瑞安房地產
SHUI ON LAND

DRIVING BALANCED AND SUSTAINABLE GROWTH
促進均衡 持續增長

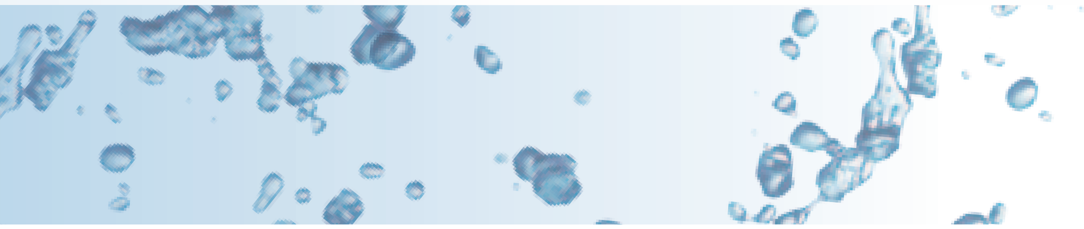
SHUI ON LAND LIMITED
INTERIM REPORT 2012
瑞安房地產有限公司
二零一二年中期業績報告

Stock code 股份代號：272

目錄 Contents

DRIVING BALANCED AND SUSTAINABLE GROWTH

The cover of this year's interim report depicts the theme of Driving Balanced and Sustainable Growth. Two vibrant carp leaping into the air symbolise Shui On Land's drive, passion and commitment to rise above challenges. The symmetry of the dynamic twin carp represents the inherent balance and interplay of the Group's business streams, striving together to generate sustainable growth.



Innovative Property Developer in China

A Pioneer in Customisation to Fulfill Customers' Needs

Shui On Land is one of China's most visionary and innovative property developers.
To meet the rapid growth of housing demand and of our customer's changing needs, we are accelerating the completion of our projects while focusing on our core value of innovation by introducing both customisation and standardisation.

The structure of social and family life has undergone significant changes in recent years and the needs and lifestyles of our customers have also changed. To cater to these individual preferences, we have pioneered the customisation of floor plans and materials, allowing customers to choose their own designs. We have also introduced the standardisation of unit sizes and construction materials to meet our accelerated completion targets. These combined strategies have not only helped to enhance the flexibility and functionality of our products, but also to conserve the use of the earth's resources.

In this, as in all our aspects of our business, we remain market leaders.

CHAIRMAN'S STATEMENT

Vincent H. S. LO
Chairman

Global instability in the political and economic sectors continued to cloud the first six months of the year, setting unique, worldwide challenges. The situation in the Euro Zone remained volatile, having a sustained impact on the international financial arena, particularly in terms of the availability and cost of funds.

This impact was also felt in China, where concerns regarding the global economy cast a shadow over the country's real estate market. A direct result was the relatively low total number of property transactions during the first three months of the year. However, Government moves to stimulate the market – among them, lowering interest rates and offering mortgage discounts to first time home buyers – began to yield positive results in the second quarter ("2Q 2012"), as property transactions increased accordingly.

For the six-month period ended 30 June 2012, the Group generated turnover of RMB1,643 million (HK$2,023 million), representing a decrease of 8% compared to the same period in 2011. Profit attributable to shareholders was RMB825 million or HK$1,016 million (2011: RMB784 million or HK$935 million). Basic earnings per share were RMB0.15 (HK$0.18), remained the same as the corresponding period of last year.

> By exercising foresight to raise capital early in the year, the Group was able to secure funding at a relatively reduced cost, with more enthusiastic support from the investment community. As a result, the Group has increased its liquidity with a view to ensuring smooth business operations.

Moving Steadily Ahead

Anticipating continued volatility in the global economy, Shui On Land took the opportunity of the relatively favourable environment during the beginning months of the year to successfully issue two corporate bonds. By exercising foresight to raise capital early in the year, the Group was able to secure funding at a relatively reduced cost, with more enthusiastic support from the investment community. As a result, the Group has increased its liquidity with a view to ensuring smooth business operations during this ongoing period of market uncertainty.

Another highlight of the first half of the year ("1H 2012") was the launch and opening of Foshan Lingnan Tiandi in Guangdong Province. The enthusiastic response to this new landmark in Foshan is most encouraging. Both the commercial and residential units in this 1.5 million sq.m. development have been very warmly received by the market, testament to the ongoing popularity of the Group's Tiandi "master-planned community" concept. Another major development, THE HUB, in Hongqiao Shanghai, is on schedule for completion of the first phase next year. This exciting new landmark and new business and lifestyle platform will serve the entire Hongqiao Commercial Zone and the 75-million-population within the High Speed Railway's one-hour catchment area. The Group is already receiving very positive feedback on THE HUB.

> "The period under review also marks the first full year since I handed over CEO responsibilities to Mr. Freddy C. K. Lee. I am pleased to report that the transition was extremely smooth. In no small measure, this was due to meticulous succession planning and the depth of the management team."

Over the years, one of the Group's key strengths has been its landbank, which features premium sites in desirable, rapidly-developing locations. During 1H 2012, keeping to the path of prudence, Shui On Land did not make any acquisitions due to market volatility. However, the Group is continuously planning and evaluating potential additions to its landbank.

The period under review also marks the first full year since I handed over CEO responsibilities to Mr. Freddy C. K. Lee. I am pleased to report that the transition was extremely smooth. In no small measure, this was due to meticulous succession planning and the depth of the management team. This backdrop allowed me to concentrate my efforts in the months ahead on working closely and comprehensively with Freddy and the senior management team to complete the Group's next Three-Year Plan for 2013-2015.

Commercial Property Spinoff

It is very gratifying to chart the progress of the Xintiandi brand, and especially to see how it has achieved a status all its own. It is a name and brand now associated with city landmarks that attract visitors and draw foot traffic, offering luxurious, well-planned environments. Many of our tenants have become strong believers in and advocates for the "Xintiandi" concept, expanding their retail networks with the opening of each new "Xintiandi-styled development".

As the Group's commercial property portfolio continues to expand, the business has grown to a size where it merits, indeed requires its own management team to fully capitalise on growth opportunities in the market.

Consequently, during 1H 2012, the Group submitted to The Stock Exchange of Hong Kong Limited a proposal to spin off, and an application to list on the exchange, the commercial property business in a new company called China Xintiandi. At present, the proposed spinoff and listing remain subject to various conditions and approval processes, and ultimately, the timing of which is very much dependant on the prevailing market conditions.

There are many good reasons for this proposed spinoff. It would provide the commercial property business a separate platform for capital raising and to grow and expand its business, which would in turn benefit Shui On Land as Shui On Land will remain a controlling shareholder of China Xintiandi after the spinoff. Furthermore, by spinning off the commercial properties into a new, pure-play vehicle in China Xintiand, Shui On Land would be able to focus on its core business of property development.

Looking Ahead

External market conditions had an inevitable bearing on the results for the first half of the year. Looking ahead to the second half, Shui On Land anticipates continued volatility in the global political and economic sectors. Assisted by Government measures to stimulate the economy, lower interest rates and the easing of restrictions in the banking sector, the Group is working diligently and optimistically to meet its milestone target of delivering one million sq.m. property by the end of the year. New residential units are scheduled to make their debut during the second half of the year ("2H 2012"), including units at the Knowledge and Innovation Community and Rui Hong Xin Cheng in Shanghai – two of the Group's well-established and popular developments.

Appreciation

As always, I thank our shareholders and business partners for their continued and invaluable support. I would also like to convey my appreciation to our Board of Directors, management and staff for their loyalty, dedication and tireless efforts. Throughout the economic volatility of recent years, it is this fortuitous combination of individuals with resilience, capability and talent that has driven the Group's development, and continues to do so.

My team and I at Shui On Land look forward to delivering the world-class projects already in the pipeline, and to continuously creating value for our shareholders.

Vincent H. S. LO
Chairman

Hong Kong, 23 August 2012

CEO REPORT

Freddy C. K. LEE
Managing Director & CEO

Despite the volatile global economy, the Group has been capitalising on its inherent strengths and market opportunities to deliver value for our shareholders.

To curb the rise in residential property prices, the Chinese Government has implemented a series of measures which resulted in falling sales prices across the property market over the past year. However, facing the prospect of a decelerating economy, the Chinese Government has introduced various measures to stimulate end-users' demand in the real estate market by lowering interest rates and offering preferential mortgage rates for first-time homebuyers. Market sentiment and confidence are improving, enticing buyers to re-enter the market.

Delivering on Sales Targets

The total estimated value of Shui On Land's residential properties available for sale and presale in the first half of 2012 ("1H 2012") was around RMB3.4 billion. New launches mainly came from projects in Chongqing, Wuhan and Foshan. Smaller and medium-sized units have been selling well in those cities, delivering sell-through rates of around 60% within 1H 2012.

> “The Group’s commitment to high-end, high-quality residential and commercial real estate developments continues to draw strong demand, which remains resilient despite the challenging operating environment.”

The Group is planning to launch an additional RMB9 billion in new inventory during the second half of 2012 (“2H 2012”) – including units at Knowledge and Innovation Community and Rui Hong Xin Cheng in Shanghai which had sold out for almost 18 months – with a targeted 80% sell-through rate within the first month of launch. As these are new sites, it is expected there will be some flexibility in pricing. Accordingly, the Group is intentionally releasing smaller and medium-sized units to meet the needs of the market and property end-users.

Although the volatile markets have impacted China’s property arena, the Group’s commitment to high-end, high-quality residential and commercial real estate developments continues to draw strong demand, which remains resilient despite the challenging operating environment.

In most of our cities, our commercial properties enjoy competitive rental and high occupancy rates, providing steady income to the Group. Following the success of en-bloc sales of commercial property in Wuhan and Chongqing to Ping An Insurance last year, the Group is currently in negotiations for further en-bloc and institutional sales, details of which are expected to be announced shortly.

Delivering on Projects

The progress of development at THE HUB in Shanghai places it amongst the most advanced developments in the Hongqiao Commercial Zone. The project is on track to launch next year, with full completion timetabled in 2014. Pre-leasing negotiations are going well, and potential tenants are expressing strong interest in THE HUB.

Basement construction is completed on the office and commercial podium of Lot 126 (Corporate Avenue Phase II) at the Taipingqiao Project in Shanghai, and full project completion is expected by the end of next year. Site clearance of Lot 127 is scheduled to be completed by the fourth quarter of this year ("4Q 2012"), giving way to construction work in no time.

Wuhan Tiandi A5 has achieved an over 80% occupancy rate and a record-high office rental in the city, demonstrating strong demand for the Group's high quality master-planned commercial developments. The commercial podium of Site A123 is under construction, and sales of site B Lot 9 residential are ongoing.

One of the Group's largest projects, Chongqing Tiandi is generating encouraging sales performance, and a new residential site B20 will be launched in August this year. Following the en-bloc sales of units to Ping An Insurance, the Group is aiming to deliver the sold properties during 2H 2012.

In Foshan, the Group is making preparations for the sales launch of new townhouses and apartments during 2H 2012. After its first phase opened in the beginning of this year, approximately 68% of the total area is leased, 22 shops are in business and Foshan Lingnan Tiandi is becoming a must-see attraction in Foshan – drawing encouraging response from both local government and the general public. It is also the first property project in the world to be pre-certified by the U.S. Green Building Council (USGBC) for the LEED-Neighborhood Development Pre-certified Gold Plan. Encouraged by this great honor, Shui On Land hosted its first sustainable development forum: "Sustainable Community • Cultural Continuity" at Foshan Lingnan Tiandi in June this year to share the latest insights and information about sustainable development for the long-term betterment and development of society.

Delivering for the Future

As market sentiment improves, the Group remains cautiously optimistic about achieving its sales targets for 2H 2012. As China's property market stabilises, the key to success will be maintaining a flexible and diversified sales strategy while adhering to strict financial management and discipline.

Looking ahead, the Group will focus on enhancing and realising asset value of our prime commercial properties with the planned spinoff of China Xintiandi, while maintaining a continued emphasis on growth and our commitment to deliver value to shareholders.

Appreciation

2012 marks my first full year as CEO of Shui On Land. Thanks to the meticulous succession planning of the Chairman and the full support of our Board, the transition in roles has been executed very smoothly. I must express my gratitude to the Chairman for giving me ample space and freedom to establish and take charge of execution as CEO in the shortest period of time. Finally, I must thank our staff for their hard work and dedication, which fuels Shui On Land's ongoing success.

Freddy C. K. LEE
Managing Director & CEO

Hong Kong, 23 August 2012

Business Review

For the first half of year 2012 ("1H2012"), the Group recorded turnover of RMB1,643 million, with property sales and rental and related income from investment properties accounting for 65% and 34%, respectively, of total turnover. This compares with turnover of RMB1,788 million for the first half of year 2011 ("1H2011").

Property Sales

Recognised Property Sales

Due to fewer properties being delivered and recognised as property sales during the reporting period, recognised property sales decreased 22% to RMB1,062 million for a total GFA of 51,800 sq.m.. Recognised property sales for Dalian Tiandi stood at RMB389 million, and its related profit was recorded in the share of results of associates.

The table below summarises by project the recognised sales (stated after the deduction of business tax of 5% and other surcharges/taxes) for 1H2012 and 1H2011:

	1H2012			1H2011			
Project	Sales revenue RMB'million	GFA sold sq.m.	ASP RMB per sq.m.	Sales revenue RMB'million	GFA sold sq.m.	ASP RMB per sq.m.	ASP Growth Rate %
Shanghai Taipingqiao	50	360	147,200	423	3,100	143,600	3%
Shanghai Rui Hong Xin Cheng ("RHXC")	190	5,100	39,500	5	200	29,200	35%
Shanghai Knowledge and Innovation Community ("KIC")	35	1,900	19,500	36	1,900	20,500	-5%
Wuhan Tiandi	96	3,500	29,100	46	1,200	40,400	-28%
Chongqing Tiandi[1]	431	40,300	13,800	94	9,700	12,800	8%
Foshan Lingnan Tiandi	18	840	22,700	696	40,600	18,000	26%
Subtotal	820	52,000	16,700	1,300	56,700	25,200	-34%
Carparks and others	246	–		92	–		
Dalian Tiandi	389	33,100	12,500	301	17,100	18,500	-32%
Total	1,455	85,100	18,100	1,693	73,800	24,100	
Recognised as:							
– property sales in turnover of the Group[2]	1,062	51,800	21,700	1,356	54,800	26,000	-17%
– disposals of investment property[2]	4	200	21,200	36	1,900	20,500	
– turnover of associates	389	33,100	12,500	301	17,100	18,500	
Total	1,455	85,100		1,693	73,800		

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 "disposals of investment properties".

The 17% decrease in recognised ASP was mainly due to a change in product mix. In 1H2012, 41% of property sales in turnover of the Group were from Chongqing Tiandi which commands a lower ASP. Chongqing Tiandi contributed 7% of property sales in turnover of the Group in 1H2011.

The Group's developments recorded healthy ASP growth in the period under review. ASP for Shanghai Taipingqiao rose 3% to RMB147,200 per sq.m., Shanghai RHXC soared 35% to RMB39,500 per sq.m., and Chongqing Tiandi increased 8% to RMB13,800 per sq.m.. The ASP in Foshan Lingnan Tiandi saw a 26% jump to RMB22,700 per sq.m. due to some premium-priced townhouse units being delivered in 1H2012.

The ASP of Shanghai KIC declined as properties delivered in 1H2012 were mainly SOHO units, whose selling prices are historically lower than those of general office units. Similarly, the ASP of Wuhan Tiandi was lower during the period under review, as the properties delivered in 1H2011 were a mix of street level retail shops and residential units of The Riverview Phase 2 residential development located in Site A. Selling prices of retail shops were higher than those of residential property. The ASP in Dalian Tiandi was lower as the units delivered in 1H2012 were mainly apartments, while the delivery in 1H2011 consisted of a mix of apartments and premium-priced townhouses.

Contracted Sales

The table below provides an analysis by projects of contracted sales (stated before the deduction of business tax of 5% and other surcharges/taxes) for 1H2012 and 1H2011:

	1H2012			1H2011			
Project	**Contracted amount RMB'million**	**GFA sold sq.m.**	**ASP RMB per sq.m.**	Contracted amount RMB'million	GFA sold sq.m.	ASP RMB per sq.m.	**ASP Growth Rate %**
Property sales:							
Shanghai Taipingqiao	**53**	**360**	**147,200**	498	3,500	142,300	**3%**
Shanghai RHXC	**14**	**360**	**38,900**	1,269	32,000	39,700	**-2%**
Shanghai KIC	**40**	**1,400**	**28,600**	39	1,900	20,500	**40%**
Wuhan Tiandi	**577**	**25,000**	**23,100**	1,197	35,800	33,400	**-31%**
Chongqing Tiandi[1]	**319**	**30,000**	**13,000**	467	37,700	15,100	**-14%**
Foshan Lingnan Tiandi	**160**	**4,200**	**38,100**	474	13,000	36,500	**4%**
Subtotal	**1,163**	**61,320**	**19,000**	**3,944**	**123,900**	**31,800**	**-40%**
En-bloc sales:							
Wuhan Tiandi – A5	**–**	**–**	**–**	963	58,800	16,400	**–**
Dalian Tiandi	**179**	**14,600**	**12,300**	294	23,900	12,300	**–**
Car parks and others	**204**	**–**		69	–		
Total contracted sales	**1,546**	**75,920**	**20,400**	**5,270**	**206,600**	**25,500**	**-20%**

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

The Group had a total GFA of 189,700 sq.m. available for sale and pre-sale in 1H2012. Contracted sales for 1H2012 were RMB1,546 million, and decreased by 71% from RMB5,270 million in 1H2011. A total GFA of 75,920 sq.m. was sold and presold with the ASP 20% lower at RMB20,400 per sq.m., which was the result of a change in product mix. The ASPs of Shanghai Taipingqiao, Shanghai RHXC and Foshan Lingnan Tiandi townhouses remained stable in 1H2012.

Contracted sales for Wuhan Tiandi in 1H2012 were primarily the presale of a new development site – The Regal Riverview Phase 1 in Site B – which is located next to north of No.2 Yangtze River Bridge. The ASP for the reporting period was recorded at RMB23,100 per sq.m., 31% lower than the ASP of The Riverview Phase 3 located at Site A and sold in 1H2011. The current price reflects the lesser prime location of The Regal Riverview Phase 1 in Wuhan Tiandi and the construction works of Site B being in the initial stage. By contrast, The Riverview Phase 3 residential development in Site A is already at a mature stage, with an advantageous waterfront position facing the Yangtze River in Wuhan Tiandi and providing immediate access to the Wuhan Tiandi entertainment hub area.

For 1H2012, the ASP for Chongqing Tiandi The Riviera decreased by 14% to RMB13,000 per sq.m. as more small size units and apartments enjoying garden and city views in Phase 3 were sold.

In addition, a total GFA of around 36,900 sq.m. was subscribed and subject to formal sale and purchase agreements as of 30 June 2012, totally amounted to RMB580 million.


The charming night view of The Phase 3 square of Wuhan Xin Tiandi

At the conclusion of 1H2012, there were several en-bloc sales transactions under negotiation, which the Group is confident of concluding in the second half of year 2012 ("2H2012").

Locked-in sales carried forward to 2H2012 and beyond

As of 30 June 2012, total locked-in sales for delivery in 2H2012 and beyond had reached RMB4,887 million (including those of Dalian associates) with GFA of 345,100 sq.m..

Residential GFA available for sale and pre-sale in 2H2012

The Group plans to have approximately 564,400 sq.m. of residential GFA spanning seven Group projects available for sale and pre-sale during 2H2012, among which around 450,600 sq.m. properties are planned for new launches. New towers with different product design and layout in Wuhan (Site B), Chongqing (Phases 2 to 5), Foshan (Phase 2) and Dalian will be launched in 2H2012. New launches for Shanghai KIC Jiangwan Regency (Lot 311 Phase 1) and Shanghai Rui Hong Xin Cheng (Phase 5) are scheduled to commence in October 2012 and December 2012, respectively. Construction works in Shanghai RHXC, Shanghai KIC and Wuhan have also been accelerated to meet market demand.

SHANGHAI

New residential units at Knowledge and Innovation Community and Rui Hong Xin Cheng will be launched for sale during the second half of the year. A 103,000 sq.m. shopping mall and 75,000 sq.m. office/entertainment/dining complex at THE HUB in Hongqiao are on schedule for completion next year.

THE HUB will become a new landmark in West Shanghai comprising functions of showroom office, hotel, shopping, entertainment and performance

KIC endeavours to build the Think Tank in Shanghai

Rui Hong Xin Cheng leads the international modern lifestyle

The table below summarises residential properties planned to be available for sale and pre-sale in 2H2012:

Project		Available for sale and pre-sale in 2H2012	Group's interest
Shanghai Taipingqiao	The Manor	700	99.0%
Shanghai RHXC	Phase 5	23,000	99.0%
Shanghai KIC	Jiangwan Regency (Lot 311 Phase 1)	49,300	99.0%
Wuhan Tiandi	The Regal Riverview Phase 1 (Lots B9 and B11)	98,700	75.0%
Chongqing Tiandi	The Riviera Phases 2 to 5	182,500	79.4%
Foshan Lingnan Tiandi	Legendary Phase 2 and Regency Phase 2	65,900	100.0%
Subtotal		420,100	
Dalian Tiandi[1]	Huangnichuan and Hekou Bay	144,300	48.0%
Total		**564,400**	

1 Dalian Tiandi is a project developed by associates of the Group. Sales of Dalian Tiandi are not consolidated as revenue of the Group. Instead, the share of results of Dalian Tiandi is incorporated in the Group's consolidated income statement as "share of results of associates" using the equity method of accounting.

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

Investment property

Rental and related income from investment properties rose significantly by 39% to RMB563 million for 1H2012. The increase was mainly due to rental growth from the existing completed investment property portfolio and income from the newly acquired, mature investment properties, namely Shanghai Shui On Plaza and Shanghai Langham Xintiandi Hotel. These acquisitions were completed on 16 March 2012.

For 1H2012, a total GFA of 113,000 sq.m. of investment properties were newly completed, of which 61,000 sq.m. were held by subsidiaries of the Group and 52,000 sq.m. were held by associate companies.

As of 30 June 2012, a portfolio of approximately 626,000 sq.m. in GFA of completed investment properties was held by subsidiaries of the Group. Approximately 56%, 37% and 7%, were earmarked for retail, office and hotel space, respectively. Geographically, around 71%, 11%, 10%, 7% and 1%, were located in Shanghai, Foshan, Chongqing, Wuhan and Hangzhou respectively. The rental and related income generated from this portfolio of investment properties is recorded in the Group's turnover. In addition, the rental income and the related profit of a total GFA of approximately 207,000 sq.m. located at Dalian held by associates of the Group, were recorded in the share of results of associates.

The carrying value of the completed investment properties (excluding hotel and self-used properties) rose by 20% to RMB21,632 million, of which RMB449 million (representing 2% of the carrying value) arose from increase in fair value, for a GFA of 549,000 sq.m. during 1H2012. Contributing factors included an increase in rental and related income generated from the existing completed investment property portfolio, completion of new investment properties as well as the completed acquisition of Shanghai Shui On Plaza. The properties located in Shanghai, Wuhan, Foshan and Chongqing, respectively contributed 87%, 5%, 5% and 3% of the carrying value.

Investment properties under development total a GFA of 995,000 sq.m. and rose by 20% to RMB11,886 million, of which RMB819 million (representing 7% of the carrying value) arose from increase in fair value during 1H2012. The increase was mainly due to the accelerated construction works of Corporate Avenue Phase 2 located at the Taipingqiao project and THE HUB project in Shanghai, together with various office buildings located in Chongqing as well as the retail podium at Wuhan Tiandi Lots A1/A2/A3. These projects are planned for progressive completion between 2013 to 2015.

The carrying value of Shanghai Langham Xintiandi Hotel, Shanghai 88 Xintiandi Hotel as well as the newly completed Foshan Marco Polo Hotel was RMB2,573 million. These projects were carried at either the original acquisition cost or the construction cost, net of accumulated depreciation.

Carrying value of the remaining commercial-use landbank acquired on or before 2007, was stated at cost of RMB9,137 million.

The table below summarises the carrying value of the investment properties as of 30 June 2012 together with the change in fair value for 1H2012:

Project	GFA sq.m.	Increase in fair value for 1H2012 RMB'million	Carrying value as of 30 June 2012 RMB'million	Carrying value per GFA RMB per sq.m.	Valuation Gain to Carrying Value %
Completed investment properties at valuation					
Shanghai Taipingqiao	212,000	119	13,024	61,400	1%
Shanghai RHXC	47,000	16	996	21,200	2%
Shanghai KIC	169,000	90	4,794	28,400	2%
Wuhan Tiandi	46,000	153	1,111	24,200	14%
Chongqing Tiandi	45,000	55	637	14,200	9%
Foshan Lingnan Tiandi	30,000	16	1,070	35,700	1%
Subtotal	**549,000**	**449**[1]	**21,632**	**39,400**	**2%**
Investment properties under development at valuation					
Shanghai Taipingqiao	157,000	230	5,092	32,400	5%
THE HUB	233,000	156	3,726	16,000	4%
Shanghai KIC	5,000	–	27	5,400	–
Wuhan Tiandi	110,000	218	729	6,600	30%
Chongqing Tiandi	490,000	215	2,312	4,700	9%
Subtotal	**995,000**	**819**	**11,886**	**11,900**	**7%**
Investment properties under development at cost					
Various projects		–	9,137		
Total		**1,268**	**42,655**		

1 Valuation gain of RMB49 million from investment properties completed in 1H2012 was recognised during the development stage.

The table below summarises the carrying value of the hotel properties as of 30 June 2012:

Project	GFA sq.m.	Carrying value as of 30 June 2012 RMB million	Carrying value per GFA RMB per sq.m.
Shanghai Taipingqiao			
Shanghai Langham Xintiandi Hotel	33,000	1,906	57,800
Shanghai 88 Xintiandi Hotel	5,000	96	19,200
Foshan Lingnan Tiandi			
Foshan Marco Polo Hotel	38,000	571	15,000
Total	**76,000**	**2,573**	**33,900**

The table below summarises the portfolio of completed investment properties together with their respective occupancy rates:

Project	Leasable GFA (sq.m.) Office	Retail	Hotel/ Serviced apartments	Total	Occupancy rate 30 June 2012	31 December 2011	31 December 2010	Group's interest
Completed before 2012								
Shanghai Taipingqiao								
Shanghai Xintiandi	5,000	47,000	5,000	57,000	98%	100%	93%	97.0%
Shanghai Xintiandi Style	–	27,000	–	27,000	89%	96%	89%	99.0%
Shanghai Corporate Avenue	76,000	7,000	–	83,000	100%	100%	99%	99.0%
Shanghai Shui On Plaza	30,000	28,000	–	58,000	100%	N/A	N/A	80.0%
Shanghai RHXC								
Phase 1	–	5,000	–	5,000	100%	100%	100%	79.8%
Phase 2	–	28,000	–	28,000	99%	100%	100%	79.0%
Phase 3	–	2,000	–	2,000	58%	39%	N/A	79.0%
Phase 4	–	12,000	–	12,000	74%	N/A	N/A	79.0%
Shanghai KIC								
KIC Plaza Phase 1	29,000	21,000	–	50,000	80%	77%	81%	86.8%
KIC Plaza Phase 2	39,000	10,000	–	49,000	81%	79%	17%	86.8%
KIC Village R1 and R2	20,000	11,000	–	31,000	82%	75%	39%	86.8%
KIC Plaza C2	30,000	12,000	–	42,000	42%	33%	N/A	86.8%
Hangzhou Xihu Tiandi								
Phase 1	–	6,000	–	6,000	100%	100%	100%	100.0%
Wuhan Tiandi								
Wuhan Tiandi (Lot A4-1)	–	16,000	–	16,000	94%	98%	94%	75.0%
Wuhan Tiandi (Lots A4-2 and 3)	–	30,000	–	30,000	84%	91%	70%	75.0%
Chongqing Tiandi								
The Riviera Phase 1	–	2,000	–	2,000	94%	100%	100%	79.4%
The Riviera Phase 2 (Stage 1)	–	2,000	–	2,000	91%	96%	N/A	79.4%
Chongqing Tiandi (Lot B3/01)								
– Phase 1	–	10,000	–	10,000	100%	100%	98%	79.4%
– Phase 2	–	39,000	–	39,000	54%	59%	45%	79.4%
Foshan Lingnan Tiandi								
Lot 1 Phase 1	–	16,000	–	16,000	68%	22%	N/A	100.0%
Dalian Tiandi								
Software office buildings (D22)	42,000	–	–	42,000	90%	91%	65%	48.0%
Ambow training school	113,000	–	–	113,000	100%	100%	N/A	48.0%
Subtotal	**384,000**	**331,000**	**5,000**	**720,000**				
New completion in 1H2012								
Chongqing Tiandi								
The Riviera Phase 2 (Stage 2 and 3)	–	5,000	–	5,000	N/A	N/A	N/A	79.4%
The Riviera Phase 3 (Area A)	–	4,000	–	4,000	N/A	N/A	N/A	79.4%
Foshan Lingnan Tiandi								
Marco Polo Hotel (Lot D)	–	14,000	38,000	52,000	N/A	N/A	N/A	100.0%
Dalian Tiandi								
Software office buildings (D14 – SO2/SO4)	52,000	–	–	52,000	N/A	N/A	N/A	48.0%
Subtotal	**52,000**	**23,000**	**38,000**	**113,000**				
Total leasable GFA	**436,000**	**354,000**	**43,000**	**833,000**				
Investment property held by:								
– Subsidiaries of the Group	229,000	354,000	43,000	626,000				
– Associated companies	207,000	–	–	207,000				
As of 30 June 2012	**436,000**	**354,000**	**43,000**	**833,000**				
As of 31 December 2011	**356,000**	**303,000**	**5,000**	**664,000**				

Note: Hotels and self-used properties are classified as property, plant and equipment in the condensed financial statements.

WUHAN

Wuhan Tiandi A5 has achieved an 80%+ occupancy rate and is commanding record-high office rental, indicating strong demand for Shui On Land's high quality master-planned commercial developments.

Wuhan Tiandi becomes the city complex landmark

The elegant and refined Wuhan Tiandi Showroom

The show flat of The Regal Riverview at Wuhan Tiandi highlights its distinguished quality

Proposed China Xintiandi Spin-off

On 28 May 2012, the Group announced its plans to dispose part of Shui On Land's interest in China Xintiandi Limited (formerly China Xintiandi Company Limited) ("China Xintiandi"), a wholly owned subsidiary of Shui On Land, by way of a separate listing of the shares of China Xintiandi on the Main Board of the Hong Kong Stock Exchange and global offering (the "Proposed China Xintiandi Spin-off") and has submitted a listing application to the Hong Kong Stock Exchange for the shares of China Xintiandi in connection with the Proposed China Xintiandi Spin-off.

China Xintiandi is positioned to be the premier commercial property company of the Group, focusing principally on managing, designing, leasing, marketing, enhancing and redeveloping premium retail, office, entertainment and hotel properties in affluent urban areas in the PRC.

There is no assurance that the Proposed China Xintiandi Spin-off will take place or as to when it may take place. The Proposed China Xintiandi Spin-off is subject to, among other factors, the approval by the Listing Committee of the Hong Kong Stock Exchange, the prevailing market conditions, the final decisions of the board of directors of Shui On Land, of the board of directors of China Xintiandi, the approval of the shareholders of Shui On Land and ultimately its timing will be dependent on prevailing market conditions.

Cooperation and Partnership

The Group will continue to seek appropriate strategic partners to co-develop projects. This strategy allows the Group to tap the expertise of our strategic partners, accelerate returns from our projects, diversify risks and enhance cash flow. On 22 August 2012, the Group entered into a sale and purchase agreement with Mitsui Fudosan Residential Co., Ltd. ("Mitsui") for the co-development of Lots 6 and 16 of Foshan Lingnan Tiandi with an estimated aboveground GFA of approximately 62,000 sq.m.. Under the sale and purchase agreement, Mitsui agreed conditionally to purchase 44.1% effective interest in Lots 6 and 16 of Foshan Lingnan Tiandi with a total cash consideration of approximately RMB224 million.

Property Development – Accelerating Development

To accomplish the "Three-Year Plan" initiatives set in 2009, the Group has been expediting the development of various projects. The table below summarises the projects that were completed in 1H2012 and are planned for completion in 2H2012:

Project	Residential sq.m.	Office sq.m.	Retail sq.m.	Hotel/ serviced apartments sq.m.	Subtotal sq.m.	Clubhouse, carpark and other facilities sq.m.	Total sq.m.
Property delivered in 1H2012							
Chongqing Tiandi	86,000	–	9,000	–	**95,000**	33,000	**128,000**
Foshan Lingnan Tiandi	–	–	14,000	38,000	**52,000**	25,000	**77,000**
Dalian Tiandi[1]	58,000	52,000	–	–	**110,000**	63,000	**173,000**
Total	**144,000**	**52,000**	**23,000**	**38,000**	**257,000**	**121,000**	**378,000**
Plan for delivery in 2H2012							
Shanghai Taipingqiao	–	–	1,000	33,000	**34,000**	19,000	**53,000**
Wuhan Tiandi	66,000	–	1,000	–	**67,000**	18,000	**85,000**
Chongqing Tiandi	89,000	299,000	78,000	–	**466,000**	166,000	**632,000**
Foshan Lingnan Tiandi	67,000	–	27,000	8,000	**102,000**	32,000	**134,000**
Dalian Tiandi[1]	40,000	36,000	–	–	**76,000**	35,000	**111,000**
Total	**262,000**	**335,000**	**107,000**	**41,000**	**745,000**	**270,000**	**1,015,000**

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.

The Commercial Pedestrian Street at Wuhan Xin Tiandi becomes a local icon for fashion, culture and entertainment

Shanghai Taipingqiao

The acquisition of Shanghai Shui On Plaza and Langham Xintiandi Hotel was completed in March 2012. The two properties have been contributing stable income to the Group since mid March of 2012.

Corporate Avenue Phases 2 and 3 consist of two land parcels, namely Lot 126 and Lot 127. Relocation of Lot 126 with a total GFA of 73,000 sq.m. was completed in 2011. Substantial construction works of the foundation and under-ground space for the development were completed as of 30 June 2012. This property is to be developed into a Grade A office tower with a retail podium, scheduled for completion in 2013. The relocation cost has been settled in full. Lot 127 with a total GFA of 83,000 sq.m. was 96% relocated and is expected to be fully relocated by the end of 2012. Please refer to the section "*Relocation progress*" for more details.

Shanghai Rui Hong Xin Cheng

Residential Phase 5 (Lot 6) is under construction, with planned residential GFA of 116,000 sq.m. and retail GFA of 18,000 sq.m.. It is scheduled for presale from December 2012 through the end of 2013 and is scheduled for completion in 2014. The Group has a 99% and a 79% effective interest in the residential portion and retail portion respectively.

Shanghai KIC

The Jiangwan Regency (Lot 311 Phase 1) with GFA of 49,000 sq.m. is under construction. The pre-sale launch is planned for 2H2012. It is scheduled for delivery in 2013. The remaining area of Lot 311, designated for office, retail and hotel use, is currently under development, with delivery planned for 2014.

THE HUB

THE HUB, located in the business centre of Shanghai Hongqiao Transportation Hub, is set to become a mixed-use development. Its name, "THE HUB" clearly reflects the Group's vision for its development. THE HUB is positioned as the centre of everything: The destination for business, lifestyle experience as well as a performance venue for art, musical and opera shows. THE HUB incorporates 75,000 sq.m. of GFA, comprising office space, entertainment and restaurant facilities that are planned for completion in 2013. A shopping mall with 103,000 sq.m. of GFA is also on the 2013 completion schedule. The remaining 99,000 sq.m., which includes office space, entertainment space and a 5-star hotel with a total GFA of 44,000 sq.m. in the second stage of the development is planned for completion in 2014.

Wuhan Tiandi

The Regal Riverview Phase 1, located at Site B of Wuhan Tiandi, consists of Lot B9 and Lot B11. Phase 1 construction is underway. Since early 2012, two rounds of new launches of residential apartments in Lot B9 of Site B have been conducted. The remaining towers of Lot B9 and new launches in Lot B11 are scheduled for 2H2012. The total GFA of Lots B9 and B11 is 122,000 sq.m. with delivery in 2012 and 2013.

Construction works now in progress at Lots A1/A2/A3 retail podium, are planned to yield a total GFA of 110,000 sq.m. with completion expected to be in 2014. Construction work at The Regal Riverview Phase 2 (Lot B13) is making good headway, with a total GFA of 56,000 sq.m. and is planned to come on stream for residential pre-sale in 2013 and for delivery in 2014.

Chongqing Tiandi

A portion of The Riviera Phase 2 (Lot B2) and Phase 3 (Lot B19) Stage 1 was sold and delivered to customers in 1H2012. The remaining portions of Phase 2 and Phase 3 are currently available for sale and are planned for delivery to customers in 2H2012. Phase 4 (Lot B20-5), with a total GFA of 83,000 sq.m., is expected to be partially launched for pre-sale in the second half of 2012 with delivery from 2012 to 2013.

For the commercial cluster area, a total GFA of 495,000 sq.m. of office buildings including the Super High-rise (Lot B11-1/02) Phase 1 and a few Grade A office buildings (Lots B12-1, B12-3, B12-4 and B13) together with the connected retail podium with a total GFA of 159,000 sq.m. are currently under development. Super High-rise Phase 1, Lot B12-1, together with a portion of Lot B12-3 and Lot B12-4 are scheduled for delivery in 2H2012. The remaining area under development is earmarked for progressive completion from 2013 to 2014.

CHONGQING

Chongqing Tiandi is generating encouraging sales performance, contributing 41% of total recognised property sales during the first half of the year. The average selling price ("ASP") increased by 8% to RMB13,800 per sq.m..

Chongqing Tiandi at the riverside of The Jialing River

Chongqing Tiandi embraces both tradition and fashion to create a brand new city landmark

Show flat of The Riviera Phase 3 at Chongqing Tiandi

Foshan Lingnan Tiandi

Completed in 1H2012, Foshan Marco Polo Hotel is located on Lot D of the Foshan Lingnan Tiandi with a total GFA of 38,000 sq.m. for hotel use and 14,000 sq.m. for retail use.

Townhouses at The Legendary Phase 2 (Lot 15) and low-rise apartments at The Regency Phase 2 (Lot 5) were launched for pre-sale in February and July 2012, respectively. Delivery is scheduled in 2H2012.

Development work is in progress at Lots E, 6, 16 and 18, where a total GFA of 254,000 sq.m. will accommodate residential and retail space. The development is scheduled to be progressively completed from 2013 to 2015.

Dalian Tiandi

A total GFA of 110,000 sq.m. of offices and apartments at Huangnichuan were completed in 1H2012. Another 40,000 sq.m. of residential GFA at Huangnichuan is planned to be delivered in the second half of 2012.

Relocation Progress

Shanghai Taipingqiao

Corporate Avenue Phase 3 (Lot 127) with 83,000 sq.m. GFA is under relocation and 96% of the residents have signed relocation agreements. It is planned to be developed into office and retail space. The estimated outstanding relocation cost was RMB88 million as of 30 June 2012. The Group has a 99% interest in the development.

Lakeville Phase 4 (Lot 116) has a total residential GFA of 90,000 sq.m. and is under relocation. RMB2,746 million of the relocation cost has been paid as of 30 June 2012. The sites are scheduled to be delivered to the Company from 2012 to 2013. As of 30 June 2012, the second round of consultations for stage 1 relocation were successfully concluded with 82% of the households having signed relocation agreements. The Group has a 50% interest in the development.

As of 30 June 2012, RMB5,307 million has been paid for Lots 126, 127 and 116. The balance of the relocation cost is scheduled to be paid according to the actual relocation progress and site delivery.

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

Shanghai Rui Hong Xin Cheng

Lots 2, 3, 9 and 10 collectively have a planned total GFA of 569,000 sq.m.. The second round of relocation consultations achieved relocation agreements with 76%, 84%, 82% and 77%, respectively of households. Lot 3 and stage 1 of Lot 2 are undergoing the legal and arbitration procedures for site reclamation. These sites are scheduled to be delivered to the Group for development from 2012 to 2013. The plan is to develop these sites for the construction of residential apartments, office buildings and retail shopping centres. The Group has a 79% interest in the sites.

As of 30 June 2012, RMB4,974 million had been paid for Lots 2, 3, 9 and 10. The balance of the relocation cost is estimated to be paid according to the actual relocation progress and site delivery.

Relocation plans and timetables for Lots 1, 7 and 167 with a total planned GFA of 500,000 sq.m. have yet to be determined. 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 2012	Leasable and saleable GFA sq.m.	Relocation cost paid as of 30 June 2012 RMB'million	Estimated outstanding relocation cost as of 30 June 2012 RMB'million	Estimated relocation completion year
Shanghai Taipingqiao					
Lot 126	100%	73,000	1,109	–	2011
Lot 127	96%	83,000	1,452	88	2012
Lot 116 Phase 1/ Phase 2	82%/0%	90,000	2,746	327	2013
Subtotal		**246,000**	**5,307**	**415**	
Shanghai RHXC					
Lot 6	100%	134,000	1,994	–	2011
Lot 3	84%	72,000	1,377	379	2012
Lot 9	82%	84,000	1,232	700	2013
Lot 2	76%	105,000	1,076	783	2013
Lot 10	77%	308,000	1,289	1,873	2013
Subtotal		**703,000**	**6,968**	**3,735**	
Total		**949,000**	**12,275**	**4,150**	

As a cautionary note, factors such as market environments and changes in government regulations play a part in determining and may affect the actual relocation cost and progress.

Landbank

As of 30 June 2012, the Group's landbank, including the contribution of its Dalian associates, stood at a GFA of 13.3 million (a total of 11.1 million sq.m. of leasable and saleable area, and a total GFA of 2.2 million sq.m. for clubhouses, car parking spaces and other facilities) spread across nine development projects located in the prime areas of six major PRC cities: Shanghai, Hangzhou, Wuhan, Chongqing, Foshan and Dalian.

Of the total leasable and saleable GFA of 11.1 million sq.m., 960,000 sq.m. were completed, and held for sale and/or investment purposes. Approximately 4.1 million sq.m. were under development, and the remaining 6.0 million sq.m. held for future development.

The Group's total landbank as of 30 June 2012, including that of its associates, is summarised below:

Project	Approximate/Estimated leasable and saleable GFA							
	Residential sq.m.	Office sq.m.	Retail sq.m.	Hotel/ serviced apartment sq.m.	Sub-total sq.m.	Clubhouse, carpark and other facilities sq.m.	Total sq.m.	Group's interest %
Completed properties:								
Shanghai Taipingqiao	1,000	111,000	109,000	5,000	**226,000**	86,000	**312,000**	99.0%[1]
Shanghai RHXC	–	–	47,000	–	**47,000**	60,000	**107,000**	79.0%[2]
Shanghai KIC	–	118,000	54,000	–	**172,000**	105,000	**277,000**	86.8%
Hangzhou Xihu Tiandi	–	–	6,000	–	**6,000**	–	**6,000**	100.0%
Wuhan Tiandi	1,000	–	46,000	–	**47,000**	31,000	**78,000**	75.0%
Chongqing Tiandi	69,000	–	62,000	–	**131,000**	115,000	**246,000**	79.4%
Foshan Lingnan Tiandi	4,000	–	30,000	38,000	**72,000**	40,000	**112,000**	100.0%
Dalian Tiandi	52,000	207,000	–	–	**259,000**	82,000	**341,000**	48.0%[3]
Subtotal	127,000	436,000	354,000	43,000	**960,000**	519,000	**1,479,000**	
Properties under development:								
Shanghai Taipingqiao	90,000	105,000	52,000	33,000	**280,000**	97,000	**377,000**	99.0%[1]
Shanghai RHXC	116,000	–	18,000	–	**134,000**	52,000	**186,000**	79.0%[2]
Shanghai KIC	49,000	97,000	4,000	14,000	**164,000**	79,000	**243,000**	99.0%[4]
THE HUB	–	105,000	128,000	44,000	**277,000**	110,000	**387,000**	100.0%
Wuhan Tiandi	120,000	252,000	112,000	41,000	**525,000**	150,000	**675,000**	75.0%
Chongqing Tiandi	337,000	754,000	270,000	25,000	**1,386,000**	408,000	**1,794,000**	79.4%[5]
Foshan Lingnan Tiandi	251,000	–	105,000	8,000	**364,000**	141,000	**505,000**	100.0%[6]
Dalian Tiandi	551,000	189,000	243,000	33,000	**1,016,000**	360,000	**1,376,000**	48.0%[3]
Subtotal	1,514,000	1,502,000	932,000	198,000	**4,146,000**	1,397,000	**5,543,000**	
Properties for future development:								
Shanghai Taipingqiao	166,000	174,000	118,000	38,000	**496,000**	44,000	**540,000**	99.0%
Shanghai RHXC	535,000	272,000	252,000	10,000	**1,069,000**	12,000	**1,081,000**	79.0%[2]
Wuhan Tiandi	424,000	35,000	92,000	10,000	**561,000**	4,000	**565,000**	75.0%
Chongqing Tiandi	780,000	25,000	91,000	78,000	**974,000**	218,000	**1,192,000**	79.4%
Foshan Lingnan Tiandi	379,000	450,000	125,000	80,000	**1,034,000**	28,000	**1,062,000**	100.0%
Dalian Tiandi	529,000	936,000	362,000	49,000	**1,876,000**	8,000	**1,884,000**	48.0%[3]
Subtotal	2,813,000	1,892,000	1,040,000	265,000	**6,010,000**	314,000	**6,324,000**	
Total landbank GFA	**4,454,000**	**3,830,000**	**2,326,000**	**506,000**	**11,116,000**	**2,230,000**	**13,346,000**	

1 The Group has a 99.0% interest in all the remaining lots, except for Shanghai Xintiandi, Lot 116, Shui On Plaza and Langham Xintiandi Hotel, in which the Group has 97.0%, 50.0%, 80.0% and 66.7% effective interests, respectively.

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

3 Dalian Tiandi is expected to have a landbank of 3.6 million sq.m. in GFA. As of 30 June 2012, approximately 3.3 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.

4 The Group has a 99.0% and a 86.8% interest respectively in KIC Lot 311 and KIC Lot 12-8.

5 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 office towers is planned for Lot B11-1/02.

6 The Group has a 100.0% interest in Foshan Lingnan Tiandi, except for Lot 18. The Group and Mitsui Fudosan Residential Co., Ltd. ("Mitsui") entered into a sale and purchase agreement on 29 November 2011, pursuant to which the Group agreed conditionally to sell and Mitsui agreed conditionally to purchase a 49.0% equity interest of the entire issued share capital of Value Land Investment Limited ("Value Land") and the related shareholder's loan, in two tranches for a total cash consideration of approximately RMB391million. Value Land indirectly owns 92.0% of Foshan Yong Rui Tian Di Property Development Co. Limited ("Foshan Yong Rui"), which owns the land known as Lot 18 of the Foshan Lingnan Tiandi project with an estimated leasable and saleable aboveground GFA of approximately 108,400 sq.m.. Upon completion of this acquisition, Mitsui will be entitled to 45.08% attributable interest in Foshan Yong Rui.

Market Outlook

Global economic recovery remained fragile during 1H2012, as the Eurozone struggled to deal with its sovereign debt issues and the US's economic prospects remained uncertain. As exports slowed, China's reported GDP growth dropped to 7.6% year on year in the second quarter from 8.1% in the first quarter of 2012, prompting the government to loosen economic policy to support growth. Consumer price inflation slowed to 2.2% in June, the slowest pace in 29 months, providing room for the People's Bank of China to lower benchmark interest rates twice, in June and July. The current package of economic support policies is designed to stabilise the economy against slowing exports and to ensure the full-year official target of 7.5% GDP growth is met.

Despite economic growth concerns rising to the fore, the government has not wavered in maintaining its residential purchase restriction policy. However, commercial banks have been instructed to ensure that mortgages are available for creditworthy first-time homebuyers; and some banks now offer discounted lending rates for eligible buyers of up to 15% below the benchmark interest rate. This policy has improved market sentiment and helped to unleash pent-up demand. As a result, the number of cities registering property price increases rose from 6 in May 2012 to 25 in June 2012. Likewise, housing sales volume has followed an upward trend. The average monthly commodity residential property sales volume for 20 representative cities[1] reached 10.5 million sq.m. in the first half of 2012, 16% higher than the monthly average for 2011.

The outlook for China's commercial property remains positive overall, despite slowing exports and foreign direct investment. Chinese banks and insurance companies have sought to purchase office buildings for their own use, or for investment in financial centres such as Shanghai and Wuhan. According to Jones Lang LaSalle, domestic tenants leased more Grade A office floor space in Shanghai Pudong than international tenants during the first quarter. Rapid urbanisation, the emergence of a middle class and the completion of modern retail facilities will support consumer demand for retail property and lifestyle hubs in cities where we have projects under development, namely Shanghai, Chongqing, Wuhan, Foshan and Dalian.

Shanghai will continue to be a preferred destination for commercial real estate investment as the city moves forward to achieve its goal to be a global yuan trading, pricing, clearing and innovation hub by 2015. Currently, little space is available in the core CBDs where the vacancy rate is below 6%. The supply shortage drove up average rents by 11.4% year on year to RMB8.9 per sq.m. per day in the first quarter of 2012. Shanghai's prime retail market is also robust, with a vacancy rate of 1.6% in the first quarter and 67% of the 550,000 sq.m. 2012 pipeline supply already pre-committed to tenants, according to Jones Lang LaSalle.

Chongqing is determined to cement its role as the leading economic hub of Western China by developing an export manufacturing base and attracting a critical mass of business and financial service firms. In 1H2012, Chongqing's foreign trade volume rose by 170% year on year, thanks to competitive labour costs, improved transport infrastructure and the rapid growth of a laptop manufacturing cluster. Meanwhile, Yuzhong District has launched preferential policies to promote service sector development, which include a reduction in the business tax from 25% to 15%, and a 40% personal income tax rebate for senior management of service firms in the district. These policies should help spur demand for Grade A office space in Yuzhong District, where our Chongqing Tiandi project is located.

Wuhan's burgeoning regional service hub role within Central China is reflected in growing air passenger demand. This has led to the decision to expand Wuhan Tianhe International Airport by building an additional terminal and runway by 2015. Development of Wuhan's priority industries – including financial services, exhibition and maritime – will drive demand for the city's office and retail property. Office rental growth in Wuhan is expected to exceed 15% in 2012, after registering 20% growth in 2011.

Foshan's retail property market is benefiting from strong growth in tourism, as the number of visitors to the city rose by 16.9% to 32.9 million in 2011. Tourism revenue growth was even higher, at 28.2% in 2011 – indicating higher spending per visitor. To achieve targeted tourism revenue growth of RMB40.7 billion by 2015, the city is investing in resort projects such

1 Based on a market survey undertaken by the China Real Estate Index System

Foshan Lingnan Tiandi Marco Polo Hotel is fully operating

as the national-level West Bank Tourism Park, which contains a cluster of hotels, villas, health spas and a Taoist cultural area. Foshan's Grade A office demand will be supported by an influx of foreign direct investment, which rose by 42.5% year on year to USD0.7 billion in the first quarter of 2012.

Dalian's software and service outsourcing revenue is expected to grow by 30% to RMB92 billion in 2012, while the sector's export value is expected to increase by 22% to USD2.8 billion. Dalian's competitive advantage in this sector is based on its large pool of Japanese and Korean speaking workers, convenient air links to Japan and South Korea and the city's pleasant living environment. Dalian is climbing up the value-added ladder with an increased focus on knowledge process outsourcing and financial services outsourcing. Businesses located in highly livable masterplanned knowledge communities such as Dalian Tiandi will find it easier to attract skilled workers needed for outsourcing activities.

We believe that our mixed-use property development model is a competitive strength that provides risk diversification and flexibility in China's rapidly developing real estate market. Our centrally located community developments in major city cores, where developable land is scarce, can command premium prices. Our commercial properties at Xintiandi-styled and transport hub developments will benefit from growing middle-class wealth and improved regional integration resulting from the new high-speed rail network, as well as government policies which aim to increase household consumption and speed up service sector development.

FOSHAN

Commercial and residential units at Foshan Lingnan Tiandi have been very warmly received by the market. The average selling price ("ASP") increased by an impressive 26%; approximately 68% of the total area is leased; and 22 shops are in business.

Bird's view of Foshan Lingnan Tiandi

Foshan Lingnan Tiandi blends the traditional and modern styles

The heritage building Jian's Villa at Foshan Lingnan Tiandi

Financial Review

Turnover of the Group and associates for the six months ended 30 June 2012 was RMB1,843 million (2011: RMB1,935 million), composed of turnover from subsidiaries of RMB1,643 million (2011: RMB1,788 million) and the proportionate share of the turnover from our Dalian associates of RMB200 million (2011: RMB147 million).

Property sales for the six months ended 30 June 2012 amounted to RMB1,249 million (2011: RMB1,500 million), composed of property sales by subsidiaries of RMB1,062 million (2011: RMB1,356 million) and the proportionate share of RMB187 million (2011: RMB144 million) from our Dalian associates. A decrease in GFA delivered to customers from 54,800 sq.m. to 51,800 sq.m. produced a corresponding reduction in sales of RMB294 million. The Business Review Section provides a detailed "Property Sales" overview of the six months ended 30 June 2012.

Rental and other related income from investment properties of the Group rose by 34% to RMB581 million (2011: RMB432 million), mainly due to the contribution of rental income and income from hotel operations following the completed acquisition of Shanghai Shui On Plaza and Shanghai Langham Xintiandi Hotel on 16 March 2012.

Gross profit for the six months ended 30 June 2012 declined to RMB737 million (2011: RMB827 million) but gross profit margin stood at 45% (2011: 46%).

Other income decreased by 27% to RMB110 million (2011: RMB151 million), principally due to a decrease in consultancy fee income of RMB69 million. The decrease was partly offset by the increase in interest income of RMB25 million to RMB99 million (2011: RMB74 million).

Selling and marketing expenses declined slightly by 6% to RMB64 million (2011: RMB68 million), a corresponding result of the decrease in property sales during 1H2012.

General and administrative expenses increased by 30% to RMB379 million (2011: RMB291 million). Contributing factors included increased depreciation expenses of Shanghai Langham Xintiandi Hotel and Foshan Marco Polo Hotel, higher rental expenses as a result of the relocation of our Wuhan project office, general inflation on staff costs and operational overhead.

Operating profit was 35% lower at RMB404 million (2011: RMB619 million), a composite effect of the various items outlined above.

Increase in fair value of investment properties increased by 92% to RMB1,268 million (2011: RMB661 million), of which RMB400 million (2011: RMB421 million) was derived from completed investment properties and RMB868 million (2011: RMB240 million) was from investment properties under construction or development. The paragraph headed "Investment Property" in the Business Review Section offers a detailed description of these properties.

Gain on acquisition of subsidiaries amounting to RMB50 million (2011: nil) arose from the acquisition of Shanghai Langham Xintiandi Hotel. This represented the difference between the fair value of the consideration based on the market value of the new issue of ordinary shares of the Company, and the carrying value of the underlying net assets being acquired.

Share of results of associates was RMB2 million (2011: RMB97 million), which included a revaluation gain from investment properties under development or construction (net of related taxes) amounting to RMB21 million (2011: RMB58 million) attributable to the Group. The decrease in the share of results of associates was due to the property sales of low-rise residential units being sold at a lower margin than the villas being sold in 2011.

Finance costs, inclusive of exchange differences amounted to RMB244 million (2011: RMB51 million). Total interest payments increased to RMB1,131 million (2011: RMB873 million), mainly due to the issuance of Singapore dollar ("SGD") 250 million notes and US dollars ("USD") 475 million notes in January 2012 and February 2012 respectively. Capitalised borrowing costs increased correspondingly to RMB1,018 million (2011: RMB746 million). Concurrently, with the appreciation of the HK$ and the USD against the RMB in the first half of 2012, a net exchange loss of RMB68 million was recorded as a consequence of the appreciation in the Group's HK$, USD and SGD borrowings (2011: gain of RMB103 million as a consequence of the depreciation in the Group's HK$ and USD borrowings).

Profit before taxation increased by 12% to RMB1,480 million (2011: RMB1,326 million), reflecting the composite effect of the items highlighted above.

Taxation increased by 15% to RMB512 million (2011: RMB447 million). Excluding the provision for land appreciation tax of RMB35 million (which was assessed based on the appreciation value of properties disposed of) (2011: RMB90 million) together with its corresponding enterprise income tax effect of RMB9 million (2011: RMB23 million), the effective tax rate for the six months ended 30 June 2012 was 32.8% (2011: 28.7%). The increase in the effective tax rate was attributable to the increase in interests on offshore borrowings, which were not tax deductible in the PRC.

Profit attributable to shareholders of the Company for the six months ended 30 June 2012 was RMB825 million, an increase of 5% when compared to the same period in 2011 (2011: RMB784 million).

Profit attributable to shareholders excluding the increase in fair value of investment properties is as follows:

	Six months ended 30 June		
	2012 RMB'million	2011 RMB'million	Change %
Profit attributable to shareholders of the Company	**825**	784	+5%
Less:			
Increase in fair value of investment properties of the Group (net of deferred tax effect and share of non-controlling interests)	**(789)**	(423)	
Share of increase in fair value of investment properties of associates (net of tax effect)	**(21)**	(58)	
Profit attributable to shareholders of the Company before revaluation of investment properties	**15**	303	-95%

Earnings per share attained RMB0.15, which is calculated based on a weighted average of approximately 5,391 million shares in issue during the six months ended 30 June 2012 (2011: RMB0.15, which is calculated based on a weighted average of approximately 5,212 million shares in issue).

Capital Structure, Gearing Ratio and Funding

In January and February 2012, the Group issued SGD250 million of 8% senior notes and USD475 million of 9.75% senior notes respectively, each with a maturity of three years. The structure of the Group's borrowings as of 30 June 2012 is summarised below:

	Total (in RMB equivalent) RMB'million	Due within one year RMB'million	Due in more than one year but not exceeding two years RMB'million	Due in more than two years but not exceeding five years RMB'million	Due in more than five years RMB'million
Bank borrowings – RMB	**7,186**	2,132	1,847	1,887	1,320
Bank borrowings – HK$	**7,449**	3,609	2,206	1,634	–
Bank borrowings – USD	**1,731**	644	190	897	–
	16,366	6,385	4,243	4,418	1,320
Convertible bonds – RMB	**2,284**	–	2,284	–	–
Notes – RMB	**6,536**	–	2,971	3,565	–
Notes – SGD	**1,263**	–	–	1,263	–
Notes – USD	**3,058**	–	–	3,058	–
Total	**29,507**	**6,385**	**9,498**	**12,304**	**1,320**

Tiandihui Shopping Centre at Wuhan Tiandi will set new fashion trends

On 6 August 2012, the Group further issued USD400 million of 9.75% senior notes at 102.785% of the principal amount plus accrued interest from 16 February 2012 to 6 August 2012. The effective finance cost on this notes issue was 8.5% per annum (excluding direct expenses incurred). These additional notes will mature in February 2015, and consolidate and form a single class with the USD notes issued in February 2012. The proceeds from this additional notes issue will be used to finance the land relocations of existing projects and for working capital purposes.

Total cash and bank deposits amounted to RMB5,196 million as of 30 June 2012 (31 December 2011: RMB6,370 million), which included RMB1,992 million (31 December 2011: RMB2,512 million) of deposits pledged to banks and RMB303 million (31 December 2011: RMB335 million) of restricted bank deposits which can only be applied to designated property development projects of the Group.

As of 30 June 2012, the Group's net debt balance was RMB24,311 million (31 December 2011: RMB19,118 million) and its total equity was RMB32,414 million (31 December 2011: RMB29,471 million). The Group's net gearing ratio was 75% as of 30 June 2012 (31 December 2011: 65%), calculated on the basis of the excess of the sum of convertible bonds, notes, bank and other borrowings net of bank balances and cash (including pledged bank deposits and restricted bank deposits) over the total equity.

DALIAN

110,000 sq.m. of offices and apartments were delivered at Dalian Tiandi during the first half of 2012, with another 40,000 sq.m. of residential units scheduled for delivery during the second half of the year.

The first launched plate, Huang Ni Chuan Plate of Dalian Tiandi

Ambow (Dalian) Software and Service Outsourcing Talents Training Base at Dalian Tiandi

Lehui Club of IT Tiandi Retail Complex in Huang Ni Chuan plate of Dalian Tiandi

Pledged Assets

As of 30 June 2012, 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 RMB40,806 million (31 December 2011: RMB28,963 million) to secure our borrowings of RMB13,362 million (31 December 2011: RMB13,981 million).

Capital and Other Development Related Commitments

As of 30 June 2012, the Group had contracted commitments for development costs and capital expenditure in the amount of RMB16,139 million (31 December 2011: RMB11,967 million).

Future Plans for Material Investments and Sources of Funding

The Group will continue to focus on the development of the existing landbank that encompasses prime urban locations. A parallel objective is to consider other suitable opportunities to participate in projects of various types, whereby the Group can leverage its competitive strengths. The Group may also pursue other prospects, including different ways to acquire land development rights for the purpose of undertaking property projects or to increase the scale of current operations by leveraging on our 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 at all times to meet liquidity requirements.

Exchange Rate and Interest Rate Risks

The revenue of the Group is denominated in RMB. The convertible bonds and the 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 notes issued in 2010 and 2011 do not expose the Group to any exchange rate risk. A portion of the revenue, however, is converted into other currencies to meet our foreign-currency-denominated debt obligations, such as bank borrowings denominated in HK$ and USD, and senior notes denominated in SGD and USD issued in 2012. As a result, to the extent that we have a net currency exposure, the Group is exposed to fluctuations in foreign exchange rates.

Considering the relatively stable currency regime with regard to the RMB as it is maintained by the PRC Central Government, which only allows the exchange rate to fluctuate within a predefined range to a portfolio of various currencies. Given these defined circumstances, the Group does not expect any material adverse effects of the exchange rate fluctuation between the RMB and HK$/USD/SGD. Nevertheless, the Group continues to monitor its exposure to exchange rate risk closely, and is prepared to employ derivative financial instruments to hedge against its exchange rate risk, if necessary.

The Group's exposure to interest rate risk results from fluctuation in interest rates. Most of the Group's bank borrowings consist of variable rate debt obligations with original maturities ranging from two to four years for project construction loans, and two to ten 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 2012, the Group had various outstanding loans that bear variable interests linked to Hong Kong Inter-bank Borrowing Rates ("HIBOR") and London Inter-bank Borrowing Rates ("LIBOR"). The Group has hedged against the variability of cash flow arising from interest rate fluctuations by entering into interest rate swaps in which the Group would receive interest at variable rates at HIBOR or LIBOR and pay interest at fixed rates ranging from 0.64% to 3.58% based on the notional amount of HK$4,968 million and USD150 million, in aggregate. The Group continues to monitor closely its exposure to interest rate risk, and may further consider additional derivative financial instruments to hedge against its remaining exposure to interest rate risk, if necessary.

Deloitte.
德勤

TO THE BOARD OF DIRECTORS OF SHUI ON LAND LIMITED

(incorporated in the Cayman Islands with limited liability)

Introduction

We have reviewed the condensed consolidated financial statements of Shui On Land Limited ("the Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 33 to 62, which comprises the condensed consolidated statement of financial position as of 30 June 2012 and the related condensed consolidated income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34"). The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with IAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making inquires, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Deloitte Touche Tohmatsu
Certified Public Accountants

Hong Kong
23 August 2012

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2012

	Notes	Six months ended 30 June 2012 RMB'million (Unaudited)	2011 RMB'million (Unaudited)
Turnover			
– The Company and its subsidiaries ("the Group")		**1,643**	1,788
– Share of associates		**200**	147
		1,843	1,935
Turnover of the Group	3	**1,643**	1,788
Cost of sales		**(906)**	(961)
Gross profit		**737**	827
Other income		**110**	151
Selling and marketing expenses		**(64)**	(68)
General and administrative expenses		**(379)**	(291)
Operating profit	4	**404**	619
Increase in fair value of investment properties	9	**1,268**	661
Gain on acquisition of subsidiaries	18(a)	**50**	–
Share of results of associates		**2**	97
Finance costs, inclusive of exchange differences	5	**(244)**	(51)
Profit before taxation		**1,480**	1,326
Taxation	6	**(512)**	(447)
Profit for the period		**968**	879
Attributable to:			
Shareholders of the Company		**825**	784
Non-controlling interests		**143**	95
		968	879
Earnings per share	8		
– Basic		**RMB0.15**	RMB0.15
– Diluted		**RMB0.14**	RMB0.13

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2012

	Notes	Six months ended 30 June 2012 RMB'million (Unaudited)	2011 RMB'million (Unaudited)
Profit for the period		**968**	879
Other comprehensive income (expense)			
Exchange difference arising on translation of foreign operations		**(12)**	2
Fair value adjustments on interest rate swaps designated as cash flow hedges	16	**18**	3
Net adjustment of hedge reserve reclassified to profit or loss upon early termination of interest rate swaps	16	**(6)**	–
Other comprehensive income for the period		**–**	5
Total comprehensive income for the period		**968**	884
Total comprehensive income attributable to:			
Shareholders of the Company		**825**	789
Non-controlling interests		**143**	95
		968	884

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As of 30 June 2012

	Notes	30 June 2012 RMB'million (Unaudited)	31 December 2011 RMB'million (Audited)
Non-current assets			
Investment properties	9	**42,655**	36,395
Property, plant and equipment	10	**3,648**	1,079
Prepaid lease payments		**495**	500
Interests in associates	11	**1,059**	1,057
Loans to associates	11	**1,533**	1,366
Accounts receivable	12	**95**	86
Pledged bank deposits		**1,010**	1,143
Deferred tax assets		**136**	154
		50,631	41,780
Current assets			
Properties under development for sale		**20,014**	17,247
Properties held for sale		**1,038**	987
Accounts receivable, deposits and prepayments	12	**2,157**	2,503
Loans receivable		**–**	152
Amounts due from associates	11	**519**	446
Amounts due from related companies		**226**	212
Amounts due from non-controlling shareholders of subsidiaries		**65**	50
Pledged bank deposits		**982**	1,369
Restricted bank deposits		**303**	335
Bank balances and cash		**2,901**	3,523
		28,205	26,824
Current liabilities			
Accounts payable, deposits received and accrued charges	13	**6,904**	5,068
Amounts due to related companies		**734**	368
Amounts due to associates	11	**9**	5
Amounts due to non-controlling shareholders of subsidiaries		**495**	404
Tax liabilities		**1,097**	1,855
Bank borrowings – due within one year		**6,385**	8,774
Dividend payable		**473**	–
		16,097	16,474
Net current assets		**12,108**	10,350
Total assets less current liabilities		**62,739**	52,130

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As of 30 June 2012

	Notes	30 June 2012 RMB'million (Unaudited)	31 December 2011 RMB'million (Audited)
Capital and reserves			
Share capital	14	**112**	102
Reserves		**29,771**	27,843
Equity attributable to shareholders of the Company		**29,883**	27,945
Non-controlling interests		**2,531**	1,526
Total equity		**32,414**	29,471
Non-current liabilities			
Bank and other borrowings – due after one year		**9,981**	7,969
Convertible bonds		**2,284**	2,225
Notes	15	**10,857**	6,520
Derivative financial instruments designated as hedging instruments	16	**59**	150
Loans from non-controlling shareholders of subsidiaries		**2,390**	2,078
Deferred tax liabilities		**4,747**	3,710
Defined benefit liabilities		**7**	7
		30,325	22,659
Total equity and non-current liabilities		**62,739**	52,130

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2012

	Attributable to shareholders of the Company												
	Share capital RMB' million	Share premium RMB' million	Merger reserve RMB' million	Special reserve RMB' million	Share option reserve RMB' million	Exchange reserve RMB' million	Convertible bond equity reserve RMB' million	Hedge reserve RMB' million	Other reserves RMB' million	Retained earnings RMB' million	Total RMB' million	Non-controlling interests RMB' million	Total RMB' million
At 1 January 2012 (audited)	**102**	**12,985**	**122**	**(135)**	**170**	**20**	**605**	**(30)**	**637**	**13,469**	**27,945**	**1,526**	**29,471**
Profit for the period	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**825**	**825**	**143**	**968**
Exchange difference arising on translation of foreign operations	**–**	**–**	**–**	**–**	**–**	**(12)**	**–**	**–**	**–**	**–**	**(12)**	**–**	**(12)**
Fair value adjustments on interest rate swaps designated as cash flow hedges (note 16)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**18**	**–**	**–**	**18**	**–**	**18**
Net adjustment of hedge reserve reclassified to profit or loss upon early termination of interest rate swaps (note 16)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(6)**	**–**	**–**	**(6)**	**–**	**(6)**
Total comprehensive income for the period	**–**	**–**	**–**	**–**	**–**	**(12)**	**–**	**12**	**–**	**825**	**825**	**143**	**968**
Recognition of equity-settled share-based payment expenses	**–**	**–**	**–**	**–**	**8**	**–**	**–**	**–**	**–**	**–**	**8**	**–**	**8**
Issue of new shares	**10**	**1,756**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**1,766**	**–**	**1,766**
Capital injection	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**22**	**22**
Dividend paid to a non-controlling shareholder of a subsidiary	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(9)**	**(9)**
Acquisition of subsidiaries (Note 18(a))	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**661**	**661**
Acquisition of additional interests in a subsidiary (Note 18(b)(i))	**–**	**–**	**–**	**(188)**	**–**	**–**	**–**	**–**	**–**	**–**	**(188)**	**188**	**–**
2011 final dividend of HK$0.10 per share declared	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(473)**	**(473)**	**–**	**(473)**
At 30 June 2012 (unaudited)	**112**	**14,741**	**122**	**(323)**	**178**	**8**	**605**	**(18)**	**637**	**13,821**	**29,883**	**2,531**	**32,414**
At 1 January 2011 (audited)	102	12,985	122	(71)	155	15	605	(98)	637	10,368	24,820	1,208	26,028
Profit for the period	–	–	–	–	–	–	–	–	–	784	784	95	879
Exchange difference arising on translation of foreign operations	–	–	–	–	–	2	–	–	–	–	2	–	2
Fair value adjustments on interest rate swaps designated as cash flow hedges (note 16)	–	–	–	–	–	–	–	3	–	–	3	–	3
Total comprehensive income for the period	–	–	–	–	–	2	–	3	–	784	789	95	884
Recognition of equity-settled share-based payment expenses	–	–	–	–	13	–	–	–	–	–	13	–	13
Capital injection	–	–	–	–	–	–	–	–	–	–	–	25	25
Dividend paid to a non-controlling shareholder of a subsidiary	–	–	–	–	–	–	–	–	–	–	–	(4)	(4)
Acquisition of additional interests in a subsidiary (Note 18(b)(ii))	–	–	–	(104)	–	–	–	–	–	–	(104)	(274)	(378)
Release of special reserve upon disposal of related assets	–	–	–	10	–	–	–	–	–	–	10	–	10
2010 final dividend of HK$0.05 per share declared and paid	–	–	–	–	–	–	–	–	–	(220)	(220)	–	(220)
At 30 June 2011 (unaudited)	102	12,985	122	(165)	168	17	605	(95)	637	10,932	25,308	1,050	26,358

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2012

	Notes	Six months ended 30 June 2012 RMB'million (Unaudited)	2011 RMB'million (Unaudited)
Net cash used in operating activities		**(1,140)**	(306)
Net cash used in investing activities			
Additions to investment properties		**(1,617)**	(5,100)
Proceeds from disposal of investment properties		**–**	36
Withdrawal of pledged bank deposits		**1,571**	215
Placement of pledged bank deposits		**(1,051)**	(1,612)
Cash inflow from acquisition of subsidiaries	18(a)	**111**	–
Net cash inflow on disposal of subsidiaries	18(c)	**–**	342
Advances to associates		**(138)**	(16)
Decrease in loans receivable		**152**	450
Other investing cash flows		**(152)**	(85)
		(1,124)	(5,770)
Net cash from financing activities			
Advance from non-controlling shareholders of subsidiaries		**188**	434
Repayment to non-controlling shareholders of subsidiaries		**(129)**	(510)
Capital injected by non-controlling shareholders of subsidiaries		**22**	25
New bank and other loans raised		**4,241**	4,312
Repayment of bank loans		**(5,796)**	(1,486)
Issue of notes	15	**4,233**	3,500
Expenses on issue of notes	15	**(85)**	(70)
Settlement of interest rate swaps designated as cash flow hedges		**(73)**	–
Interest paid		**(956)**	(692)
Payment of dividends		**–**	(220)
Dividend payment to a non-controlling shareholder of a subsidiary		**(9)**	(4)
		1,636	5,289
Net decrease in cash and cash equivalents		**(628)**	(787)
Cash and cash equivalents at the beginning of the period		**3,523**	4,905
Effect of foreign exchange rate changes		**6**	(66)
Cash and cash equivalents at the end of the period		**2,901**	4,052
Analysis of the balances of cash and cash equivalents			
Bank balances and cash		**2,901**	4,052

1. GENERAL

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and with International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34").

2. 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 2012 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2011 except as described below.

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 Share-based Payment at the acquisition date (see the accounting policy below); and

- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Business combinations (continued)

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after re-assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred and the amount of any non-controlling interests in the acquiree, the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value or, when applicable, on the basis specified in another Standard.

Application of amendments to International Financial Reporting Standards ("IFRSs")

In the current interim period, the Group has applied, for the first time, the following amendments to IFRSs:

Amendments to IFRS 7	Disclosures – Transfers of Financial Assets
Amendments to IAS 12	Deferred Tax: Recovery of Underlying Assets

Under the amendments to IAS 12 Deferred Tax: Recovery of Underlying Assets, investment properties that are measured using the fair value model in accordance with IAS 40 Investment Property are presumed to be recovered through sale for the purposes of measuring deferred taxes, unless the presumption is rebutted in certain circumstances.

The Group measures its investment properties using the fair value model. As a result of the application of the amendments to IAS 12, the Directors reviewed the Group's investment property portfolios and concluded that the Group's investment properties, which are located in the People's Republic of China ("PRC"), are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, and that the presumption set out in the amendments to IAS 12 is rebutted. Accordingly, the application of the amendments to IAS 12 does not have significant impact on the results and financial positions of the Group.

The application of the above amendments to IFRSs in the current interim 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.

3. 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)					
	2012			2011		
	Group RMB'million	**Share of associates RMB'million**	**Total RMB'million**	Group RMB'million	Share of associates RMB'million	Total RMB'million
Property development:						
Property sales	**1,062**	**187**	**1,249**	1,356	144	1,500
Property investment:						
Rental income received from investment properties	**446**	**13**	**459**	354	3	357
Income from hotel operations	**65**	**–**	**65**	7	–	7
Property management fee income	**18**	**–**	**18**	19	–	19
Rental related income	**34**	**–**	**34**	25	–	25
	563	**13**	**576**	405	3	408
Others	**18**	**–**	**18**	27	–	27
Total	**1,643**	**200**	**1,843**	1,788	147	1,935

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

3. TURNOVER AND SEGMENTAL INFORMATION (CONTINUED)

	Six months ended 30 June 2012 (Unaudited)			
	Property development RMB'million	Property investment RMB'million	Others RMB'million	Consolidated RMB'million
Segment Revenue				
Turnover of the Group	1,062	563	18	1,643
Share of turnover of associates	187	13	–	200
Total segment revenue	1,249	576	18	1,843
Results				
Segment results of the Group	191	1,551	12	1,754
Interest income				99
Gain on acquisition of subsidiaries				50
Share of results of associates				2
Finance costs, inclusive of exchange differences				(244)
Net unallocated expenses				(181)
Profit before taxation				1,480
Taxation				(512)
Profit for the period				968

3. TURNOVER AND SEGMENTAL INFORMATION (CONTINUED)

	Six months ended 30 June 2011 (Unaudited)			
	Property development RMB'million	Property investment RMB'million	Others RMB'million	Consolidated RMB'million
Segment Revenue				
Turnover of the Group	1,356	405	27	1,788
Share of turnover of associates	144	3	–	147
Total segment revenue	1,500	408	27	1,935
Results				
Segment results of the Group	446	913	21	1,380
Interest income				74
Share of results of associates				97
Finance costs, inclusive of exchange differences				(51)
Net unallocated expenses				(174)
Profit before taxation				1,326
Taxation				(447)
Profit for the period				879

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

Segment profit represents the profit earned by each segment without allocation of central administration costs, Directors' salaries, interest income, gain on acquisition of subsidiaries, share of results of associates, finance costs and exchange differences. This is the measure reported to the chief operating decision makers that are the Executive Directors of the Company for the purpose of resource allocation and performance assessment.

4. OPERATING PROFIT

	Six months ended 30 June	
	2012 RMB'million (Unaudited)	2011 RMB'million (Unaudited)
Operating profit has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment	**59**	31
Release of prepaid lease payments	**5**	5
Less: Amount capitalised to property, plant and equipment	**(4)**	(4)
	1	1
Employee benefits expenses		
Directors' emoluments		
Fees	**1**	1
Salaries, bonuses and allowances	**22**	11
Retirement benefit costs	**1**	2
Share-based payment expenses	**2**	1
	26	15
Other staff costs		
Salaries, bonuses and allowances	**233**	195
Retirement benefit costs	**13**	10
Share-based payment expenses	**6**	12
	252	217
Total employee benefits expenses	**278**	232
Less: Amount capitalised to investment properties under construction or development and properties under development for sale	**(81)**	(52)
	197	180
Cost of properties sold recognised as an expense	**711**	846
Rental charges under operating leases	**29**	20
Interest income	**(99)**	(74)

5. FINANCE COSTS, INCLUSIVE OF EXCHANGE DIFFERENCES

	Six months ended 30 June	
	2012 RMB'million (Unaudited)	2011 RMB'million (Unaudited)
Interest on bank loans and overdrafts wholly repayable within five years	**476**	378
Interest on loans from non-controlling shareholders of subsidiaries wholly repayable within five years (Note 21)	**75**	78
Imputed interest on loan from a non-controlling shareholder of a subsidiary (Note 21)	**5**	–
Interest on convertible bonds	**120**	114
Interest on notes (Note 15)	**410**	232
Net interest expense from interest rate swaps designated as cash flow hedges	**45**	71
Total interest costs	**1,131**	873
Less: Amount capitalised to investment properties under construction or development and properties under development for sale	**(1,018)**	(746)
Interest expense charged to condensed consolidated income statement	**113**	127
Net exchange loss (gain) on bank borrowings and other financing activities	**68**	(103)
Others	**63**	27
	244	51

Borrowing costs capitalised during the six months ended 30 June 2012 arose on the general borrowing pool of the Group and were calculated by applying a capitalisation rate of approximately 7.7% (for the six months ended 30 June 2011: approximately 7.3%) per annum to expenditure on the qualifying assets.

6. TAXATION

	Six months ended 30 June	
	2012 RMB'million (Unaudited)	2011 RMB'million (Unaudited)
PRC Enterprise Income Tax	**156**	116
Deferred taxation	**321**	241
PRC Land Appreciation Tax	**35**	90
	512	447

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 2011: 25%) on the assessable profits of the companies in the Group during the period.

The provision of 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.

7. DIVIDENDS

	Six months ended 30 June	
	2012 RMB'million (Unaudited)	2011 RMB'million (Unaudited)
2011 Final dividend declared (2011: 2010 final dividend declared and paid)	**473**	220
Interim dividend declared in respect of 2012 of HK$0.025 (2011: HK$0.025) per share	**122**	107

Subsequent to the end of the interim period, the Board has declared the payment of HK$0.025 (equivalent to RMB0.020) (2011: HK$0.025 (equivalent to RMB0.021)) per share as the interim dividend in respect of 2012.

In June 2012, a final dividend in respect of 2011 of HK$0.10 (equivalent to RMB0.08) per share was approved by the shareholders of the Company at the annual general meeting on 7 June 2012. The 2011 final dividend was paid on 18 July 2012 in the form of cash and/or shares of the Company as the shareholders were given the option to elect to receive their final dividend in new, fully paid shares in lieu of all or part of cash. 70.5% of the shareholdings elected to receive shares in lieu of cash dividends at share price of HK$3.176 per share and accordingly, 129,436,566 new and fully paid shares were issued. These new shares rank pari passu to the existing shares of the Company.

In October 2011, an interim dividend in respect of 2011 of HK$0.025 (equivalent to RMB0.021) per share was paid to the shareholders of the Company.

A final dividend in respect of 2010 of HK$0.05 (equivalent to RMB0.042) per share was approved by the shareholders of the Company at the annual general meeting on 19 May 2011 and was paid to the shareholders of the Company in June 2011.

8. 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	
Earnings	**2012 RMB'million (Unaudited)**	2011 RMB'million (Unaudited)
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	**825**	784

	Six months ended 30 June	
Number of shares	**2012 'million (Unaudited)**	2011 'million (Unaudited)
Weighted average number of ordinary shares for the purpose of basic earnings per share	**5,391**	5,212
Effect of dilutive potential shares:		
Convertible bonds	**669**	662
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**6,060**	5,874

Note:

There were no dilution effects for share options granted as the exercise prices of these share options granted were higher than the average market price for the six months ended 30 June 2012 and 30 June 2011.

9. INVESTMENT PROPERTIES

	30 June 2012 RMB'million (Unaudited)	31 December 2011 RMB'million (Audited)
Completed investment properties held to earn rentals or for capital appreciation or both	**21,632**	17,981
Investment properties under construction or development,		
stated at fair value	**11,886**	9,927
stated at cost	**9,137**	8,487
	21,023	18,414
	42,655	36,395

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

	Completed investment properties RMB'million	Investment properties under construction or development at fair value RMB'million	Investment properties under construction or development at cost RMB'million	Total RMB'million
At 1 January 2012 (audited)	**17,981**	**9,927**	**8,487**	**36,395**
Acquisition of subsidiaries (Note 18(a))	**2,676**	**189**	**–**	**2,865**
Additions	**7**	**858**	**1,271**	**2,136**
Transfer upon completion	**577**	**(577)**	**–**	
Transfers	**–**	**621**	**(621)**	**–**
Transfer to property, plant and equipment	**(9)**	**–**	**–**	**(9)**
Increase in fair value recognised in the condensed consolidated income statement	**400**	**868**	**–**	**1,268**
At 30 June 2012 (unaudited)	**21,632**	**11,886**	**9,137**	**42,655**
At 1 January 2011 (audited)	14,119	6,815	5,959	26,893
Eliminated upon disposal	(36)	–	–	(36)
Disposal of a subsidiary (Note 18(c))	–	–	(348)	(348)
Additions	4	578	4,898	5,480
Transfer upon completion	28	(28)	–	–
Transfers	–	234	(234)	–
Transfer to property, plant and equipment	(28)	–	–	(28)
Increase in fair value recognised in the condensed consolidated income statement	421	240	–	661
At 30 June 2011 (unaudited)	14,508	7,839	10,275	32,622

9. INVESTMENT PROPERTIES (CONTINUED)

The investment properties are all situated in the PRC and held under long term leases of RMB3,740 million (30 June 2011: RMB2,363 million) and medium-term leases of RMB38,915 million (30 June 2011: RMB30,259 million). All the completed investment properties are rented out under operating leases or are held for capital appreciation purposes.

In circumstances where the fair value of an investment property under construction or development is not reliably determinable but the fair value of the property is expected to be reliably determinable when construction is completed, such investment properties under construction or development are measured at cost less impairment, if any, until either its fair value becomes reliably determinable or construction is completed, whichever is the earlier.

The fair values of the Group's investment properties at 30 June 2012 and 31 December 2011 and at dates of transfer upon completion of development of investment properties under construction or development and at the dates of transfer to property, plant and equipment have been arrived at on the basis of valuations carried out on those dates by Knight Frank Petty Limited, an independent qualified professional valuers not connected to the Group.

For completed investment properties, the valuations have been arrived at using direct comparison method and capitalisation of net income method, where appropriate. In the valuation, the market rentals of all lettable units of the properties are assessed by reference to the rentals achieved in the lettable units as well as other lettings of similar properties in the neighbourhood. The capitalisation rate adopted is made by reference to the yield rates observed by the valuer for the similar properties in the locality and adjusted based on the valuers' knowledge of the factors specific to the respective properties.

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

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2012, the Group acquired office premise and hotel premise amounted to RMB456 million and RMB1,860 million (for the six months ended 30 June 2011: nil), respectively, arising from acquisition of subsidiaries, details of which are set out in note 18(a).

In addition, during the six months ended 30 June 2012, the Group incurred construction costs of RMB270 million (for the six months ended 30 June 2011: nil) in respect of hotels under development and acquired furniture, fixture and equipment of RMB33 million (for the six months ended 30 June 2011: nil).

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

	Notes	30 June 2012 RMB'million (Unaudited)	31 December 2011 RMB'million (Audited)
Cost of investments, unlisted		**357**	357
Share of post-acquisition profits		**702**	700
		1,059	1,057
Loans to associates			
– Interest free	(a)	**834**	808
– Interest bearing at 5% per annum	(b)	**699**	558
		1,533	1,366
Amounts due from associates	(c)	**519**	446
Amounts due to associates	(d)	**9**	5

Notes:

(a) These loans to associates represent the loans to subsidiaries of Richcoast Group Limited ("Richcoast"), an associate of the Group, for financing the development of Dalian Tiandi project. Pursuant to the joint venture agreement dated 25 May 2007, the loans are unsecured, interest free and with no fixed terms of repayment until Many Gain International Limited, a shareholder of Richcoast which is an independent third party, has contributed its share of the shareholder's loan to the subsidiaries of Richcoast. Thereafter, the loans will bear interest at a rate of 5% per annum, subject to shareholders' approval. The loans are carried at amortised cost using the effective interest rate of 5.4% (31 December 2011: 5.4%) per annum.

(b) These loans to associates represent the loans to subsidiaries of Richcoast are unsecured, interest bearing at a rate of 5% per annum and with no fixed terms of repayment.

(c) The amounts due from associates are unsecured, interest bearing at 6.1% (31 December 2011: 6.1%) per annum and repayable on demand.

(d) The amounts due to associates are unsecured, interest free and repayable on demand.

12. ACCOUNTS RECEIVABLE, DEPOSITS AND PREPAYMENTS

	30 June 2012 RMB'million (Unaudited)	31 December 2011 RMB'million (Audited)
Non-current accounts receivable comprise:		
Rental receivables in respect of rent-free periods	**95**	86
Current accounts receivable comprise:		
Trade receivables (net of allowance for bad and doubtful debts) with aging analysis (based on the repayment terms set out in the sales and purchase agreements or debit notes to the tenants):		
Not yet due	**228**	401
Past due within 30 days	**27**	32
Past due 31 – 60 days	**2**	23
Past due 61 – 90 days	**–**	1
Past due over 90 days	**10**	1
	267	458
Prepayments of relocation costs (note)	**1,457**	1,815
Other deposits, prepayments and receivables	**433**	230
	2,157	2,503

Note:

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

Trade receivables comprise:

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

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

13. ACCOUNTS PAYABLE, DEPOSITS RECEIVED AND ACCRUED CHARGES

	30 June 2012 RMB'million (Unaudited)	31 December 2011 RMB'million (Audited)
Trade payables with aging analysis (based on invoice date):		
0-30 days	**2,284**	2,519
31-60 days	**19**	4
61-90 days	**11**	5
Over 90 days	**11**	11
	2,325	2,539
Retention payables (note (a))	**330**	224
Deed tax, business tax and other tax payables	**325**	397
Deposits received and receipt in advance from property sales	**3,063**	1,080
Deposits received and receipt in advance in respect of rental of investment properties	**310**	259
Deposit received in respect of partial disposal of equity interests in subsidiaries (note (b))	**352**	352
Accrued charges	**199**	217
	6,904	5,068

Notes:

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

(b) Pursuant to a sales and purchase agreement dated 29 November 2011, entered into between Shui On Development (Holding) Limited ("SOD", a wholly-owned subsidiary of the Company) and Mitsui Fudosan Residential Co., Ltd. ("Mitsui", a non-controlling shareholder of an associate's subsidiary), SOD agreed to dispose of, and Mitsui agreed to acquire from SOD, SOD's 49% equity interests in relation to Value Land Investment Limited ("Value Land", an indirect wholly-owned subsidiary of the Company which engages in the property development in Foshan, the PRC), for a consideration of RMB391 million. An amount of RMB352 million was received in December 2011 and the remaining balance of RMB39 million would be received upon completion of the transaction pursuant to the terms of the sales and purchase agreement. Upon completion of the transaction, the Group will hold 51% equity interest in Value Land and still have control over Value Land.

14. SHARE CAPITAL

	Authorised		Issued and fully paid	
	Number of shares	USD'000	Number of shares	USD'000
Ordinary shares of USD0.0025 each				
At 1 January 2011 and 30 June 2011	12,000,000,000	30,000	5,211,587,981	13,029
At 1 January 2012	12,000,000,000	30,000	5,211,587,981	13,029
Issue of new shares for the acquisition of equity interests in subsidiaries (note 18(a))	–	–	**626,909,643**	**1,567**
At 30 June 2012	**12,000,000,000**	**30,000**	**5,838,497,624**	**14,596**

	30 June 2012 RMB'million (Unaudited)	31 December 2011 RMB'million (Audited)
Shown in the condensed consolidated statement of financial position as	**112**	102

15. NOTES

	Six months ended 30 June	
	2012 RMB'million (Unaudited)	2011 RMB'million (Unaudited)
At 1 January	**6,520**	2,945
Issue of senior notes due 2015	**4,233**	3,500
Expenses on issue of senior notes	**(85)**	(70)
Interest charged during the period	**410**	232
Less: Interest paid	**(236)**	(104)
Exchange translation	**15**	–
At 30 June	**10,857**	6,503

On 23 December 2010, SOD issued RMB3,000 million senior notes to independent third parties with a maturity of three years due on 23 December 2013 (the "2013 RMB Notes"). The 2013 RMB Notes are denominated in RMB and settled in US dollars, and bear coupon interest at 6.875% per annum payable semi-annually in arrears.

On 26 January 2011, SOD further issued RMB3,500 million senior notes to independent third parties with a maturity of four years due on 26 January 2015 (the "2015 RMB Notes"). The 2015 RMB Notes are denominated in RMB and settled in US dollars, and bear coupon interest at 7.625% per annum payable semi-annually in arrears.

On 26 January 2012, Shui On Development (Singapore) Pte. Ltd. ("SODSG"), a wholly-owned subsidiary of the Company, issued Singapore dollar ("SGD") 250 million (equivalent to RMB1,241 million) senior notes to independent third parties with a maturity of three years due on 26 January 2015 (the "2015 SGD Notes"). The 2015 SGD Notes are denominated and settled in Singapore dollar, and bear coupon interest at 8% per annum payable semi-annually in arrears.

15. NOTES (CONTINUED)

On 16 February 2012 and 29 February 2012, SOD issued US dollar 400 million (equivalent to RMB2,520 million) senior notes and US dollar 75 million (equivalent to RMB472 million) senior notes, respectively, to independent third parties with a maturity of three years due on 16 February 2015 (the "2015 USD Notes"). The 2015 USD Notes are denominated and settled in US dollar, and bear coupon interest at 9.75% per annum payable semi-annually in arrears.

The principal terms of the 2015 SGD Notes were:

(a) senior in right of payment to any existing and future obligations of SODSG expressly subordinated in right of payment to the 2015 SGD Notes;

(b) at least pari passu in right of payment with all other unsecured, unsubordinated indebtedness of SODSG (subject to any priority rights of such unsubordinated indebtedness pursuant to applicable law);

(c) guaranteed by the Company on a senior basis;

(d) effectively subordinated to the secured obligations (if any) of the Company, SOD and SODSG, to the extent of the value of the assets serving as security thereof; and

(e) effectively subordinated to all existing and future obligations of the subsidiaries of SOD.

At any time prior to the date of maturity of the 2015 SGD Notes, SODSG may at its option redeem the 2015 SGD Notes, in whole or in part, at a redemption price equal to 100% of the principal amount of the 2015 SGD Notes redeemed plus the applicable premium as of, and accrued and unpaid interest, if any, to (but not including) the redemption date, as set forth in the written agreement between the Company, SODSG, and the trustee of the 2015 SGD Notes.

At any time on or before all the Notes or 2015 SGD Notes are matured or being fully redeemed, for every two semi-annual periods, dividend payments of the Company are limited to 20% of the profit attributable to shareholders after taking into account certain adjustments prescribed in the terms of the Notes and 2015 SGD Notes.

The principal terms of the 2015 USD Notes were:

(a) senior in right of payment to any existing and future obligations of SOD expressly subordinated in right of payment to the 2015 USD Notes;

(b) at least pari passu in right of payment with all other unsecured, unsubordinated indebtedness of SOD (subject to any priority rights of such unsubordinated indebtedness pursuant to applicable law);

(c) guaranteed by the Company on a senior basis;

(d) effectively subordinated to the secured obligations (if any) of the Company and SOD, to the extent of the value of the assets serving as security thereof; and

(e) effectively subordinated to all existing and future obligations of the subsidiaries of SOD.

At any time prior to the date of maturity of the 2015 USD Notes, SOD may at its option redeem the 2015 USD Notes, in whole or in part, at a redemption price equal to 100% of the principal amount of the 2015 USD Notes redeemed plus the applicable premium as of, and accrued and unpaid interest, if any, to (but not including) the redemption date, as set forth in the written agreement between the Company, SOD, and the trustee of the 2015 USD Notes.

At any time on or before all the Notes or 2015 USD Notes are matured or being fully redeemed, for every two semi-annual periods, dividend payments of the Company are limited to 20% of the profit attributable to shareholders after taking into account certain adjustments prescribed in the terms of the Notes and 2015 USD Notes.

16. DERIVATIVE FINANCIAL INSTRUMENTS DESIGNATED AS HEDGING INSTRUMENTS

The derivative financial instruments are measured at fair value at the end of the reporting period. The fair value is determined based on valuation provided by the counterparty financial institution.

At 30 June 2012 and 31 December 2011, the Group has outstanding interest rate swaps to hedge against the variability of cash flows arising from the interest rate fluctuations. Under these swaps, the Group would receive interests at variable rates at Hong Kong Interbank Offered Rate ("HIBOR") and pay interests at fixed rates ranging from 0.64% to 3.58% (31 December 2011: 0.69% to 3.58%) based on the notional amounts of HK$4,968 million (31 December 2011: HK$8,210 million) in aggregate. The Group has designated the interest rate swaps as hedges against the variability of interest payments of certain bank borrowings of the Group amounting to HK$4,968 million (31 December 2011: HK$8,210 million) which bear variable interest rates at HIBOR plus spread ranging from 2.75% to 4.5% (31 December 2011: 2.4% to 3.65%) and mature on or before March 2015. The principal terms of the interest rate swaps have been negotiated to match the terms of the related bank borrowings.

During the six months ended 30 June 2012, the Group entered into new interest rate swaps to hedge against the variability of cash flows arising from the interest rate fluctuations. Under these swaps, the Group would receive interests at variable rates at London Interbank Offered Rate ("LIBOR") and pay interests at fixed rates ranging from 0.7% to 0.71% (31 December 2011: nil) based on the notional amounts of USD150 million (31 December 2011: nil) in aggregate. The Group has designated the interest rate swaps as hedges against the variability of interest payments of certain bank borrowings of the Group amounting to USD150 million (31 December 2011: nil) which bear variable interest rates at LIBOR plus spread at 3.1% (31 December 2011: nil) and mature on or before March 2015. The principal terms of the interest rate swaps have been negotiated to match the terms of the related bank borrowings.

During the six months ended 30 June 2012, fair value gain arising from the interest rate swaps of RMB18 million (for the six months ended 30 June 2011: RMB3 million) has been deferred in equity as hedge reserve, which is expected to be recognised in the condensed consolidated income statement at various dates upon the interest payments of the related bank borrowings are expected to settle.

During the six months ended 30 June 2012, certain interest rate swaps were early terminated due to early repayment of the relevant bank borrowings. Upon termination of the interest rate swaps, an amount of RMB6 million (for the six months ended 30 June 2011: nil) which was previously recognised in other comprehensive income and accumulated in hedge reserve was reclassified to profit or loss.

17. SHARE-BASED PAYMENT TRANSACTIONS

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

As of 30 June 2012, 140,233,618 share options (31 December 2011: 112,704,751 share options) remained outstanding under the Scheme, representing 2.4% (31 December 2011: 2.2%) of the shares of the Company in issue at that date. The Scheme allows the Board of Directors, when offering the grant of any option, to impose any condition including any performance target which must be met before the option shall vest and become exercisable.

On 18 January 2012, an aggregate of 40,771,000 share options were granted to certain directors and certain eligible employees. Details are as follows:

Date of grant	Exercise price HK$	Closing share price at date of grant HK$	Weighted average estimated fair value at date of grant HK$	Number of share options granted
18 January 2012	2.61	2.61	0.94	40,771,000

These fair values were calculated using the Binomial model. The inputs into the model were as follows:

Expected volatility	50%
Expected life	4.9 years
Risk-free rate	0.64% to 0.88%
Expected dividend yield	2.4%

Expected volatility was determined by using the volatility of the historical share price of the Company since its listing in October 2006. The expected life used in the model has been adjusted, based on management's best estimates, for the effects of non-transferability, exercise restrictions and behavioural considerations.

HK$1.00 is payable by each eligible participant to the Company on acceptance of an offer of options, to be paid within 1 month from the date of the offer.

The Group has recognised the total expense of RMB8 million (for the six months ended 30 June 2011: RMB13 million) in the condensed consolidated income statement in relation to share options granted by the Company.

17. SHARE-BASED PAYMENT TRANSACTIONS (CONTINUED)

No share options were exercised during the six months ended 30 June 2012 and 30 June 2011. The movement in the Company's share options is set out below:

		Number of options				
Date of grant	Exercise price HK$	At 1 January 2012	Granted during the period	Exercised during the period	Lapsed during the period	At 30 June 2012
20 June 2007	7.00	72,175,413	–	–	(9,282,637)	62,892,776
1 August 2007	8.18	808,631	–	–	–	808,631
2 October 2007	10.00	1,679,722	–	–	(7,145)	1,672,577
1 November 2007	11.78	497,855	–	–	–	497,855
3 December 2007	9.88	116,156	–	–	(11,566)	104,590
2 January 2008	8.97	2,848,402	–	–	(103,436)	2,744,966
1 February 2008	8.05	1,269,992	–	–	(55,704)	1,214,288
3 March 2008	7.68	490,381	–	–	(32,137)	458,244
2 May 2008	7.93	4,440,654	–	–	(496,062)	3,944,592
2 June 2008	7.34	10,570,579	–	–	(557,915)	10,012,664
2 July 2008	6.46	696,537	–	–	(181,332)	515,205
4 September 2009	4.90	17,110,429	–	–	(1,504,199)	15,606,230
18 January 2012	2.61	–	40,771,000	–	(1,010,000)	39,761,000
Total		112,704,751	40,771,000	–	(13,242,133)	140,233,618
Number of options exercisable		43,104,768				46,946,678

		Number of options				
Date of grant	Exercise price HK$	At 1 January 2011	Granted during the period	Exercised during the period	Lapsed during the period	At 30 June 2011
20 June 2007	7.00	91,390,892	–	–	(10,405,481)	80,985,411
1 August 2007	8.18	1,109,933	–	–	(250,173)	859,760
2 October 2007	10.00	2,066,456	–	–	(250,571)	1,815,885
1 November 2007	11.78	724,550	–	–	(109,687)	614,863
3 December 2007	9.88	580,866	–	–	(384,338)	196,528
2 January 2008	8.97	3,178,009	–	–	(145,961)	3,032,048
1 February 2008	8.05	1,444,882	–	–	(86,159)	1,358,723
3 March 2008	7.68	633,008	–	–	(87,848)	545,160
2 May 2008	7.93	5,421,932	–	–	(859,170)	4,562,762
2 June 2008	7.34	13,665,712	–	–	(1,579,959)	12,085,753
2 July 2008	6.46	947,231	–	–	(208,393)	738,838
4 September 2009	4.90	20,989,141	–	–	(1,066,013)	19,923,128
Total		142,152,612	–	–	(15,433,753)	126,718,859
Number of options exercisable		35,906,115				47,378,823

17. SHARE-BASED PAYMENT TRANSACTIONS (CONTINUED)

The vesting period and the exercisable period of the share options granted to eligible employees and directors on 18 January 2012 are as follows:

	Vesting period	Exercisable period
The first 50% of the grant	From date of grant to any date in 2nd quarter of year 2013 to be determined by the remuneration committee	From any date in 2nd quarter of year 2013 to be determined by the remuneration committee to 17 January 2020
The second 25% of the grant	From date of grant to 31 December 2013	From 1 January 2014 to 17 January 2020
The last 25% of the grant	From date of grant to 31 December 2014	From 1 January 2015 to 17 January 2020

18. ACQUISITIONS AND DISPOSALS

(a) Acquisition of subsidiaries

Pursuant to a sales and purchase agreement dated 9 September 2011 entered into between Rich Bright Holdings Limited ("Rich Bright", an indirect wholly-owned subsidiary of the Company), as the purchaser and Cassidy Enterprises Corp. ("Cassidy", an indirect wholly-owned subsidiary of Shui On Investment Company "SOI", a subsidiary of Shui On Company Limited "SOCL") and SOI, as sellers, Rich Bright agreed to acquire from Cassidy and SOI, respectively, the entire equity interest in Rimmer Investments Limited ("Rimmer", which indirectly owns Shui On Plaza, an office and retail complex located at Huangpu District, Shanghai, the PRC); and 66.7% equity interest in Magic Garden Investments Limited ("Magic Garden", which indirectly beneficially owns Langham Xintiandi Hotel located at Huangpu District, Shanghai, the PRC).

Langham Xintiandi Hotel is owned by Shanghai Li Xing Hotel Co., Limited, a company established in the PRC which is an indirect wholly-owned subsidiary of Victorious Run Limited ("VRL"). VRL is a jointly controlled entity of the Group of which the Group holds 50% equity interest. In accordance with the shareholders' agreement entered into between Magic Garden and the other joint venturers of VRL, the Group solely has the ability to execute the right and control over, and is solely responsible for all costs incurred in, the development, construction and operation of Langham Xintiandi Hotel. The related assets, liabilities, income and expenses of Langham Xintiandi Hotel are therefore consolidated in the condensed consolidated financial statements of the Group.

SOCL was the substantial shareholder of the Company which indirectly held 48% of the issued shares of the Company prior to the acquisition. Upon completion of acquisition of Rimmer and Magic Garden, SOCL became the ultimate holding company of the Company. Mr. Vincent H.S. LO, the Chairman of the Company, has controlling interest in SOCL.

On 16 March 2012, the acquisition of Rimmer and Magic Garden was completed. Upon completion of the transaction, Rimmer and Magic Garden became subsidiaries of the Company. In the opinion of the Directors, the acquisition of Rimmer and Magic Garden will complement the Group's strong established position in the PRC real estate market with a stronger presence in Shanghai and position the Group to capture the growth potential from the main financial and business hub of the PRC. The acquisition is expected to make a positive contribution to the income stream of the Group.

18. ACQUISITIONS AND DISPOSALS (CONTINUED)

(a) Acquisition of subsidiaries (continued)

The final consideration for acquisition of Rimmer was determined based on the fair values of the assets and liabilities acquired at the date of acquisition, and was settled by the issuance of 421,345,791 shares of the Company. The fair values of the assets and liabilities acquired at the date of acquisition are set out as follows:

	RMB'million (Unaudited)
Investment properties	2,676
Property, plant and equipment	456
Accounts receivable, deposits and prepayments	4
Bank balances and cash	84
Amounts due from fellow subsidiaries	113
Amounts due from related companies	90
Accounts payable, deposits received and accrued charges	(35)
Amount due to a non-controlling shareholder of a subsidiary	(18)
Tax liabilities	(4)
Bank borrowings	(921)
Deferred tax liabilities	(675)
	1,770
Consideration transferred	1,247
Non-controlling interests	523
	1,770
Cash inflow arising on acquisition:	
Cash and cash equivalents acquired	84

18. ACQUISITIONS AND DISPOSALS (CONTINUED)

(a) Acquisition of subsidiaries (continued)

The final consideration for the acquisition of Magic Garden was determined based on the fair values of the assets and liabilities acquired at the date of acquisition, and was settled by the issuance of 205,563,852 shares of the Company. The fair values of the assets and liabilities acquired at the date of acquisition are set out as follows:

	RMB'million (Unaudited)
Investment properties	189
Property, plant and equipment	1,860
Accounts receivables, deposits and prepayments	28
Bank balances and cash	27
Amounts due to fellow subsidiaries	(126)
Amounts due to related companies	(455)
Loan from a non-controlling shareholder of a subsidiary	(306)
Accounts payable, deposits received and accrued charges	(213)
Bank borrowings	(203)
Deferred tax liabilities	(94)
	707
Gain on acquisition of subsidiaries:	
Consideration transferred (note)	519
Add: Non-controlling interests	138
Less: Fair values of assets and liabilities acquired	(707)
	(50)
Cash inflow arising on acquisition:	
Cash and cash equivalents acquired	27

Note:

The fair value of the consideration was determined based on the fair value of the shares of the Company using its published share price at the completion date.

The non-controlling interests in Magic Garden recognised at the acquisition date was measured with reference to the non-controlling interests' proportionate share of the fair value of net assets of Magic Garden and amounted to RMB138 million.

Included in the profit for the six months ended 30 June 2012 is loss of RMB10 million attributable to Magic Garden. Turnover for the six months ended 30 June 2012 includes RMB56 million generated from Magic Garden.

Had the acquisition of Magic Garden been completed on 1 January 2012, the Group's total turnover for the six months would have been RMB1,673 million, and profit for the six months would have been RMB960 million. The pro forma information is for illustrative purpose only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2012, nor is it intended to be a projection of future results.

18. ACQUISITIONS AND DISPOSALS (CONTINUED)

(b) Acquisition of additional interests in subsidiaries

(i) During the six months ended 30 June 2012, the share capital of Foresight Profits Limited ("Foresight"), an indirect non-wholly-owned subsidiary of the Company which indirectly owns all ownership interest in a PRC enterprise which is engaged in Rui Hong Xin Cheng project, was increased, whereby SOD, which owned 75% equity interest in Foresight, subscribed the entire portion of the increase in share capital at a consideration of HK$1,174 million (equivalent to RMB952 million). Elegant Partners Limited ("EPL", a non-controlling shareholder which owned 25% of equity interest in Foresight) did not participate in injecting any additional capital into Foresight. Upon completion of the subscription, the equity interest of SOD in Foresight was increased by 4.81% from 75% to 79.81% and the equity interest of the non-controlling shareholder of Foresight was diluted from 25% to 20.19% by 4.81%.

An amount of RMB188 million recognised in the special reserve during the six months ended 30 June 2012 represents the Group's share of additional interest in carrying amount of the net assets of Foresight.

(ii) During the six months ended 30 June 2011, pursuant to a supplementary shareholder agreement entered into between SOD, Foresight, Hollyfield Holdings Limited, Selfers Limited and Silomax Limited (indirect subsidiaries of the Company) and EPL dated 1 April 2011, EPL agreed to dispose of, and SOD agreed to acquire from EPL, EPL's rights and interests in relation to a particular phase of the Rui Hong Xin Cheng project for a consideration of RMB378 million.

EPL agreed that the consideration of RMB378 million was advanced to Foresight to finance the Rui Hong Xin Cheng project. The amount owed to EPL is unsecured, interest bearing at 110% of People's Bank of China Prescribed Interest Rate and will not be demanded for payment, until Foresight is in a position to repay the loan, which is to be mutually agreed between both parties. The Directors are in the opinion that the loan is not repayable in the next twelve months from the end of the reporting period.

(c) Disposal of subsidiaries

During the six months ended 30 June 2011, the Group disposed of certain subsidiaries which engaged in the property development of a project in Hangzhou, the PRC to an independent third party for a cash consideration RMB438 million. The net assets disposed of in the transaction were as follows:

	RMB'million (Unaudited)
Investment properties under construction or development	348
Bank balances and cash	96
Other payables and accrued charges	(6)
Net assets disposed of	438
Consideration received	(438)
Gain on disposal	–
Cash consideration in cash and cash equivalent	438
Less: cash and cash equivalent balances disposed of	(96)
Net cash inflow on disposal of subsidiaries	342

During the six months ended 30 June 2011, the disposed subsidiaries did not contribute any turnover or results to the Group.

19. PLEDGE OF ASSETS

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

	30 June2012 RMB'million (Unaudited)	31 December 2011 RMB'million (Audited)
Investment properties	**31,311**	20,959
Property, plant and equipment	**2,717**	592
Prepaid lease payments	**466**	41
Properties under development for sale	**4,244**	4,537
Properties held for sale	**–**	266
Accounts receivable	**76**	56
Bank deposits	**1,992**	2,512
	40,806	28,963

Included in pledged bank deposits above is an amount of RMB265 million (31 December 2011: RMB265 million) which has been pledged to a bank to secure the banking facilities granted to an associate. All the other assets are pledged to secure banking facilities granted to the Group.

In addition, the equity interests in certain subsidiaries with carrying amount of net assets of RMB23,124 million (31 December 2011: RMB15,688 million) are also pledged to banks as securities to obtain banking facilities granted to the Group at the end of the reporting period.

20. COMMITMENTS AND CONTINGENCIES

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

	30 June 2012 RMB'million (Unaudited)	31 December 2011 RMB'million (Audited)
Contracted but not provided for:		
Development costs for investment properties under construction or development	**4,656**	5,278
Development costs for properties under development held for sale	**11,483**	6,689
	16,139	11,967

Except as disclosed above, there have been no significant changes in the Group's capital and other commitments as well as contingent liabilities since 31 December 2011.

21. RELATED PARTY TRANSACTIONS

Apart from the related party transactions and balances as stated in notes 11, 18(a), 18(b) and in the condensed consolidated statement of financial position, the Group has the following transactions with related parties during the period:

	Six months ended 30 June	
	2012 RMB'million (Unaudited)	2011 RMB'million (Unaudited)
SOCL and its subsidiaries other than those of the Group		
Rental and building management fee expenses	**2**	16
Travelling expenses	**4**	1
Project management fee income	**14**	7
SOCAM Development Limited and its subsidiaries, associates of SOCL		
Project construction costs	**373**	337
Property sales	**–**	19
Associates		
Project management fee income	**6**	9
Interest income	**16**	11
Imputed interest income	**32**	17
Non-controlling shareholders of subsidiaries		
Interest expenses	**75**	78
Imputed interest expenses	**5**	–
Project management fee expenses	**5**	1
Directors		
Property sales	**1**	4
Remunerations	**24**	14
Share option expense	**2**	1
Senior management		
Property sales	**1**	3
Remunerations	**25**	20
Share option expense	**4**	1

22. EVENTS AFTER THE REPORTING PERIOD

(a) On 6 August 2012, SOD further issued US dollar 400 million senior notes at 102.785% of the principal amount plus accrued interest from 16 February 2012 to 6 August 2012 ("Additional Notes") to independent third parties. These Additional Notes consolidate and form a single class with the 2015 USD Notes and have the same maturity date of 16 February 2015. These Additional Notes are denominated in US dollar, and bear coupon interest at 9.75% per annum payable semi-annually in arrears.

(b) On 22 August 2012, SOD and Mitsui entered into a sales and purchase agreement, pursuant to which SOD agreed to sell, and Mitsui agreed to purchase 49% of the entire issued share capital of Glory Land Investment Limited (an indirectly wholly-owned subsidiary of the Company which engages in the property development in Foshan, the PRC) and the related shareholder's loans, for a total cash consideration of RMB224 million. For more information on the sales and purchase agreement, please refer to the announcement of the Company published on 22 August 2012.

INTERIM DIVIDEND

The Board has declared an interim dividend of HK$0.025 per share (2011: HK$0.025 per share) for the six months ended 30 June 2012, which is payable on or about 11 October 2012 to shareholders whose names appear on the register of members of the Company on 10 September 2012.

The interim dividend will be payable in cash and shareholders will be given the option of electing to receive the interim dividend in form of new shares in lieu of cash in respect of all or part of such dividend (the "Scrip Dividend Scheme"). The Scrip Dividend Scheme is subject to The Stock Exchange of Hong Kong Limited (the "Stock Exchange") granting the listing of and permission to deal in the new shares to be issued pursuant thereto.

A circular containing details of the Scrip Dividend Scheme will be dispatched to shareholders together with the form of election for scrip dividend on or about 17 September 2012. It is expected that the interim dividend warrants and share certificates will be dispatched to shareholders on or about 11 October 2012.

DIRECTORS' INTERESTS IN SECURITIES

At 30 June 2012, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have been taken under such provisions of the SFO); or (ii) were recorded in the register required to be kept under section 352 of the SFO; or (iii) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") were as follows:

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

	Number of ordinary shares			Interests in the underlying shares			
Name of Directors	Personal Interests	Family interests	Other interests	Share Options (Note 4)	Other equity derivatives	Total	Approximate percentage of interests in the Company
Mr. Vincent H. S. LO	–	1,333,430 (Note 1)	3,280,177,128 (Note 2)	–	276,182,711 (Note 5)	3,557,693,269	60.93%
Mr. Freddy C. K. LEE	286,000	208,500 (Note 3)	–	11,842,101 (Note 3)	–	12,336,601	0.21%
Dr. William K. L. FUNG	4,133,593	–	–	–	–	4,133,593	0.07%
Professor Gary C. BIDDLE	220,000	–	–	–	–	220,000	0.0037%

Notes:

(1) These shares were beneficially owned by Ms. Loletta CHU ("Mrs. Lo"), the spouse of Mr. Vincent H. S. LO ("Mr. Lo"). Mr. Lo was deemed to be interested in such shares under Part XV of the SFO.

(2) These shares were beneficially owned by Shui On Company Limited ("SOCL") through its controlled corporations, comprising 1,411,712,352 shares, 1,730,995,120 shares and 137,469,656 shares held by Shui On Properties Limited ("SOP"), Shui On Investment Company Limited ("SOI") and New Rainbow Investments Limited ("NRI") respectively. SOCL is owned by the Bosrich Unit Trust, the trustee of which is Bosrich Holdings (PTC) Inc. ("Bosrich"). The units of the Bosrich Unit Trust are the property of a discretionary trust, of which Mr. Lo is a discretionary beneficiary and HSBC International Trustee Limited ("HSBC Trustee") is the trustee. Accordingly, Mr. Lo, Mrs. Lo, Bosrich and HSBC Trustee were deemed to be interested in such shares under Part XV of the SFO.

(3) Mr. Freddy C. K. LEE was deemed to be interested in 208,500 shares and 943,861 share options held by his spouse under Part XV of the SFO.

(4) These represent the interests of share options granted to the Directors and/or their associate(s) under the share option scheme adopted by the Company on 8 June 2007 to subscribe for shares of the Company, further details of which are set out in the section headed "Share Options" below.

(5) Chester International Cayman Limited ("Chester International") was taken to be interested in 276,182,711 shares as a result of the equity swap transactions entered into between Chester International as equity swap receiver and Standard Chartered Bank, Singapore Branch as equity swap payer on 7 September 2010 and 8 September 2010 respectively. Chester International is a direct wholly-owned subsidiary of SOI. Accordingly, Mr. Lo was deemed to be interested in such shares under Part XV of the SFO.

DIRECTORS' INTERESTS IN SECURITIES (CONTINUED)

(b) Interests in the debentures of the Company

Name of Director	Nature of Interests	Amount of Debentures
Dr. William K. L. FUNG	Interest of controlled corporation	RMB12,700,000

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

Name of Director	Name of Associated Corporation	Nature of Interests	Amount of Debentures
Sir John R. H. BOND	Shui On Development (Holding) Limited	Personal	RMB5,000,000

Save as disclosed above, at 30 June 2012, none of the Directors or the chief executive of the Company had an interest or short position in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register of interests required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

At 30 June 2012, the persons or corporations (other than a Director or chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO were as follows:

Name of shareholders	Capacity/ Nature of interests	Total number of ordinary shares and underlying shares	Approximate percentage of interests in the Company
Mrs. Lo	Family and Personal	3,557,693,269 (Notes 1 & 3)	60.93%
HSBC Trustee	Trustee	3,556,359,839 (Notes 2 & 3)	60.91%
Bosrich	Trustee	3,556,359,839 (Notes 2 & 3)	60.91%
SOCL	Interest of Controlled Corporation	3,556,359,839 (Notes 2 & 3)	60.91%

Notes:

(1) In respect of such shares, 3,281,510,558 shares were comprised of 1,333,430 shares beneficially held by Mrs. Lo and 3,280,177,128 shares in which Mr. Lo, the spouse of Mrs. Lo, had a deemed interest under Part XV of the SFO mentioned in note (2) below. Accordingly, Mrs. Lo was also deemed to be interested in 3,280,177,128 shares under Part XV of the SFO.

(2) In respect of such shares, 3,280,177,128 shares were beneficially owned by SOCL through its controlled corporations, comprising 1,411,712,352 shares, 1,730,995,120 shares and 137,469,656 shares held by SOP, SOI and NRI respectively. SOCL is owned by the Bosrich Unit Trust, the trustee of which is Bosrich. The units of the Bosrich Unit Trust are the property of a discretionary trust, of which Mr. Lo is a discretionary beneficiary and HSBC Trustee is the trustee. Accordingly, Mr. Lo, Mrs. Lo, Bosrich and HSBC Trustee were deemed to be interested in such shares under Part XV of the SFO.

(3) Chester International was taken to be interested in 276,182,711 shares as a result of the equity swap transactions entered into between Chester International as equity swap receiver and Standard Chartered Bank, Singapore Branch as equity swap payer on 7 September 2010 and 8 September 2010 respectively. Chester International is a direct wholly-owned subsidiary of SOI. Accordingly, each of Mrs. Lo, HSBC Trustee, Bosrich and SOCL was deemed to be interested in such shares under Part XV of the SFO.

(4) All the interests stated above represent long positions.

Save as disclosed above, at 30 June 2012, the Directors are not aware of any other person or corporation (other than a Director or chief executive of the Company), having an interest or short position in the shares or underlying shares of the Company as recorded in the register of interests required to be kept by the Company under Section 336 of the SFO.

SHARE OPTIONS

Particulars of the Company's share option scheme (the "Share Option Scheme") adopted by the Company on 8 June 2007 are set out in note 17 to the condensed consolidated financial statements.

The following table sets out the movement of the Company's share options during the six months ended 30 June 2012:

Name or category of Eligible participants	Date of grant	Exercise price per share HK$	At 1 January 2012	Granted during the period	Exercised during the period	Lapsed during the period	At 30 June 2012	Period during which the share options are exercisable
Directors								
Mr. Freddy C. K. LEE	20 June 2007	7.00	3,469,386	–	–	(127,551)	3,341,835	20 June 2009 – 19 June 2016
	2 June 2008	7.34	661,734	–	–	(24,329)	637,405	2 June 2010 – 1 June 2017
	18 January 2012	2.61	–	6,919,000	–	–	6,919,000	Q2 2013 (Note 2) – 17 January 2020
Mr. Daniel Y. K. WAN	18 January 2012	2.61	–	3,501,000	–	–	3,501,000	Q2 2013 (Note 2) – 17 January 2020
Sir John R. H. BOND	20 June 2007	7.00	500,000	–	–	(500,000)	–	20 June 2007 – 19 June 2012
Professor Gary C. BIDDLE	20 June 2007	7.00	500,000	–	–	(500,000)	–	20 June 2007 – 19 June 2012
Dr. Roger L. McCARTHY	20 June 2007	7.00	500,000	–	–	(500,000)	–	20 June 2007 – 19 June 2012
Mr. David J. SHAW	20 June 2007	7.00	500,000	–	–	(500,000)	–	20 June 2007 – 19 June 2012
Mr. LEUNG Chun Ying (Note 1)	20 June 2007	7.00	500,000	–	–	(500,000)	–	20 June 2007 – 19 June 2012
Dr. Edgar W. K. CHENG (Note 1)	20 June 2007	7.00	500,000	–	–	(500,000)	–	20 June 2007 – 19 June 2012
Sub-total			7,131,120	10,420,000	–	(3,151,880)	14,399,240	
Consultants								
Mr. Richard K. N. HO	20 June 2007	7.00	1,000,000	–	–	(200,000)	800,000	20 June 2007 – 19 June 2016
Dr. Thomas K. F. LEUNG	20 June 2007	7.00	500,000	–	–	(500,000)	–	20 June 2007 – 19 June 2012
Sub-total			1,500,000	–	–	(700,000)	800,000	
Employees (in aggregate)	20 June 2007	7.00	64,206,027	–	–	(4,655,086)	59,550,941	20 June 2009 – 19 June 2016
	1 August 2007	8.18	808,631	–	–	–	808,631	1 August 2009 – 31 July 2016
	2 October 2007	10.00	1,679,722	–	–	(7,145)	1,672,577	2 October 2009 – 1 October 2016
	1 November 2007	11.78	497,855	–	–	–	497,855	1 November 2009 – 31 October 2016
	3 December 2007	9.88	116,156	–	–	(11,566)	104,590	3 December 2009 – 2 December 2016
	2 January 2008	8.97	2,848,402	–	–	(103,436)	2,744,966	2 January 2010 – 1 January 2017
	1 February 2008	8.05	1,269,992	–	–	(55,704)	1,214,288	1 February 2010 – 31 January 2017
	3 March 2008	7.68	490,381	–	–	(32,137)	458,244	3 March 2010 – 2 March 2017
	2 May 2008	7.93	4,440,654	–	–	(496,062)	3,944,592	2 May 2010 – 1 May 2017
	2 June 2008	7.34	9,908,845	–	–	(533,586)	9,375,259	2 June 2010 – 1 June 2017
	2 July 2008	6.46	696,537	–	–	(181,332)	515,205	2 July 2010 – 1 July 2017
	4 September 2009	4.90	17,110,429	–	–	(1,504,199)	15,606,230	3 November 2010 – 2 November 2017
	18 January 2012	2.61	–	30,351,000		(1,010,000)	29,341,000	Q2 2013 (Note 2) – 17 January 2020
Sub-total			104,073,631	30,351,000	–	(8,590,253)	125,834,378	
Total			112,704,751	40,771,000	–	(12,442,133)	141,033,618	

Notes:

(1) Dr. Edgar W. K.CHENG resigned as Independent Non-executive Director of the Company on 3 November 2011 and Mr. LEUNG Chun Ying resigned as Non-executive Director of the Company on 31 December 2011. Their share options were lapsed on 20 June 2012 in accordance with the terms of the Share Option Scheme.

(2) The vesting date is a date during the period from 1 April 2013 to 30 June 2013 to be determined by the Remuneration Committee of the Company.

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 Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "CG Code") and align with the latest developments.

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 Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited as the code regarding securities transactions by the Directors and relevant employees.

Specific enquiry has been made of all the Directors and the Directors have confirmed that they have complied with the Model Code during the six months ended 30 June 2012.

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, 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 price sensitive information in relation to the Company or its shares because of their offices or employments.

No incident of non-compliance with these written guidelines by the relevant employees was noted by the Company.

Board Composition

During the six months ended 30 June 2012, the majority of the members of the Board of Directors of the Company were Independent Non-executive Directors ("INEDs"). Currently, the Board is now made up of nine members in total, with three Executive Directors, one Non-executive Director and five INEDs.

The composition of the Board reflects the necessary balance of skills and experience desirable for effective leadership of the Company and independence in decision-making.

Audit Committee

During the six months ended 30 June 2012, the Audit Committee consisted of three members, namely Professor Gary C. BIDDLE ("Professor BIDDLE"), Dr. Roger L. McCARTHY ("Dr. McCARTHY") and Mr. Frankie Y. L. WONG. Professor BIDDLE and Dr. McCARTHY are INEDs. The chairman of the Audit Committee is Professor BIDDLE.

The Audit Committee has reviewed the Group's unaudited condensed consolidated financial statements for the six months ended 30 June 2012, including the accounting principles and practices adopted by the Company, in conjunction with the Company's external auditors.

In January 2012, the Audit Committee was also assigned with the duties to assist the Board and its Chairman in performing the corporate governance duties as required under the current CG Code.

Remuneration Committee

During the six months ended 30 June 2012, the Remuneration Committee consisted of three members, namely Dr. William K. L. FUNG ("Dr. FUNG"), Mr. Vincent H. S. LO ("Mr. LO") and Professor BIDDLE. Dr. FUNG and Professor BIDDLE are INEDs. The chairman of the Remuneration Committee is Dr. FUNG.

The primary functions of the Remuneration Committee are to evaluate the performance and make recommendations on the remuneration packages of the Directors and senior management, and to evaluate and make recommendations on employee benefit arrangements.

CORPORATE GOVERNANCE (CONTINUED)

Nomination Committee

The Nomination Committee currently comprises three members, Mr. LO, Sir John R. H. BOND and Professor BIDDLE. Sir John R. H. BOND and Professor BIDDLE are INEDs. The chairman of the Nomination Committee is Mr. LO.

The primary functions of the Nomination Committee are to review the structure, size and composition of the Board, identify individuals suitably qualified to become members of the Board, and assess the independence of INEDs.

Finance Committee

The Finance Committee currently comprises seven members, namely Mr. LO, Sir John R. H. BOND, Dr. FUNG, Professor BIDDLE, Mr. Freddy C. K. LEE, Mr. Daniel Y. K. WAN and Mr. Frankie Y. L. WONG. Sir John R. H. BOND, Dr. FUNG and Professor BIDDLE are INEDs. The chairman of the Finance Committee is Mr. LO.

The primary functions of the Finance Committee are to stipulate and monitor the financial strategies, policies and guidelines of the Group.

Compliance with the CG Code

During the six months ended 30 June 2012, the Company has fully complied with the code provisions of the CG Code.

Awards on Corporate Governance

The Company was recognized as one of the "2012 Top 50 China Real Estate Listed Companies with Strongest Comprehensive Strengths" by China Real Estate Appraisal, and also as one of the winners of the "Corporate Governance Asia Recognition Awards 2012 – The Best of Asia 2012" by Corporate Governance Asia.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares during the six months ended 30 June 2012.

DISCLOSURE UNDER RULE 13.21 OF THE LISTING RULES

On 16 December 2009, Shui On Development (Holding) Limited ("SODH") (being the immediate subsidiary of the Company) as borrower, the Company as guarantor, the original lenders as lenders, and BNP Paribas Hong Kong Branch as the coordinating arranger and facility agent entered into a facility agreement in relation to a three-year term loan facility of HK$1,000 million (the "BNP Loan"). Pursuant to the facility agreement, there is a requirement that Mr. Lo and his family be the single largest shareholder of the Company and maintain a minimum 35% of the direct or indirect legal and beneficial interest in the Company during the term of the facility agreement.

On 23 December 2010, a written agreement (the "2013 Indenture") was entered into between the Company as guarantor, SODH as issuer and DB Trustees (Hong Kong) Limited ("DB") as trustee of the RMB3,000 million US$ settled 6.875% senior notes due 2013 issued by SODH (the "2013 Notes"), pursuant to which the 2013 Notes were issued. The 2013 Indenture provided that upon the occurrence of a Change of Control (as defined in the 2013 Indenture), SODH will make an offer to repurchase all outstanding 2013 Notes at a purchase price equal to the U.S. Dollar Settlement Amount of 101% of the principal amount thereof plus accrued and unpaid interest, if any, at the date of repurchase. Details of the transaction were set out in the announcement of the Company dated 23 December 2010.

DISCLOSURE UNDER RULE 13.21 OF THE LISTING RULES (CONTINUED)

On 26 January 2011, a written agreement (the "2015 Indenture") was entered into between the Company as guarantor, SODH as issuer and DB as trustee of the RMB3,500 million US$ settled 7.625% senior notes due 2015 issued by SODH (the "2015 Notes"), pursuant to which the 2015 Notes were issued. The 2015 Indenture provided that upon the occurrence of a Change of Control (as defined in the 2015 Indenture), SODH will make an offer to repurchase all outstanding 2015 Notes at a purchase price equal to the U.S. Dollar Settlement Amount of 101% of the principal amount thereof plus accrued and unpaid interest, if any, at the date of repurchase. Details of the transaction were set out in the announcement of the Company dated 26 January 2011.

On 20 April 2011, King Concord Limited as borrower, the Company as guarantor and Standard Chartered Bank (Hong Kong) Limited ("SCB"), United Overseas Bank Limited, Bank of China Limited, Macau Branch, The Bank of East Asia, Limited and Tai Fung Bank Limited as lenders, the mandated lead arrangers and SCB as coordinator, agent and security agent entered into a facility agreement in relation to a three-year term loan facility of up to HK$1,550 million (the "King Concord Loan"). Pursuant to the facility agreement, there is a requirement that Mr. Lo beneficially owns at least 35% of the issued share capital of the Company or acts as the Chairman of the Company or maintains control over the Company during the term of the facility agreement.

On 26 January 2012, a written agreement (the "2015 SODS Indenture") was entered into between the Company and SODH as guarantors, Shui On Development (Singapore) Pte. Ltd. ("Shui On Development (Singapore)") as issuer and DB as trustee of the S$250 million 8% senior notes due 2015 issued by Shui On Development (Singapore) (the "2015 SODS Notes"), pursuant to which the 2015 SODS Notes were issued. The 2015 SODS Indenture provided that upon the occurrence of a Change of Control (as defined in the 2015 SODS Indenture), the Company, SODH or Shui On Development (Singapore) will make an offer to repurchase all outstanding 2015 SODS Notes at a purchase price equal to 101% of the principal amount thereof plus accrued and unpaid interest, if any, at the date of repurchase. Details of the transaction were set out in the announcement of the Company dated 26 January 2012.

On 29 February 2012, a written agreement (the "2015 SODH Indenture") was entered into between the Company as guarantor, SODH as issuer and DB as trustee of the US$475 million 9.75% senior notes due 2015 issued by SODH (the "2015 SODH Notes"), pursuant to which the 2015 SODH Notes were issued. The 2015 SODH Indenture provides that upon the occurrence of a Change of Control (as defined in the 2015 SODH Indenture), the Company or SODH will make an offer to repurchase all outstanding 2015 SODH Notes at a purchase price equal to 101% of the principal amount thereof plus accrued and unpaid interest, if any, at the date of repurchase. Details of the transaction were set out in the announcement of the Company dated 1 March 2012.

Any breach of the above obligations will cause a default in respect of the BNP Loan, the 2013 Notes, the 2015 Notes, the King Concord Loan, the 2015 SODS Notes and the 2015 SODH Notes and may trigger cross defaults in other outstanding debts of the Group, in the aggregate amount of approximately RMB9,960 million at 30 June 2012.

Subsequent to the six-month ended 30 June 2012, on 30 July 2012, the Company and SODH entered into a purchase agreement with Deutsche Bank AG, Standard Chartered Bank and UBS AG in connection with the issue of US$400 million 9.75% senior notes due 2015 (the "Additional 2015 SODH Notes"), to be consolidated and form a single class of notes with the 2015 SODH Notes and rank pari passu with the 2015 SODH Notes. The Additional 2015 SODH Notes were issued pursuant to the 2015 SODH Indenture. Details of the transaction were set out in the announcement of the Company dated 7 August 2012.

DISCLOSURE UNDER RULE 13.21 OF THE LISTING RULES (CONTINUED)

On 20 July 2012, the Company announced that Hollyfield Holdings Limited and Shanghai Rui Hong Xin Cheng Co., Ltd. obtained a three-year term loan facility of up to HK$850 million and a three-year term loan facility of up to RMB1,200 million respectively (collectively as the "RHXC Loans"). Pursuant to the conditions of the RHXC Loans, there is a requirement that Mr. Lo beneficially owns at least 35% of the issued share capital of the Company or acts as the Chairman of the Company or maintains control over the Company during the continuance of the RHXC Loans. Details of the transaction were set out in the announcement of the Company dated 20 July 2012.

Any breach of the above obligations will cause a default in respect of Additional 2015 SODH Notes and the RHXC Loans, together with the BNP Loan, the 2013 Notes, the 2015 Notes, the King Concord Loan, the 2015 SODS Notes and the 2015 SODH Notes, and may trigger cross defaults in other outstanding debts of the Group in the aggregate amount as mentioned above.

UPDATE ON INFORMATION OF DIRECTORS UNDER RULE 13.51B(1) OF THE LISTING RULES

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

Mr. Frankie Y. L. WONG has been appointed as a director of Sichuan Shuangma Cement Co., Ltd.（四川雙馬水泥股份有限公司）, a company listed on the Shenzhen Stock Exchange, with effect from 18 July 2012.

Dr. William K. L. FUNG assumed the role of Group Chairman of Li & Fung Limited with effect from 14 May 2012.

Professor Gary C. BIDDLE has been appointed as the Chairman of the Audit Committee of Kingdee International Software Group Company Limited with effect from 27 March 2012.

Save as disclosed above, after having made all reasonable enquiry, the Company is not aware of any other information which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the date of the Company's annual report 2011.

EMPLOYEES AND REMUNERATION POLICY

As of 30 June 2012, the number of employees in the Group was 1,266 (31 December 2011: 1,262); the headcount of the property management business was 1,338 (31 December 2011: 1,322). 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.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Vincent H. S. LO
(Chairman)

Mr. Freddy C. K. LEE
(Managing Director and Chief Executive Officer)

Mr. Daniel Y. K. WAN
(Managing Director and Chief Financial Officer)

Non-executive Director

Mr. Frankie Y. L. WONG

Independent Non-executive Directors

Sir John R. H. BOND
Dr. William K. L. FUNG
Professor Gary C. BIDDLE
Dr. Roger L. McCARTHY
Mr. David J. SHAW

AUDIT COMMITTEE

Professor Gary C. BIDDLE *(Chairman)*
Dr. Roger L. McCARTHY
Mr. Frankie Y. L. WONG

REMUNERATION COMMITTEE

Dr. William K. L. FUNG *(Chairman)*
Mr. Vincent H. S. LO
Professor Gary C. BIDDLE

NOMINATION COMMITTEE

Mr. Vincent H. S. LO *(Chairman)*
Sir John R. H. BOND
Professor Gary C. BIDDLE

FINANCE COMMITTEE

Mr. Vincent H. S. LO *(Chairman)*
Sir John R. H. BOND
Dr. William K. L. FUNG
Professor Gary C. BIDDLE
Mr. Freddy C. K. LEE
Mr. Daniel Y. K. WAN
Mr. Frankie Y. L. WONG

COMPANY SECRETARY

Mr. UY Kim Lun

AUDITOR

Deloitte Touche Tohmatsu

LEGAL ADVISERS

Freshfields Bruckhaus Deringer
Mayer Brown JSM

REGISTERED OFFICE

Walker House, 87 Mary Street
George Town
Grand Cayman KY1-9005
Cayman Islands

CORPORATE HEADQUARTERS

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

PLACE OF BUSINESS IN HONG KONG

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

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Butterfield Fulcrum Group (Cayman) Limited
Butterfield House, 68 Fort Street
P. O. Box 609
Grand Cayman KY1-1107
Cayman Islands

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
Shops 1712-16, 17/F, Hopewell Centre
183 Queen's Road East
Wan Chai
Hong Kong

PRINCIPAL BANKERS

Industrial and Commercial Bank of China Limited
Agricultural Bank of China Limited
Hang Seng Bank Limited
Deutsche Bank AG
Bank of China Limited
Standard Chartered Bank Limited
China Merchants Bank Co., Limited
China Construction Bank Corporation

STOCK CODE

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WEBSITE

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