convertible bonds	**130**	794
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**8,132**	7,767

There were no dilution effects for share options and warrants granted as the exercise prices of these share options and warrants granted were higher than the average market price for the six months ended 30 June 2014 and 30 June 2013. The convertible perpetual securities did not have dilutive effect on the Group’s earnings per share for the current reporting period.

10. Accounts Receivable, Deposits and Prepayments

	30 June 2014 RMB'million (Unaudited)	31 December 2013 RMB'million (Audited)
Non-current accounts receivable comprise:		
Rental receivables in respect of rent-free periods	**89**	96
Trade receivables	**30**	75
	119	171
Current accounts receivable comprise:		
Trade receivables	**347**	561
Prepayments of relocation costs (*note*)	**6,719**	3,677
Other deposits, prepayments and receivables	**609**	828
	7,675	5,066

Note:

The balance represents the amounts that will be capitalised to properties under development for sale as soon as the relocation has been completed, and such relocation process is in accordance with the Group's normal operating cycle. The balance is not expected to be realised within twelve months from the end of the reporting period.

Included in the Group's accounts receivable, deposits and prepayments are trade receivable balances of RMB377 million (31 December 2013: RMB636 million), of which 91% (31 December 2013: 67%) are aged less than 90 days, and 9% (31 December 2013: 33%) are aged over 180 days, based on the dates on which revenue was recognised.

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; and

(ii) rental receivables which are due for settlement upon issuance of monthly debit notes to the tenants.

11. Accounts Payable, Deposits Received and Accrued Charges

	30 June 2014 RMB'million (Unaudited)	31 December 2013 RMB'million (Audited)
Trade payables with aging analysis (based on invoice date):		
0 – 30 days	**2,306**	2,634
31 – 60 days	**8**	659
61 – 90 days	**64**	35
Over 90 days	**209**	138
	2,587	3,466
Retention payables (*note*)	**531**	458
Deed tax, business tax and other tax payables	**183**	355
Deposits received and receipt in advance from property sales	**3,401**	5,805
Deposits received and receipt in advance in respect of rental of investment properties	**451**	396
Accrued charges	**572**	566
	7,725	11,046

Note:

Retention payables are expected to be paid upon the expiry of the retention periods according to the respective construction contracts.

12. Share Capital

	Authorised Number of shares	Authorised USD'000	Issued and fully paid Number of shares	Issued and fully paid USD'000
Ordinary shares of USD0.0025 each				
At 1 January 2013	12,000,000,000	30,000	6,001,294,642	15,003
Issue of new shares under rights issue (*note)*	-	-	2,000,431,547	5,001
At 30 June 2013, 31 December 2013 and 30 June 2014	**12,000,000,000**	**30,000**	**8,001,726,189**	**20,004**

	30 June 2014 RMB'million (Unaudited)	31 December 2013 RMB'million (Audited)
Shown in the condensed consolidated statement of financial position as	**145**	145

Note:

On 20 May 2013, the Company completed the rights issue by issuing 2,000,431,547 rights shares on the basis of one rights share for every three existing shares, at a subscription price of HKD1.84 per rights share. The cash proceeds of approximately HKD3,681 million (equivalent to RMB2,937 million), before share issue expenses of HKD48 million (equivalent to RMB38 million), are used to finance the land relocation, repayment of existing debts, and for general working capital of the Group. These shares rank pari passu with the then existing shares in issue in all aspects.

13. Convertible Perpetual Securities and Warrants

In October 2013, the Company and CXTD Holding, a wholly-owned subsidiary of the Company, entered into a set of agreements with an independent third party (“the Investor”), pursuant to which the Investor conditionally agreed to subscribe for the following for United States Dollars (“USD”) 495 million (net of closing fee to the Investor of USD5 million):

- convertible perpetual securities issued by CXTD Holding with the aggregate principal amount of USD500 million; and
- 415 million warrants issued by the Company.

The transaction was completed on 17 February 2014 ("closing date"). The principal terms of the convertible perpetual securities and warrants were disclosed in a circular issued by the Company dated 30 November 2013.

14. Events After the Reporting Period

a) Acquisition of construction, interior decoration and fitting out businesses in the PRC from Shui On Construction Co., Ltd. (“SOCAM”)

Pursuant to a sale and purchase agreement dated 21 August 2014, the Company, as buyer, has conditionally agreed to buy and SOCAM, as seller, has conditionally agreed to sell 100% of the share capital of Shui On Granpex Limited, Pat Davie (China) Limited and Famous Scene Holdings Limited and the related shareholder’s loans for an aggregate consideration of approximately HKD340 million. The subsidiaries of these companies are engaged in the construction, interior decoration and fitting out businesses in the PRC.

For more information of the acquisition, please refer to the announcement of the Company published on 21 August 2014.

b) Purchase of Mitsui’s 49% interests in Value Land

Pursuant to a sale and purchase agreement dated 26 August 2014, Shui On Development (Holding) Limited ("SOD"), a wholly-owned subsidiary of the Company, as the buyer, has agreed to purchase and Mitsui, as the seller, has agreed to sell (a) 49% of the equity interest of Value Land, an indirect non-wholly owned subsidiary of the Company which owns interest in a subsidiary that is engaged in the property development in Foshan, the PRC and (b) the related shareholder’s loan with a total consideration of approximately RMB373 million. Upon the completion of the acquisition, Value Land will become an indirect wholly-owned subsidiary of the Company. The acquisition will be accounted for as an equity transaction, with the difference between the consideration paid and the decrease in the carrying amount of the non-controlling interest will be recognised directly in equity.

For more information of the sale and purchase agreement, please refer to the announcement of the Company published on 26 August 2014.

FINANCIAL REVIEW

Turnover of the Group for the six months ended 30 June 2014 increased by 45% to RMB5,236 million (2013: RMB3,623 million), primarily due to the increase in recognised property sales, rental and related income in 2014.

Property sales for the six months ended 30 June 2014 increased by 53% to RMB4,447 million (2013: RMB2,913 million) as a result of property delivered in the Shanghai Rui Hong Xin Cheng project. Shanghai Rui Hong Xin Cheng property sales and Chongqing property sales accounted for 87% (2013: nil) and 4% (2013: 72%) respectively. The significant increase in property sales is mainly attributable to the delivery of Shanghai Rui Hong Xin Cheng Phase 5 which contributed a higher average selling price, with a GFA consisting of 88,100 sq.m..

Details of property sales during the six months ended 30 June 2014 are contained in the paragraph headed "Property Sales" in the Business Review Section.

Rental and related income from investment properties of the Group rose by 9% to RMB764 million (2013: RMB701 million). The increase was primarily due to the contribution of rental income from Shanghai KIC and THE HUB and income from hotel operations. Rental income of Shanghai KIC increased due to an upswing in the occupancy rate. In addition, completion of the two Showroom offices at THE HUB has started to generate rental income as from the 2nd quarter in 2014. Details of the business performance of investment properties are contained in the sub-sections headed "Business Updates of CXTD Holding" and "Business Updates of Knowledge Communities" in the Business Review Section.

Gross profit for the six months ended 30 June 2014 increased to RMB1,667 million (2013: RMB1,419 million). Gross profit margin declined to 32% (2013: 39%). The decline in gross profit margin in 2014, was attributable to more turnover of the Group resulting from property sales where the gross profit margins were lower than rental and related income. The gross profit margin from property sales decreased to 26% (2013: 34%).

Other income increased by 52% to RMB226 million (2013: RMB149 million) comprising interest income of RMB137 million (2013: RMB106 million) together with the Group's gain of RMB16 million (2013: RMB21 million) from disposal of investment properties and gain of RMB69 million (2013: nil) from disposal of equity interest.

Selling and marketing expenses decreased significantly by 28% to RMB103 million (2013: RMB143 million) mainly due to the decrease in contracted sales achieved by the Group (excluding sales by associates) by 58% to RMB2,613 million (2013: RMB6,167 million).

General and administrative expenses increased by 34% to RMB543 million (2013: RMB406 million). The increase was attributable to the expenses incurred for the establishment of the fully integrated asset management platform of CXTD Holding and the costs incurred for the preparation works of its spin-off.

The various factors described above brought about an increase in *operating profit* by 22% to RMB1,247 million (2013: RMB1,019 million).

Increase in fair value of investment properties rose by 11% to RMB1,262 million (2013: RMB1,138 million), of which RMB414 million (2013: RMB327 million) was derived from completed investment properties and RMB848 million (2013: RMB811 million) came from investment properties under construction or development. The paragraph headed "Investment Property Business" in the Business Review Section offers a detailed description of these properties.

Share of results of associates represented a net loss of RMB90 million (2013: net gain of RMB3 million), which mainly included an impairment loss on the properties under development for sale, amounting to RMB67 million (2013: nil) attributable to the Group.

Finance costs, inclusive of exchange difference, amounted to RMB466 million (2013: RMB94 million). Total interest costs increased to RMB1,625 million (2013: RMB1,553 million). Of these interest costs, 85% (2013: 81%) or RMB1,385 million (2013: RMB1,256 million) were capitalised as cost of property development, with the remaining 15% (2013: 19%) interest relating to mortgage loans on completed properties and borrowings for general working capital purposes being expenses. Exchange loss of RMB126 million was due to the depreciation of the RMB against the HKD and the USD in 2014, while the Group recorded an exchange gain of RMB205 million in 2013.

Profit before taxation decreased by 6% to RMB1,939 million (2013: RMB2,066 million), as a result of the various factors outlined above.

Taxation increased by 12% to RMB834 million (2013: RMB743 million). The effective tax rate for 2014 was 33% (2013: 27%), after excluding the land appreciation tax of RMB273 million (2013: RMB247 million) which was assessed based on the appreciation value of sold properties) together with its corresponding enterprise income tax effect of RMB68 million (2013: RMB62 million). The increase in the effective tax rate resulted from the increase in interest and exchange losses from offshore borrowings that are not deductible in the PRC.

Profit attributable to shareholders of the Company for the six months ended 30 June 2014 was RMB797 million, a decrease of 24% when compared to the same period in 2013 (2013: RMB1,051 million).

Core earnings of the Group were as follows:

	Six months ended 30 June		
	2014	2013	Change
	RMB'million	RMB'million	%
Profit attributable to shareholders of the Company	**797**	1,051	(24%)
Increase in fair value of investment properties	**(1,262)**	(1,138)	
Effect of corresponding deferred tax charges	**308**	279	
Realised fair value gains of investment properties disposed	**30**	109	
Share of results of associates			
Fair value loss (gain) of investment properties	**14**	(20)	
Effect of corresponding deferred tax charges	**(4)**	5	
	(914)	(765)	19%
Non-controlling interests	**123**	38	
Net effect of changes in the valuation of investment properties	**(791)**	(727)	9%
Profit attributable to shareholders of the Company before revaluation of investment properties	**6**	324	
Add:			
Profit attributable to owners of perpetual capital securities	**155**	158	(2%)
Profit attributable to owners of convertible perpetual securities	**92**	-	
Core earnings of the Group	**253**	482	(48%)

Earnings per share attained RMB0.10, which is calculated based on a weighted average of approximately 8,002 million shares in issue during the six months ended 30 June 2014 (2013: RMB0.15, which is calculated based on a weighted average of approximately 6,973 million shares in issue).

Dividends payable to shareholders of the Company have to comply with certain covenants under the senior notes and perpetual capital securities as follows:

- Dividends payable to the shareholders of the Company (together with any redemption, repurchase or acquisition of the Company’s shares) should not exceed 20% of the Company’s consolidated profit for the then most recent two semi-annual periods prior to payment of the dividend, unless certain conditions pursuant to the terms of the senior notes have been met.

- In the case where the Company opts to defer the payment of coupons to the owners of perpetual capital securities, no dividend payments should be made to the shareholders of the Company unless all coupons so deferred have been paid in full.

Capital Structure, Gearing Ratio and Funding

On 17 February 2014, the Company and CXTD Holding (a wholly-owned subsidiary of the Company) completed a set of agreements with Brookfield. CXTD Holding issued to Brookfield, convertible perpetual securities in an aggregate principal amount of USD500 million. The Company also issued to Brookfield, 415 million warrants, exercisable for 415 million Company shares at an exercise price of HKD2.85 per Company share (subject to a cap of HKD3.62 on gain per Company share and customary anti-dilution adjustments).

On 19 February 2014, the Group entered into the China Offshore Renminbi bonds market for the first time and issued RMB2,500 million in 6.875% senior notes with a maturity of three years.

In April 2014, the Group undertook a liability management exercise by offering to exchange and/or purchase for cash the outstanding RMB3,500 million in senior notes due in 2015 and USD875 million in senior notes due in 2015.

This exercise received an overwhelming market response and it is the largest liability management exercise in Asia by a Chinese property developer. Following the completion, a total value of approximately USD840 million in senior notes with four-year maturity and six-year maturity senior notes were issued at 8.7% and 9.75% respectively.

On 3 June 2014, the Group issued another USD550 million in 9.625% senior notes with a maturity of five years.

The aforementioned fund raising exercises were carried out to improve and maintain the Group’s high liquidity profile.

The structure of the Group’s borrowings as of 30 June 2014 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 and other borrowings – RMB	16,169	1,397	3,965	9,501	1,306
Bank borrowings – HKD	7,096	2,653	2,251	2,192	-
Bank borrowings – USD	2,270	1,095	1,175	-	-
	25,535	5,145	7,391	11,693	1,306
Convertible bonds – RMB	407	-	407	-	-
Senior notes – RMB	3,705	1,187	-	2,518	-
Senior notes – SGD	1,289	1,289	-	-	-
Senior notes – USD	11,187	2,848	-	7,121	1,218
Total	42,123	10,469	7,798	21,332	2,524

Total cash and bank deposits amounted to RMB12,941 million as of 30 June 2014 (31 December 2013: RMB10,180 million), which included RMB2,590 million (31 December 2013: RMB3,571 million) of deposits pledged to banks and RMB748 million (31 December 2013: RMB1,231 million) of restricted bank deposits which can only be applied to designated property development projects of the Group.

As of 30 June 2014, the Group’s net debt balance was RMB29,182 million (31 December 2013: RMB24,911 million) and its total equity was RMB45,621 million (31 December 2013: RMB42,174 million). The Group’s net gearing ratio was 64% as of 30 June 2014 (31 December 2013: 59%), calculated on the basis of the excess of the sum of convertible bonds, senior notes, bank and other borrowings net of bank balances and cash (including pledged bank deposits and restricted bank deposits) over the total equity.

Total undrawn banking facilities available to the Group amounted to approximately RMB9,785 million as of 30 June 2014 (31 December 2013: RMB13,930 million).

Pledged Assets

As of 30 June 2014, the Group had pledged certain land use rights, completed properties for investment and sale, properties under development, accounts receivable and bank and cash balances totalling RMB59,344 million (31 December 2013: RMB60,785 million) to secure the Group's borrowings of RMB17,887 million (31 December 2013: RMB21,857 million).

Capital and Other Development Related Commitments

As of 30 June 2014, the Group had contracted commitments for development costs and capital expenditure in the amount of RMB11,570 million (31 December 2013: RMB12,219 million).

Future Plans for Material Investments and Sources of Funding

The Group plans to focus on the development of the existing landbank that encompasses prime locations. As appropriate opportunities arise, the Group may evaluate participation in projects of various sizes wherein its competitive strengths provide advantages. The Group may also pursue other prospects, including different ways to acquire land development rights for the purpose of undertaking property development projects or to increase the scale of current operations by leveraging the Group's master planning expertise.

Cash Flow Management and Liquidity Risk

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

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

Exchange Rate and Interest Rate Risks

The revenue of the Group is denominated in RMB. The convertible bonds and the senior notes issued in 2010 and 2011 were also denominated in RMB. As a result, the coupon payments and the repayment of the principal amounts of the convertible bonds and senior notes issued in 2010 and 2011 do not expose the Group to any exchange rate risk.

However, a portion of the revenue is converted into other currencies to meet our foreign-currency-denominated debt obligations, such as bank borrowings denominated in HKD and USD, and senior notes denominated in SGD and USD issued in 2012 and 2014.

As a result, to the extent that the Group has a net currency exposure, there is exposure to fluctuations in foreign exchange rates. In 2014, the PRC Central Government has relaxed the fluctuation of the RMB within a predefined range to a portfolio of various currencies. Given these circumstances, the Group has entered into various cross currency swaps of RMB against the SGD and the USD.

As of 30 June 2014, the Group held the following cross currency swaps:

a) to hedge against the variability of cash flow arising from the Group's SGD250 million senior notes due on 26 January 2015 ("2015 SGD Notes"). Under these swaps, the Group would receive interest at a fixed rate of 8% per annum and pay interest semi-annually at fixed rates ranging from 9.57% to 9.68% per annum, based on the notional amounts of RMB1,269 million in aggregate.

b) to hedge against the variability of cash flow arising from the Group's USD400 million senior notes due on 16 February 2015 ("2015 USD Notes"). Under these swaps, the Group would receive interest at a fixed rate of 9.75% per annum and pay interest semi-annually at fixed rates ranging between 9.2% and 9.78% per annum, based on the notional amounts of approximately RMB2,500 million in aggregate.

c) to hedge against the variability of cash flow arising from the Group's RMB2,000 million senior notes due on 26 February 2017 ("2017 RMB Notes"). Under these swaps, the Group would receive interest at a fixed rate of 6.875% per annum and pay interest semi-annually at a fixed rate of 5.975% per annum, based on the notional amounts of approximately USD328 million in aggregate.

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

At 30 June 2014, the Group had various outstanding loans that bear variable interest linked to Hong Kong Inter-bank Borrowing Rates ("HIBOR"), London Inter-bank Borrowing Rates ("LIBOR") and the People's Bank of China ("PBOC") Prescribed Interest Rate. 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 interests at variable rates at HIBOR and pay interests at fixed rates ranging from 0.53% to 0.64%; receive interests at variable rates at LIBOR and pay interests at fixed rates ranging from 0.54% to 0.71% and receive interests ranging from 115% to 125% of the PBOC Prescribed Interest Rate and pay interests at a fixed rate of 7.52% and 7.85%, based on the notional amounts of HKD2,377 million, USD305 million and RMB656 million, in aggregate.

Save as disclosed above, as of 30 June 2014, the Group did not hold any other derivative financial instruments that were linked to exchange rates or interest rates. The Group continues to monitor closely its exposure to exchange rate and interest rate risks, and may employ derivative financial instruments to hedge against risk if necessary.

INTERIM DIVIDEND

The Board has declared an interim dividend of HKD0.022 per share (2013: HKD0.022 per share) for the six months ended 30 June 2014, which is payable on or about 26 September 2014 to shareholders whose names appear on the register of members of the Company on 12 September 2014.

In order to qualify for the interim dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration not later than 4:30 p.m. on Friday, 12 September 2014.

PURCHASE, SALE OR REDEMPTION/CANCELLATION OF SECURITIES

On 14 April 2014, the Company announced the commencement of the USD Notes Exchange Offer, the RMB Notes Exchange Offer and the RMB Notes Tender Offer (as referred to in the announcement of the Company dated 14 April 2014) (collectively the "Offers"). The results of the Offers were announced by the Company on 13 May 2014 and the aggregate consideration paid by the Company to eligible holders pursuant to the Offers was USD844 million on the settlement date of 20 May 2014.

Following the completion of the Offers, (i) USD417.79 million of the USD875 million 9.75% senior notes due 2015 (the "USD Notes") had been cancelled in accordance with the terms of the USD Notes and the aggregate principal amount of the USD Notes remaining outstanding is USD457.21 million; and (ii) USD375.48 million of the RMB3,500 million USD settled 7.625% senior notes (the "RMB Notes") had been cancelled in accordance with the terms of the RMB Notes and the aggregate principal amount of the RMB Notes remaining outstanding is RMB1,190.99 million.

Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's securities during the six months ended 30 June 2014.

CORPORATE GOVERNANCE

The Company is committed to enhancing its corporate governance practices appropriate to the conduct and growth of its business and to reviewing its corporate governance practices from time to time to ensure they comply with all the applicable code provisions as set out in Appendix 14 (the "CG Code") of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and align with the latest developments.

Compliance with the CG Code

During the six months ended 30 June 2014, the Company has fully complied with the applicable code provisions of the CG Code.

Model Code for Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules as the code of conduct regarding securities transactions by the Directors.

Specific enquiry has been made of all the Directors and the Directors have confirmed that they have complied with the required standard set out in the Model Code during the six months ended 30 June 2014.

To comply with the code provision A.6.4 of the CG Code, the Company has established and adopted a Code for Securities Transactions by Relevant Employees (with the meaning ascribed thereto in the Listing Rules), on terms no less exacting than the Model Code, to regulate dealings in the shares of the Company by certain employees of the Company or any of its subsidiaries who are considered to be likely in possession of unpublished inside information in relation to the Company or its securities because of their offices or employments.

No incident of non-compliance with the Model Code by the Directors and the Code for Securities Transactions by Relevant Employees was noted by the Company.

Board Composition

The majority of the members of the Board of Directors (the "Board") of the Company are Independent Non-executive Directors ("INEDs"). Currently, the Board is made up of nine members in total, with three Executive Directors, one Non-executive Director and five INEDs.

Chairman and Chief Executive

As announced by the Company in January 2014, Mr. Freddy C. K. LEE resigned as an Executive Director and the Chief Executive Officer of the Company with effect from 10 January 2014. The Board expected that more time would be taken to identify a suitable high caliber candidate with the appropriate skills and knowledge to become the new Chief Executive Officer of the Company. During the transitional period, Mr. Vincent H. S. LO ("Mr. LO") who is the Chairman of the Company and one of the members of the Executive Committee of the Company ("EXCOM") resumed a more active role in steering the business and to leverage his experience to guide the EXCOM at a strategic level and promote the Company's sustainable growth. The reformed EXCOM after the reorganized management of the Group collectively takes the key management role of the Company on executive decisions and takes up the functional duties of Chief Executive Officer. The roles of chairman and chief executive of the Company are separated and currently performed by Mr. LO and the EXCOM respectively. The division of responsibilities of chairman and chief executive is clearly established and set out in writing.

Board Committees

The Board has established four Board committees with defined terms of reference, namely Audit Committee, Remuneration Committee, Nomination Committee and Finance Committee, for overseeing particular aspects of the Company's affairs. Majority of the members of the Board committees are INEDs.

The Audit Committee has reviewed the Group's unaudited condensed consolidated financial statements for the six months ended 30 June 2014, including the accounting principles and practices and internal control system, adopted by the Company, in conjunction with the Company's external auditor. The Audit Committee has no disagreement with the accounting treatment adopted.

Awards Received

During the six months ended 30 June 2014, the Company was awarded the "Corporate Governance Asia Recognition Award 2014 – Best Investor Relations Company" organized by Corporate Governance Asia.

EMPLOYEES AND REMUNERATION POLICY

As of 30 June 2014, the number of employees in the Group was 3,223 (31 December 2013: 3,141); which included the headcount of China Xintiandi at 458 (31 December 2013: 432), the headcount of the property management business at 1,668 (31 December 2013: 1,569). The Group provides a comprehensive benefits package for all employees as well as career development opportunities. This includes retirement schemes, share option scheme, medical insurance, other insurances, in-house training, on-the-job training, external seminars, and programs organized 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. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's condensed consolidated statement of financial position as of 30 June 2014, the condensed consolidated statement of profit or loss, the condensed consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the period then ended as set out in the preliminary announcement have been extracted from the Group's unaudited condensed consolidated financial statements for the period, which has been reviewed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu in accordance with Hong Kong Standards on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

APPRECIATION

The first half of 2014 has been a challenge for us all, but with the changes in our management structure we are now in a much stronger position than we have been for some time. I would like to take this opportunity to thank my fellow Directors, our management and staff for embracing these changes and sharing our vision on the way forward.

I would also like to welcome Mr Brian Kingston and Mr William Powell of Brookfield to the Board of China Xintiandi. We have a great deal to learn from Brookfield, and I would hope they find their experience with us equally rewarding.

As we enter the second half of 2014, I am confident that our reinvigorated management structure gives us a strong foundation for achieving improved results and creating greater value for our shareholders in the future.

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

Hong Kong, 27 August 2014

At the date of this announcement, the executive directors of the Company are Mr. Vincent H. S. LO (Chairman), Mr. Daniel Y. K. WAN and Mr. Philip K. T. WONG; the non-executive director of the Company is Mr. Frankie Y.L. WONG; and the independent non-executive directors of the Company are Sir John R. H. BOND, Dr. William K. L. FUNG, Professor Gary C. BIDDLE, Dr. Roger L. McCARTHY and Mr. David J. SHAW.

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;*
- *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; 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*