瑞安房地產
SHUI ON LAND

Shui On Land Limited
瑞安房地產有限公司*

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 272)

Announcement of 2013 Interim Results

HIGHLIGHTS

- For the first half of year 2013 ("1H 2013"), the Group recorded turnover of RMB3,623 million, an increase of 121% due to more properties being delivered and recognised as property sales during the reporting period. Rental and related income (including income from hotel operations) increased by 25% to RMB701 million for 1H 2013.

- Contracted sales for 1H 2013 increased by 315% to RMB6,409 million. A total Gross Floor Area ("GFA") of 238,400 sq.m. was sold and presold with an Average Selling Price ("ASP") of RMB26,900 per sq.m..

- As of 30 June 2013, total locked-in sales for delivery in the second half of year 2013 ("2H 2013") and beyond reached RMB9,114 million (including those of Dalian associates) with a GFA of 407,000 sq.m..

- Gross profit margin was 39% in 1H 2013. In 1H 2013, operating profit increased by 120% to RMB998 million, compared to RMB454 million in the first half of year 2012 ("1H 2012").

- Profit attributable to shareholders increased by 27% to RMB1,051 million in 1H 2013. Core earnings totalled RMB387 million in 1H 2013.

- As of 30 June 2013, total cash and bank deposits of the Group amounted to RMB12,053 million.

- Net gearing ratio dropped by 11% to 59% as of 30 June 2013.

- The total carrying value of the completed investment properties and hotel properties was recorded at RMB27,694 million as of 30 June 2013. The properties located in Shanghai contributed 76% of the total carrying value.

BUSINESS REVIEW

For the first half of year 2013 ("1H 2013"), the Group's turnover increased by 121% to RMB3,623 million, in comparison with turnover of RMB1,643 million in the first half of year 2012 ("1H 2012"). Property sales and rental and related income (including income from hotel operations) accounted for RMB2,913 million and RMB701 million respectively, or 80% and 19% of total turnover in 1H 2013. The remaining sum of RMB9 million or 1% was generated from other income. The significant increase in turnover in 1H 2013 was mainly due to the delivery of three office buildings and ancillary retail space namely 3, 4 and 5 Corporate Avenue in Chongqing Tiandi, constituting a total Gross Floor Area ("GFA") of 99,900 sq.m. and carparks, for RMB1,588 million to certain affiliates of Ping An Group.

Rental and related income (including income from hotel operations) increased by 25% to RMB701 million in 1H 2013 compared to 1H 2012.

In addition, a total GFA of 8,700 sq.m. of investment properties located at Shanghai KIC and Chongqing Tiandi constituting a total sum of RMB275 million, was recognised as disposal of investment property in 1H 2013. Recognised property sales for Dalian Tiandi stood at RMB265 million, and its related profit was recorded in the share of results of associates.

Gross profit increased by 93% to RMB1,419 million in 1H 2013 compared to RMB737 million in 1H 2012. The gross profit margin was 39%.

Selling and marketing expenses increased by 123% to RMB143 million in 1H 2013. This was mainly due to the increase in contracted sales achieved during 1H 2013. The amount represented 2.3% of the overall contracted sales valued at RMB6,167 million, that were contributed by subsidiaries of the Group in 1H 2013.

General and administration expenses increased by 7% to RMB406 million in 1H 2013 compared to 1H 2012. This was mainly due to the costs of acquiring a professional commercial and leasing team from Taubman TCBL in December 2012 and also setting up China Xintiandi Limited ("CXTD") on 1 March 2013.

In 1H 2013, the Group also recorded an increase in fair value totalling RMB1,138 million, representing 3% of the total carrying value of its completed investment properties and investment properties under construction at valuation as of 30 June 2013.

Profit attributable to shareholders increased by 27% to RMB1,051 million compared to RMB825 million in 1H 2012. Core earnings for 1H 2013 were RMB387 million.

As of 30 June 2013, the Group held a total of RMB9,114 million (including those of Dalian associates) in locked-in sales, comprising a total GFA of 407,000 sq.m. slated for delivery to customers and recognised as property sales in the second half of year 2013 ("2H 2013") and beyond.

Property Sales

Recognised Property Sales

Recognised property sales increased by 174% to RMB2,913 million, amounting to a total GFA of 176,700 sq.m. during the reporting period. The increase was due to more properties were delivered and recognised as property sales under turnover of the Group. In particular, three Grade A office buildings namely 3, 4 and 5 Corporate Avenue, residential apartments and carparks delivered in Chongqing Tiandi contributed 72% of the recognised property sales under turnover, amounting to a total value of RMB2,091 million.

The Group's recognised Average Selling Price ("ASP") was recorded at RMB17,300 per sq.m. in 1H 2013. The decrease of 4% compared to 1H 2012 was mainly due to change of product mix and project contribution.

The table below summarises by project the recognised sales (stated after the deduction of business tax of 5% and other surcharges/taxes) for 1H 2013 and 1H 2012:

	1H 2013			**1H 2012**			**ASP**
Project	**Sales revenue**	**GFA sold**	**ASP**	**Sales revenue**	**GFA sold**	**ASP**	**Growth rate**
	RMB' million	sq.m.	RMB per sq.m.	RMB' million	sq.m.	RMB per sq.m.	%
Shanghai Taipingqiao	-	-	-	50	360	147,200	-
Shanghai Rui Hong Xin Cheng ("RHXC")	-	-	-	190	5,100	39,500	-
Shanghai Knowledge and Innovation Community ("KIC")							
Small Office	74	3,000	26,100	35	1,900	19,500	34%
Grade A Office	161	4,600	37,100	-	-	-	-
Wuhan Tiandi							
Site A Residential	-	-	-	96	3,500	29,100	-
Site B Residential	255	12,600	21,500	-	-	-	-
Site B Retail	46	1,100	44,300	-	-	-	-
Chongqing Tiandi							
Residential[1]	450	44,200	13,200	431	40,300	13,800	(4%)
Retail & Office	1,535	100,900	16,100	-	-	-	-
Foshan Lingnan Tiandi	423	19,000	23,600	18	840	22,700	4%
Subtotal	**2,944**	**185,400**		**820**	**52,000**		
Carparks and others	244	-	-	246	-	-	-
Dalian Tiandi	265	25,800	10,900	389	33,100	12,500	(13%)
Total	**3,453**	**211,200**	**17,300**	**1,455**	**85,100**	**18,100**	**(4%)**
Recognised as:							
- property sales in turnover of the Group [2]	2,913	176,700	17,500	1,062	51,800	21,700	(19%)
- disposal of investment properties[2]	275	8,700	33,500	4	200	21,200	58%
- turnover of associates	265	25,800	10,900	389	33,100	12,500	(13%)
Total	**3,453**	**211,200**	**17,300**	**1,455**	**85,100**	**18,100**	**(4%)**

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

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

Contracted Property Sales

In 1H 2013, contracted property sales from general property and carparks, including those from Dalian associates, amounted to RMB6,409 million, an increase of 315% from RMB1,546 million in 1H 2012. A total GFA of 238,400 sq.m. was sold and presold, representing growth of 214% compared to 75,920 sq.m. in 1H 2012. A change in project contribution and product mix resulted in an increase of 32% in ASP, which attained RMB26,900 per sq.m..

In addition to the contracted property sales outlined above, a total GFA of 47,100 sq.m. was subscribed for and subject to formal sale and purchase agreements as of 30 June 2013, at a total value of RMB1,189 million.

No *en-bloc* commercial property sale was entered into during 1H 2013.

The table below provides an analysis by project of contracted sales (stated before the deduction of business tax of 5% and other surcharges/taxes) for 1H 2013 and 1H 2012:

	1H 2013			**1H 2012**			**ASP**
Project	**Contracted amount**	**GFA sold**	**ASP**	**Contracted amount**	**GFA sold**	**ASP**	**Growth rate**
	RMB' million	sq.m.	RMB per sq.m.	RMB' million	sq.m.	RMB per sq.m.	%
General property sales:							
Shanghai Taipingqiao	-	-	-	53	360	147,200	-
Shanghai RHXC	3,487	75,600	46,100	14	360	38,900	19%
Shanghai KIC							
Office	34	1,400	24,300	40	1,400	28,600	(15%)
Residential	297	7,800	38,100	-	-	-	-
Wuhan Tiandi							
Site A Residential	-	-	-	65	2,100	31,000	-
Site B Residential	942	42,100	22,400	512	22,900	22,400	0%
Site B Retail	72	1,600	45,000	-	-	-	-
Chongqing Tiandi							
Residential[1]	714	70,600	12,300	319	30,000	13,000	(5%)
Retail	103	2,500	41,200	-	-	-	-
Foshan Lingnan Tiandi							
Low/mid-rises	205	11,700	17,500	10	500	20,000	(13%)
Townhouses & Retail	175	3,900	44,900	150	3,700	40,500	11%
Subtotal	**6,029**	**217,200**	**27,800**	**1,163**	**61,320**	**19,000**	**46%**
Dalian Tiandi	242	21,200	11,400	179	14,600	12,300	(7%)
Carparks and others	138	-	-	204	-	-	-
Grand total	**6,409**	**238,400**	**26,900**	**1,546**	**75,920**	**20,400**	**32%**

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

Residential GFA Available for Sale and Pre-sale in 2H 2013

The Group has approximately 441,700 sq.m. of residential GFA spanning six Group projects, available for sale and pre-sale during 2H 2013 as summarised below:

Project		**Available for sale and pre-sale in 2H 2013**
		GFA in sq.m.
Shanghai RHXC	Jing Ting (High-rises)	42,900
Shanghai KIC	Jiangwan Regency (Lot 311 Mid-rises and townhouses)	4,100
Wuhan Tiandi	Wuhan Tiandi B9, B11 and B13 (Low/mid/high-rises)	71,400
Chongqing Tiandi	The Riviera Phases 2 - 5 (Low/mid/high-rises)	130,100
Foshan Lingnan Tiandi	Regency Phases 1 - 3 (Low/mid/high-rises)	60,200
	Legendary Phases 1 - 3 (Townhouses)	22,600
Dalian Tiandi	Huangnichuan (Mid/high-rises)	9,100
	Huangnichuan (Villas)	19,000
	Hekou Bay (Mid/high-rises)	82,300
Total		**441,700**

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 Business

Rental and related income

Rental and related income from investment properties rose by 25% to RMB701 million in 1H 2013. The sum of RMB568 million was generated by rental and related income from the existing investment properties, representing an annual growth of 14%. The remaining sum of RMB133 million was generated from hotel operations. The increase was 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 in March 2012.

A total GFA of 207,000 sq.m. of investment properties was completed in 1H 2013, of which 166,000 sq.m. were held by subsidiaries of the Group and 41,000 sq.m. were held by associate companies. Two major properties completed were the office and ancillary retail space of the first stage of the super-high-rise, namely 2 Corporate Avenue at Chongqing Tiandi, offering a GFA of 130,000 sq.m., and Lingnan Tiandi Phase 2 at Foshan Lingnan Tiandi with a GFA of 36,000 sq.m.. These two newly completed investment properties had yet to contribute rental and related income in 1H 2013.

The table below provides an overview of the rental and related income from investment properties for 1H 2013 and 1H 2012 and the percentage of leases in GFA by property that are slated to expire between 2013 and 2015:

Project	Product	Leasable GFA	Rental & related income RMB' million		Year on year change	Leases expire in % of GFA		
		sq.m.	1H 2013	1H 2012	1H 2013	2013	2014	2015
Shanghai Taipingqiao								
Xintiandi, Xintiandi Style and Langham Xintiandi Hotel Retail Portion	**Offices/ Retail**	80,000	186	169	10%	20%	25%	25%
Corporate Avenue Phase I	**Offices/ Retail**	83,000	120	117	3%	24%	24%	37%
Shui On Plaza	**Offices/ Retail**	50,000	64	44	45%	1%	25%	18%
Subtotal		**213,000**	**370**	**330**	**12%**	**16%**	**25%**	**27%**
Shanghai RHXC	**Retail**	47,000	29	25	16%	3%	7%	15%
Shanghai KIC	**Offices/ Retail**	160,000	91	75	21%	15%	31%	34%
Wuhan Tiandi	**Retail**	46,000	27	27	-	15%	26%	25%
Chongqing Tiandi	**Retail**	46,000	10	7	43%	6%	3%	31%
Foshan Lingnan Tiandi	**Retail**	30,000	32	25	28%	3%	3%	9%
Hangzhou Xihu Tiandi[1]	**Retail**	-	9	9	-	41%	25%	20%
Total		**542,000**[2,3]	**568**	**498**	**14%**	**14%**	**23%**	**27%**

[1] Hangzhou Xihu Tiandi has a leasable GFA of 6,000 sq.m. and features restaurants, cafes and other entertainment properties. The Group has the right to use the properties for a term of 20 years expiring in 2023 pursuant to the joint venture contract for the establishment of Hangzhou Xihu Tiandi Management Co., Ltd.

[2] A total GFA of 29,000 sq.m. was occupied by the Group mainly for office use. The locations are Shanghai Shui On Plaza (8,000 sq.m.), Shanghai KIC (4,000 sq.m.) and Chongqing Tiandi (17,000 sq.m.). These are not included in the table because they have no contribution to the Group's rental and related income.

[3] A total GFA of 166,000 sq.m. of investment property was newly completed in 1H 2013. It is not included in this table for comparison because there was no contribution to rental and related income in 1H 2013.

Valuation of the Investment Properties Portfolio

The carrying value of the completed investment properties (excluding hotels and self-use properties) at valuation with a total GFA of 708,000 sq.m., was RMB25,306 million as of 30 June 2013. Of this sum, RMB361 million (representing 1% of the carrying value) arose from increased fair value during 1H 2013. The properties located in Shanghai, Chongqing, Foshan and Wuhan respectively, accounted for 75%, 12%, 8% and 5% of the carrying value of the portfolio.

As of 30 June 2013, the carrying value of the investment properties under development at valuation for a total GFA of 891,000 sq.m. was RMB14,287 million. Of this sum, RMB777 million (representing 5% of the carrying value) arose from increased fair value during 1H 2013. The increase was mainly due to the accelerated construction works of Corporate Avenue Phase II (Lots 126 and 127) located at the Taipingqiao project and THE HUB project in Shanghai. Construction works are proceeding for 5 Corporate Avenue, Phase II, a Grade A office building with a shopping mall located at Lot 126, with a total GFA of 79,000 sq.m., projected for completion in 2H 2013. Planned for completion in late 2014 are 3 Corporate Avenue, Phase II, another Grade A office building and shopping mall with a total GFA of 82,000 sq.m. located at Lot 127. Various office buildings and the entertainment and restaurant area at THE HUB in Shanghai, with a total GFA of 75,000 sq.m., are projected to be completed in 2H 2013. Construction works of the remaining 158,000 sq.m. of GFA for office and shopping mall space at THE HUB are scheduled to be completed in 2014.

The carrying value of Shanghai Langham Xintiandi Hotel, Shanghai 88 Xintiandi Hotel and Marco Polo Lingnan Tiandi Foshan Hotel was RMB2,388 million as of 30 June 2013. These projects were carried at either the original acquisition cost or the construction cost, net of accumulated depreciation.

The carrying value of the remaining commercial-use landbank acquired on or before 2007, was stated at cost of RMB10,276 million as of 30 June 2013.

The table below summarises the carrying value of the investment properties at valuation as of 30 June 2013 together with the change in fair value for 1H 2013:

Project	**Leasable GFA**	**Increase in fair value for 1H 2013**	**Carrying value as of 30 June 2013**	**Carrying value per GFA**	**Valuation gain to carrying value**
	sq.m.	**RMB' million**	**RMB' million**	**RMB per sq.m.**	**%**
Completed investment properties at valuation					
Shanghai Taipingqiao					
Xintiandi, Xintiandi Style and Langham Xintiandi Hotel Retail Portion	80,000	20	6,213	77,700	0.3%
Corporate Avenue Phase I	83,000	20	4,501	54,200	0.4%
Shui On Plaza	50,000	27	2,768	55,400	1%
Shanghai RHXC	47,000	13	1,014	21,600	1%
Shanghai KIC	160,000	130	4,633	29,000	3%
Wuhan Tiandi	46,000	41	1,192	25,900	3%
Chongqing Tiandi	176,000	83	3,020	17,200	3%
Foshan Lingnan Tiandi	66,000	27	1,965	29,800	1%
Subtotal	**708,000**	**361**[1]	**25,306**	**35,700**	**1%**
Investment properties under development at valuation					
Shanghai Taipingqiao					
Corporate Avenue Phase II	161,000	524	6,636	41,200	8%
THE HUB	233,000	211	5,087	21,800	4%
Shanghai RHXC	19,000	34	348	18,300	10%
Shanghai KIC	5,000	-	25	5,000	-
Wuhan Tiandi	110,000	8	956	8,700	1%
Chongqing Tiandi	363,000	-	1,235	3,400	-
Subtotal	**891,000**	**777**	**14,287**	**16,000**	**5%**
Total	**1,599,000**	**1,138**	**39,593**	**24,800**	**3%**

[1] *The valuation gain of RMB34 million from investment properties completed in 1H 2013 was recognised during the development stage.*

The table below summarises the carrying value of the hotel properties as of 30 June 2013:

Project	**GFA**	**Carrying value as of 30 June 2013**	**Carrying value per GFA**
	sq.m.	RMB' million	RMB per sq.m.
Shanghai Taipingqiao			
Shanghai Langham Xintiandi Hotel	33,000	1,790	54,200
Shanghai 88 Xintiandi Hotel	5,000	69	13,800
Foshan Lingnan Tiandi			
Marco Polo Lingnan Tiandi Foshan Hotel	38,000	529	13,900
Total	**76,000**	**2,388**	**31,400**

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 2013	31 December 2012	31 December 2011	Group's interest
Completed before 1H 2013								
Shanghai Taipingqiao								
Shanghai Xintiandi	5,000	47,000	5,000	57,000	99%	100%	100%	100.0%
Shanghai Xintiandi Style	-	27,000	-	27,000	99%	100%	96%	99.0%
Shanghai Corporate Avenue Phase I	76,000	7,000	-	83,000	100%	100%	100%	100.0%
Shanghai Shui On Plaza	30,000	28,000	-	58,000	100%	100%	N/A	80.0%
Langham Xintiandi Hotel	-	1,000	33,000	34,000	100%	N/A	N/A	66.7%
Shanghai RHXC								
The Palette 1	-	5,000	-	5,000	100%	100%	100%	79.8%
The Palette 3	-	28,000	-	28,000	99%	98%	100%	79.0%
The Palette 5	-	2,000	-	2,000	53%	53%	39%	79.0%
The Palette 2	-	12,000	-	12,000	89%	86%	N/A	79.0%
Shanghai KIC								
1, 2, 3 and 10 KIC Plaza (Phase 1)	29,000	21,000	-	50,000	85%	84%	77%	86.8%
5 - 9 KIC Plaza (Phase 2)	39,000	10,000	-	49,000	81%	77%	79%	86.8%
KIC Village (R1 and R2)	16,000	11,000	-	27,000	86%	84%	75%	86.8%
11 - 12 KIC Plaza (C2)	27,000	11,000	-	38,000	73%	54%	33%	86.8%
Hangzhou Xihu Tiandi								
Xihu Tiandi	-	6,000	-	6,000	100%	100%	100%	100.0%
Wuhan Tiandi								
Wuhan Tiandi (Lot A4-1)	-	16,000	-	16,000	94%	91%	98%	75.0%
Wuhan Tiandi (Lots A4-2 and 3)	-	30,000	-	30,000	84%	84%	91%	75.0%
Chongqing Tiandi								
The Riviera Phase 1	-	2,000	-	2,000	92%	94%	100%	79.4%
The Riviera Phase 2 (Stage 1)	-	2,000	-	2,000	50%	91%	96%	79.4%
The Riviera Phase 2 (Stages 2&3)	-	4,000	-	4,000	88%	N/A	N/A	79.4%
The Riviera Phase 3	-	6,000	-	6,000	0%	N/A	N/A	79.4%
Chongqing Tiandi (Lot B3/01)								
- Phase 1	-	10,000	-	10,000	100%	97%	100%	79.4%
- Phase 2	-	39,000	-	39,000	70%	69%	59%	79.4%
Foshan Lingnan Tiandi								
Lingnan Tiandi Phase 1 (Lot 1 phase 1)	-	16,000	-	16,000	88%	87%	22%	100.0%
Marco Polo Lingnan Tiandi Foshan Hotel (Lot D)	-	14,000	38,000	52,000	2%	N/A	N/A	100.0%
Dalian Tiandi								
Software office buildings (D22)	42,000	-	-	42,000	75%	76%	91%	48.0%
Ambow training school	113,000	-	-	113,000	100%	100%	100%	48.0%
Software office buildings (D14 - SO2/SO4)	52,000	-	-	52,000	38%	N/A	N/A	48.0%
Subtotal	**429,000**	**355,000**	**76,000**	**860,000**				
New completion in 1H 2013								
Chongqing Tiandi								
2 Corporate Avenue (Lot B11-1/02 Phase 1)	119,000	11,000	-	130,000				59.5%
Foshan Lingnan Tiandi								
Lingnan Tiandi Phase 2 (Lot 1 Phase 2)	-	36,000	-	36,000				100.0%
Dalian Tiandi								
ITTD (D10 Retail)	-	41,000	-	41,000				48.0%
Subtotal	**119,000**	**88,000**	**-**	**207,000**				
Total leasable GFA	**548,000**	**443,000**	**76,000**	**1,067,000**				
Investment property held by:								
- Subsidiaries of the Group	341,000	402,000	76,000	819,000				
- Associated companies	207,000	41,000	-	248,000				
As of 30 June 2013	**548,000**	**443,000**	**76,000**	**1,067,000**				
As of 31 December 2012	**435,000**	**357,000**	**76,000**	**868,000**				

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

Establishment of China Xintiandi (“CXTD”) on 1 March 2013

To unlock the underlying asset value of the Group’s portfolios, CXTD began operations as a separately managed, wholly owned subsidiary of the Group on 1 March 2013. This is a step towards the process for a proposed separate listing of CXTD (the “Proposed Spin-off”) on The Hong Kong Stock Exchange announced on 28 May 2012.

A total of 238 employees had been transferred to CXTD from Group headquarters and each of different project companies of the Group as of 30 June 2013. Together with the newly instated retail leasing team from TCBL, a combined total of 362 employees work on asset management of the investment properties portfolio at CXTD. On 1 July 2013, the Group appointed Mr. Philip Wong as the Chief Executive Officer (“CEO”) of CXTD. In this leadership capacity, the CEO heads an executive team to provide the expertise and standard of service required to meet increasing domestic and international demand.

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

Property Development Progress

Property Completed in 1H 2013 and Development Plan for 2H 2013 and 2014

The table below summarises the projects with construction works completed in 1H 2013 and construction works that are planned for completion in 2H 2013 and 2014:

Project	Residential	Office	Retail	Hotel/ serviced apartments	Subtotal	Clubhouse, carpark and other facilities	Total
	sq.m.	sq.m.	sq.m.	sq.m.	sq.m.	sq.m.	sq.m.
Actual delivery in 1H 2013							
Chongqing Tiandi	-	119,000	11,000	-	130,000	53,000	183,000
Foshan Lingnan Tiandi	-	-	37,000	-	37,000	2,000	39,000
Dalian Tiandi[1]	33,000	-	41,000	-	74,000	24,000	98,000
Total	**33,000**	**119,000**	**89,000**	**-**	**241,000**	**79,000**	**320,000**
Plan for delivery in 2H 2013							
Shanghai Taipingqiao	-	51,000	28,000	-	79,000	26,000	105,000
Shanghai KIC	53,000	-	-	-	53,000	20,000	73,000
THE HUB	-	59,000	16,000	-	75,000	42,000	117,000
Wuhan Tiandi	54,000	-	1,000	-	55,000	13,000	68,000
Chongqing Tiandi	77,000	133,000	73,000	-	283,000	78,000	361,000
Foshan Lingnan Tiandi	12,000	-	1,000	-	13,000	10,000	23,000
Total	**196,000**	**243,000**	**119,000**	**-**	**558,000**	**189,000**	**747,000**
Plan for delivery in 2014							
Shanghai Taipingqiao	-	55,000	27,000	-	82,000	37,000	119,000
Shanghai RHXC	118,000	-	19,000	-	137,000	50,000	187,000
Shanghai KIC	-	95,000	6,000	-	101,000	46,000	147,000
THE HUB	-	46,000	112,000	44,000	202,000	68,000	270,000
Wuhan Tiandi	56,000	68,000	110,000	7,000	241,000	148,000	389,000
Chongqing Tiandi	123,000	-	2,000	-	125,000	40,000	165,000
Foshan Lingnan Tiandi	45,000	-	3,000	-	48,000	29,000	77,000
Dalian Tiandi[1]	91,000	-	-	-	91,000	44,000	135,000
Total	**433,000**	**264,000**	**279,000**	**51,000**	**1,027,000**	**462,000**	**1,489,000**

[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.

Construction works completed in 1H 2013

During 1H 2013, construction works were completed at three major developments. In Chongqing Tiandi, 2 Corporate Avenue came onstream with a total GFA of 119,000 sq.m. of Grade A office space together with 11,000 sq.m. of GFA as ancillary retail space. In Foshan Lingnan Tiandi, the second phase of entertainment and restaurant development was completed, offering a total GFA of 36,000 sq.m. for leasing. These two properties have been included in the Group's completed investment property portfolio.

In Dalian Tiandi, a total of 33,000 sq.m. of residential GFA and 41,000 sq.m. of the retail GFA at Huangnichuan area (Site C of Dalian Tiandi) were completed in 1H 2013.

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

Shanghai Taipingqiao
Comprising a total GFA of 79,000 sq.m., 5 Corporate Avenue (Lot 126) will accommodate a Grade A office building with a GFA of 51,000 sq.m. and a high-end shopping mall offering 28,000 sq.m., both properties being under

development. The superstructure of 5 Corporate Avenue has been completed. Pre-sale permits for the office tower were obtained in June 2013. Construction is scheduled to be completed by the end of 2013 and offices are projected to be available for fitting out and move-in in early 2014.

A Grade A office building of 55,000 sq.m. and a high-end shopping mall of 27,000 sq.m. will be also built as part of the total GFA of 82,000 sq.m. at 3 Corporate Avenue (Lot 127). Substantial construction works for the foundation were completed as of 30 June 2013. This project is scheduled to be completed in 2014.

Shanghai Rui Hong Xin Cheng
Jing Ting, residential Phase 5 (Lot 6) of Rui Hong Xin Cheng, is under construction, with planned residential GFA of 118,000 sq.m. and retail GFA of 19,000 sq.m.. The first stage of pre-sale was launched in December 2012. The second batch was offered in March 2013. For 1H 2013, pre-sale contracted results amounted to a total of RMB3,487 million, representing an increase of 19% in ASP compared to 1H 2012. Further launches of the remaining residential GFA under construction are earmarked for 2H 2013. The development is scheduled for completion in 2014. The Group has a 99.0% and a 79.0% effective interest in the residential portion and the retail portion respectively.

Shanghai KIC
The Jiangwan Regency (Lot 311) with GFA of 53,000 sq.m. is under construction. The pre-sale launch was held in quarter four of 2012. As of 30 June 2013, 49,000 sq.m. or 92% of the residential GFA was contracted. The development is scheduled for completion in 2H 2013. The remaining area of Lot 311, also known as 1-7 KIC Corporate Avenue, and Lot 12-8, are currently under development with 95,000 sq.m. of GFA designated for offices, 6,000 sq.m. of GFA for retail space and 22,000 sq.m. of GFA for hotel construction with sales and delivery planned for 2014 and 2015.

THE HUB
Construction works of the superstructure of THE HUB will be substantially completed by the end of 2013. A total GFA of 75,000 sq.m. is planned for completion during 2013, comprising 59,000 sq.m. of office space, and 16,000 sq.m. of entertainment and restaurant facilities, where pre-sale permits for the D17 Showroom Office #2 and Showroom Office #3 were obtained in August 2013. A shopping mall of 103,000 sq.m., office space of 46,000 sq.m. and ancillary retail space of 9,000 sq.m., and a 5-Star hotel of 44,000 sq.m. are scheduled for completion in 2014.

Wuhan Tiandi
Wuhan Tiandi B9, with a total GFA of 67,000 sq.m., was completed in late 2012. Wuhan Tiandi B11 with a total GFA of 55,000 sq.m. is planned for completion in 2H 2013. Since early 1H 2013, several rounds of sale and pre-sale new launches of residential apartments and retail portions in these two developments have been conducted, resulting in contracted sales of RMB1,014 million.

Construction works at Lot B13 for residential use commenced in 1H 2013, with a total GFA of 56,000 sq.m.. The new launch in Lot B13 is scheduled for pre-sale in 2H 2013 with completion planned for 2H 2014.

Construction is in progress at Lots A1/A2/A3 shopping mall, and is projected to yield a total GFA of 110,000 sq.m.. Completion is expected to be in 2014. A Grade A office building at Lot A2 is currently under construction and is expected to yield prime office space, providing 46,000 sq.m. of GFA. Completion is expected to be in 2014.

Chongqing Tiandi
Construction works at the Riviera Phases 2 and 3 were completed in 2012 and the residential units have been progressively delivered to customers. The Riviera Phase 4 (Lot B20-5), with a total GFA of 78,000 sq.m., was partially launched for pre-sale from 2H 2012 with delivery as from 1H 2013.

Construction works on 2 Corporate Avenue (Lot B11-1/02 Phase 1) were completed in 1H 2013. The property is currently held by the Group as investment property. Three Grade A office buildings, 3, 4 and 5 Corporate Avenue at Chongqing Tiandi (Lot B12-1), together with ancillary retail space and carparks, were delivered to customers in 1H 2013, offering a total GFA of 99,900 sq.m.. The GFA of 203,000 sq.m. of 6, 7 and 8 Corporate Avenue (Lots B12-3 and B12-4) is under development and is earmarked for completion in 2H 2013. Jialing Tiandi, the shopping mall connected to the Corporate Avenue office zone, is under construction and is planned for completion in 2014 to 2016.

Foshan Lingnan Tiandi
Construction works of the retail space at The Legendary Phase 2 Stage 2 (Lot 15 Phase 2) were completed in 1H 2013. This project was duly delivered to customers in 1H 2013.

Development works are in progress at Lot 1 Phase 3, Lots 6, 16, 18 and E where a total GFA of 264,000 sq.m. will accommodate residential and retail space. The development is scheduled to be progressively completed from 2H 2013 to 2015.

Dalian Tiandi
A total GFA of 74,000 sq.m. of residential and retail space at Huangnichuan area (Site C of Dalian Tiandi) was completed in 1H 2013.

Hekou Bay (Site A of Dalian Tiandi) has a total GFA of 91,000 sq.m. under construction as residential property. The first pre-sale batch was launched in May 2013 netting RMB103 million in contracted sales from late May to June. Further pre-sales will be launched in 2H 2013. The properties are scheduled for completion in 2014.

Relocation progress

Shanghai Taipingqiao
Lakeville Phase 4 (Lot 116) has a total residential GFA of 90,000 sq.m. and is under relocation. The site is scheduled to be cleared and delivered to the Group in 2H 2013. As of 30 June 2013, 92% of the households had signed relocation agreements, an increase of 7% compared to the 85% of households that had signed relocation agreements as of 31 December 2012. The Group has a 50% interest in the development.

As of 30 June 2013, RMB3,173 million had been paid for Lot 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 proposed GFA of 496,000 sq.m., have yet to be determined. The relocation plans for 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.. As of 30 June 2013, 96% of Lot 3 had been relocated, an increase of 4% compared to 31 December 2012. Relocation percentages for Lots 2, 9 and 10 were 76%, 83% and 77%, respectively. Lots 2, 3 and 9 have been undergoing legal and arbitration procedures for site reclamation since late 2012. These sites are scheduled to be delivered to the Group for development from 2H 2013 to 2014. The development plan comprises the construction of residential apartments in Lots 2 and 9, Rui Hong Tiandi entertainment hub in Lot 3 ("Hall of the Moon"), and two office buildings at a shopping mall in Lot 10 ("Hall of the Sun"). The Group has a 79.0% interest in these sites.

As of 30 June 2013, RMB5,943 million had been paid for Lots 2, 3, 9 and 10. It is envisaged that the balance of the relocation cost will be paid according to the actual relocation progress and site delivery.

Relocation plans and timetables have yet to be determined for Lots 1 and 7 for residential use and Lot 167 for residential with office and retail use, with a total planned GFA of 500,000 sq.m.. The relocation plans of these sites are subject to final proposal and agreement terms among relevant parties.

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

Project	**Percentage of relocation as of 30 June 2013**	**Leasable and saleable GFA**	**Relocation cost paid as of 30 June 2013**	**Estimated outstanding relocation cost as of 30 June 2013**	**Estimated relocation completion year**
		sq.m.	RMB'million	RMB'million	
Taipingqiao Lot 116 (Phase 4 residential)	92%	90,000	3,173	800	2013
RHXC Lot 3 (Rui Hong Tiandi - Hall of the Moon)	96%	72,000	1,478	278	2013
RHXC Lot 9 (Phase 6 residential)	83%	84,000	1,489	450	2014
RHXC Lot 2 (Phase 7 residential)	76%	105,000	1,383	476	2014
RHXC Lot 10 (Rui Hong Tiandi - Hall of the Sun shopping mall and two office buildings)	77%	308,000	1,593	1,646	2014/15
Total		**659,000**	**9,116**	**3,650**	

Landbank

As of 30 June 2013, the Group's landbank, including the contribution of its Dalian associates, stood at a GFA of 12.9 million, comprising 10.8 million sq.m. of leasable and saleable area, and 2.1 million sq.m. for clubhouses, car parking spaces and other facilities. These landbank properties are 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 10.8 million sq.m., 1.2 million sq.m. was developed, and held for sale and/or investment. Approximately 3.6 million sq.m. were under development, and the remaining 6.0 million sq.m. were held for future development.

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

Relocation is underway on a total leasable and saleable GFA of 659,000 sq.m. as described in the previous section. Relocations at these sites are planned for completion between 2013 and 2015. Relocation plans and the timetable for the remaining 1 million sq.m. of GFA located at Shanghai Taipingqiao and Rui Hong Xin Cheng have yet to be determined. The relocation plans for these sites are subject to final proposal and agreement terms among relevant parties.

The Group's total landbank as of 30 June 2013, including that of its associates, is summarised below:

Project	Approximate/Estimated leasable and saleable GFA: Residential	Office	Retail	Hotel/ serviced apartments	Subtotal	Clubhouse, carpark and other facilities	Total	Group's interest
	sq.m.	sq.m.	sq.m.	sq.m.	sq.m.	sq.m.	sq.m.	%
Completed properties:								
Shanghai Taipingqiao	-	111,000	110,000	38,000	**259,000**	103,000	**362,000**	99.0%[1]
Shanghai RHXC	-	-	47,000	-	**47,000**	59,000	**106,000**	79.0%[2]
Shanghai KIC	-	111,000	53,000	-	**164,000**	104,000	**268,000**	86.8%
Hangzhou Xihu Tiandi	-	-	6,000	-	**6,000**	-	**6,000**	100.0%
Wuhan Tiandi	1,000	-	46,000	-	**47,000**	25,000	**72,000**	75.0%
Chongqing Tiandi	37,000	119,000	74,000	-	**230,000**	150,000	**380,000**	79.4%[3]
Foshan Lingnan Tiandi	36,000	-	66,000	38,000	**140,000**	65,000	**205,000**	100.0%
Dalian Tiandi	86,000	207,000	41,000	-	**334,000**	126,000	**460,000**	48.0%
Subtotal	160,000	548,000	443,000	76,000	**1,227,000**	632,000	**1,859,000**	
Properties under development:								
Shanghai Taipingqiao	90,000	106,000	55,000	-	**251,000**	63,000	**314,000**	99.0%[1]
Shanghai RHXC	118,000	-	19,000	-	**137,000**	50,000	**187,000**	79.0%[2]
Shanghai KIC	53,000	95,000	6,000	22,000	**176,000**	66,000	**242,000**	99.0%[4]
THE HUB	-	105,000	128,000	44,000	**277,000**	110,000	**387,000**	100.0%
Wuhan Tiandi	110,000	252,000	111,000	40,000	**513,000**	161,000	**674,000**	75.0%
Chongqing Tiandi	247,000	544,000	262,000	25,000	**1,078,000**	289,000	**1,367,000**	79.4%[3]
Foshan Lingnan Tiandi	171,000	-	97,000	-	**268,000**	124,000	**392,000**	100.0%[5]
Dalian Tiandi	478,000	189,000	201,000	33,000	**901,000**	308,000	**1,209,000**	48.0%[6]
Subtotal	1,267,000	1,291,000	879,000	164,000	**3,601,000**	1,171,000	**4,772,000**	
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	368,000	35,000	92,000	10,000	**505,000**	4,000	**509,000**	75.0%
Chongqing Tiandi	780,000	25,000	91,000	78,000	**974,000**	218,000	**1,192,000**	79.4%
Foshan Lingnan Tiandi	377,000	450,000	125,000	80,000	**1,032,000**	28,000	**1,060,000**	100.0%
Dalian Tiandi[7]	529,000	936,000	362,000	49,000	**1,876,000**	8,000	**1,884,000**	48.0%[6]
Subtotal	2,755,000	1,892,000	1,040,000	265,000	**5,952,000**	314,000	**6,266,000**	
Total landbank GFA	**4,182,000**	**3,731,000**	**2,362,000**	**505,000**	**10,780,000**	**2,117,000**	**12,897,000**	

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

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

3 *The Group has a 79.4% interest in Chongqing Tiandi, except for Lot B11-1/02 in which the Group has a 59.5% effective interest. The development of super-high-rise towers is planned for Lot B11-1/02 for a leasable and saleable GFA of 518,000 sq.m..*

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

5 *The Group has a 100.0% interest in Foshan Lingnan Tiandi, except for Lot 6, Lot 16, and Lot 18. For Lots 6 and 16, the Group holds 55.9% effective interest and the joint venture partner, Mitsui Fudosan Residential Co., Ltd. ("Mitsui") has 44.1% effective interest. For Lot 18, the Group has 54.92% effective interest and Mitsui has 45.08% effective interest.*

6 *The Group has a 48.0% interest in Dalian Tiandi,except for Lots C01, C03, B08, B09, E02A and D06 in which the Group has a 33.6% effective interest.*

7 *Dalian Tiandi is expected to have a landbank of 3.6 million sq.m. in GFA. As of 30 June 2013, 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.*

MARKET OUTLOOK

The global economy continues on a nascent recovery track in the absence of major downside shocks in 1H2013. The Eurozone is still in recession, but financial stress has significantly eased compared with 2012, and leading economic indicators in some EU countries have been recovering. The US economy has suffered from spending cuts, but still registered positive growth underpinned by a gradually strengthening labor market and consumption. The market is currently anticipating a phasing out of the US quantitative easing program in the coming year, which has already affected the growth outlook of the rest of the world. Against this global backdrop, China's new leadership has so far refrained from adopting major stimulus measures despite that GDP growth has moderated from 7.7% in the previous quarter to 7.5% in the second, seeing it as an opportunity to enable better quality growth through the pursuit of structural reforms and rebalancing towards a consumption driven model.

The residential property market has staged a strong rebound in the first half of 2013, despite the economic slowdown and the National-Five Measures announced in March. This is partly due to the unleashing of pent-up demand suppressed by housing curbs in the previous two years, as well as a rush to avoid 20% capital gains tax for second-hand transactions. A strong boost in the second hand residential market then spilled over to the primary market, where transaction volume registered a 30.4% year-on-year increase in the first half of 2013. The bullish market sentiment is also reflected in the soaring price level, with average national residential price rising by 12.7%. The continuation of the present market momentum could lead to government market cooling measures in the second half. However, this risk is mitigated by the slowing pace of economic growth. Despite a generally tighter credit environment in the second half and the rising probability of market dampening measures such as the implementation of property taxes to more cities, housing transactions this year are expected to outperform last year's level.

The outlook for the commercial property sector is positive, supported by a growing middle class and on-going transition towards a consumption-oriented growth model. The RICS Commercial Property Survey conducted in Q1 2013 suggests that commercial property markets will remain strong, underpinned by increasing occupier demand and rental expectations. Although Grade A office rentals have recently stabilized in the tier-one cities, economic rebalancing and the government's new urbanization policy will provide strong support for lifestyle hubs and retail property projects, notably in economic hub cities where we have projects under development: Shanghai, Chongqing, Wuhan, Foshan and Dalian.

Shanghai stands to benefit from China's on-going financial liberalization and reform. On July 3 2013, Shanghai received State Council's approval to establish a 28-square-kilometer free-trade zone project, which is the first project of this kind in China. This project will expedite Shanghai's development into a global Renminbi trading, pricing, clearing and innovation hub by 2015, and the anticipated influx of white-collar professionals will further strengthen Shanghai's appeal as a preferred location for property investment.

Chongqing, being the principal economic hub of West China, is continuing its robust economic growth. In H1 2013, the municipality achieved a growth rate of 12.4%, ranked 2nd amongst provincial level cities. China's New Urbanization Strategy is a key driver behind Chongqing's rapid development given its currently low level of urbanization. The city core of Chongqing has recorded an average population growth rate of 5.1% over the past three years, which is much higher than the other major Chinese cities. By 2020, the population of Chongqing's urban core is expected to rise from today's 8 million to 12 million, providing strong support for housing demand in the medium term.

The economic prospects of Wuhan have been enhanced by the national strategic development program to establish a major regional urban growth pole in Central China. Foreign direct investment (FDI) in Wuhan rose by 17.3% y-o-y in Q1 2013, compared to an increase of only 1.44% at the national-wide level. In Urban Land Institute's 2013 ranking of Chinese cities' investment prospects, Wuhan has remained in the fourth place among 36 major Chinese mainland cities.

Foshan has experienced strong economic growth momentum, supported by its city-upgrading program. Foshan's GDP growth recovered from 8.2% in 2012 to 9.5% in 2013 H1. Currently, the government is placing a strong emphasis on urban renewal projects. One of the key tasks involves enhancing Foshan's appeal by revitalizing the Zumiao Lingnan-cultural relics, of which our Lingnan Tiandi constitutes an important part.

As the major port city in China's northeast, Dalian has benefited from the government's efforts to promote foreign investment. Dalian's FDI registered strong growth of 13.8% y-o-y to US$6.4 billion in the first half of 2013. During the same period, Dalian's software business revenue grew by 27.7% to RMB 58.1 billion. Supported by a rapidly growing middle class, Dalian's retail sales reached RMB 222.4 billion in 2012, almost doubling the level in 2005.

Despite slowing economic growth momentum, China's current economic rebalancing growth strategy is favorable to our mixed-use property development model. The drive to boost household consumption and accelerate the development of the service sector can mitigate economic risks rooted in an uncertain global economic environment. Furthermore, our mixed-use development model provides risk diversification in a frequently changing property policy environment. China's new urbanization program, a key strategic initiative under the new leadership, will expedite the development of urban and inter-city transportation network and help to enhance the value of our Tiandi-style and Transport Hub commercial properties.

The Board of Directors (the "Board") of Shui On Land Limited (the "Company" or "Shui On Land") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the six months ended 30 June 2013 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Notes	**Six months ended 30 June 2013 (Unaudited)**		Six months ended 30 June 2012 (Unaudited)	
		HK$'million *(Note 2)*	**RMB'million**	HK$'million *(Note 2)*	RMB'million
Turnover					
- The Group	*4*	**4,511**	**3,623**	2,023	1,643
- Share of associates		**178**	**143**	246	200
		4,689	**3,766**	2,269	1,843
Turnover of the Group	*4*	**4,511**	**3,623**	2,023	1,643
Cost of sales		**(2,744)**	**(2,204)**	(1,115)	(906)
Gross profit		**1,767**	**1,419**	908	737
Other income		**159**	**128**	197	160
Selling and marketing expenses		**(178)**	**(143)**	(79)	(64)
General and administrative expenses		**(505)**	**(406)**	(467)	(379)
Operating profit	*5*	**1,243**	**998**	559	454
Increase in fair value of investment properties		**1,417**	**1,138**	1,561	1,268
Share of results of associates		**3**	**3**	2	2
Gain on disposal of investment properties		**26**	**21**	-	-
Finance costs, inclusive of exchange differences	*6*	**(117)**	**(94)**	(300)	(244)
Profit before taxation		**2,572**	**2,066**	1,822	1,480
Taxation	*7*	**(925)**	**(743)**	(630)	(512)
Profit for the period		**1,647**	**1,323**	1,192	968
Attributable to:					
Shareholders of the Company		**1,308**	**1,051**	1,016	825
Owners of perpetual capital securities		**197**	**158**	-	-
Other non-controlling shareholders of subsidiaries		**142**	**114**	176	143
		339	**272**	176	143
		1,647	**1,323**	1,192	968
				(Restated)	(Restated)
Earnings per share	*9*				
Basic		**HK$0.19**	**RMB0.15**	HK$0.17	RMB0.14
Diluted		**HK$0.17**	**RMB0.14**	HK$0.15	RMB0.12

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Six months ended 30 June 2013 (Unaudited)		Six months ended 30 June 2012 (Unaudited)	
	HK$'million *(Note 2)*	**RMB'million**	HK$'million *(Note 2)*	RMB'million
Profit for the period	**1,647**	**1,323**	1,192	968
Other comprehensive income (expense)				
Items that may be subsequently reclassified to profit or loss:				
Exchange difference arising on translation of foreign operations	**(9)**	**(7)**	(15)	(12)
Fair value adjustments on interest rate swaps designated as cash flow hedges	**22**	**18**	22	18
Net adjustment of hedge reserve reclassified to profit or loss upon early termination of interest rate swaps	**-**	**-**	(7)	(6)
Fair value adjustments on cross currency swaps designated as cash flow hedges	**(67)**	**(54)**	-	-
Reclassification from hedge reserve to profit or loss	**75**	**60**	-	-
	21	**17**	-	-
Item that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit obligations	**(56)**	**(45)**	-	-
Other comprehensive expense for the period	**(35)**	**(28)**	-	-
Total comprehensive income for the period	**1,612**	**1,295**	1,192	968
Total comprehensive income attributable to:				
Shareholders of the Company	**1,273**	**1,023**	1,016	825
Owners of perpetual capital securities	**197**	**158**	-	-
Other non-controlling shareholders of subsidiaries	**142**	**114**	176	143
	339	**272**	176	143
	1,612	**1,295**	1,192	968

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**30 June 2013 RMB'million (Uuaudited)**	31 December 2012 RMB'million (Audited)
Non-current assets			
Investment properties		**49,869**	46,624
Property, plant and equipment		**3,792**	3,782
Prepaid lease payments		**664**	671
Interests in associates		**1,267**	1,264
Interests in joint ventures		**25**	-
Loans to associates		**1,660**	1,659
Accounts receivable	*10*	**101**	102
Loan to a joint venture		**265**	-
Pledged bank deposits		**2,742**	1,720
Deferred tax assets		**112**	93
		60,497	55,915
Current assets			
Properties under development for sale		**22,527**	20,150
Properties held for sale		**1,338**	3,274
Accounts receivable, deposits and prepayments	*10*	**2,869**	2,606
Amounts due from associates		**515**	484
Amounts due from related parties		**154**	210
Amounts due from non-controlling shareholders of subsidiaries		**52**	65
Pledged bank deposits		**955**	443
Restricted bank deposits		**259**	183
Bank balances and cash		**8,097**	6,287
		36,766	33,702
Current liabilities			
Accounts payable, deposits received and accrued charges	*11*	**10,055**	7,903
Amounts due to related parties		**585**	782
Amounts due to associates		**-**	11
Amounts due to non-controlling shareholders of subsidiaries		**601**	530
Tax liabilities		**709**	908
Bank borrowings – due within one year		**5,393**	5,103
Convertible bonds		**2,502**	2,346
Notes		**2,990**	2,980
		22,835	20,563
Net current assets		**13,931**	13,139
Total assets less current liabilities		**74,428**	69,054

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION - CONTINUED

	Notes	**30 June 2013 RMB'million (Unaudited)**	31 December 2012 RMB'million (Audited)
Capital and reserves			
Share capital	*12*	**145**	114
Reserves		**35,073**	31,367
Equity attributable to shareholders of the Company		**35,218**	31,481
Perpetual capital securities		**3,094**	3,093
Other non-controlling shareholders of subsidiaries		**2,708**	2,694
		5,802	5,787
Total equity		**41,020**	37,268
Non-current liabilities			
Bank and other borrowings – due after one year		**14,777**	13,700
Notes		**10,394**	10,539
Derivative financial instruments designated as hedging instruments		**59**	23
Loans from non-controlling shareholders of subsidiaries		**2,769**	2,484
Deferred tax liabilities		**5,352**	5,028
Defined benefit liabilities		**57**	12
		33,408	31,786
Total equity and non-current liabilities		**74,428**	69,054

Notes to the condensed consolidated financial statements:

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 (the "Listing Rules") and with International Accounting Standard 34 “Interim Financial Reporting” (“IAS 34”).

2. Presentation

The Hong Kong dollar figures presented in the condensed consolidated statement of profit or loss and condensed consolidated statement of profit or loss and other comprehensive income are shown for reference only and have been arrived at based on the exchange rate of RMB1.000 to HK$1.245 for the six months ended 30 June 2013 and RMB1.000 to HK$1.231 for the six months ended 30 June 2012, being the average exchange rates that prevailed during the respective periods.

3. Principal Accounting Policies

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

The accounting policies used in the condensed consolidated financial statements for the six months ended 30 June 2013 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2012.

Application of new or revised International Financial Reporting Standards

In the current interim period, the Group has applied, for the first time, the following new or revised International Financial Reporting Standards ("IFRSs") that are effective for annual periods beginning on 1 January 2013:

Amendments to IFRSs	Annual Improvements to IFRSs 2009-2011 Cycle
Amendments to IFRS 7	Disclosures - Offsetting Financial Assets and Financial Liabilities
Amendments to IFRS 10, IFRS 11and IFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interest in Other Entities: Transition Guidance
IFRS 10	Consolidated Financial Statements
IFRS 11	Joint Arrangements
IFRS 12	Disclosure of Interests in Other Entities
IFRS 13	Fair Value Measurement
IAS 19 (as revised in 2011)	Employee Benefits
IAS 27 (as revised in 2011)	Separate Financial Statements
IAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures
Amendments to IAS 1	Presentation of Items of Other Comprehensive Income
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine

IFRS 13 Fair Value Measurement

The Group has applied IFRS 13 for the first time in the current interim period. IFRS 13 establishes a single source of guidance for, and disclosures regarding, fair value measurements, and replaces those requirements previously included in various IFRSs. Consequential amendments have been made to IAS 34 to require certain disclosures to be made in the interim condensed consolidated financial statements.

3. Principal Accounting Policies - continued

IFRS 13 Fair Value Measurement - continued

The scope of IFRS 13 is broad, and applies to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements, subject to a few exceptions. IFRS 13 contains a new definition for "fair value" and defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under IFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, IFRS 13 includes extensive disclosure requirements.

In accordance with the transitional provisions of IFRS 13, the Group has applied the new fair value measurement and disclosure requirements prospectively.

IAS 19 Employee Benefits (as revised in 2011)

In the current interim period, the Group has applied IAS 19 Employee Benefits (as revised in 2011) and the related consequential amendments for the first time.

IAS 19 (as revised in 2011) changes the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in the fair value of plan assets when they occur, and hence eliminate the "corridor approach" permitted under the previous version of IAS 19 and accelerate the recognition of past service costs. All actuarial gains and losses are recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus. Furthermore, the interest cost and expected return on plan assets used in the previous version of IAS 19 are replaced with a "net interest" amount under IAS 19 (as revised in 2011), which is calculated by applying the discount rate to the net defined benefit liability or asset. The application of the IAS 19 (as revised in 2011) has had no material impact on the results and the financial position of the Group for current and prior periods. Accordingly, no adjustment is presented on the Group's basic and diluted earnings per share for the current and prior periods.

Amendments to IAS 1 Presentation of Items of Other Comprehensive Income

The amendments to IAS 1 introduce new terminology for statement of comprehensive income and income statement. Under the amendments to IAS 1, a statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income and an income statement is renamed as a statement of profit or loss. The amendments to IAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements.

However, the amendments to IAS 1 require additional disclosures to be made in the other comprehensive section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis - the amendments do not change the existing option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes.

Except as described above, the application of the other new or revised 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.

4. Turnover and Segmental Information

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

	Six months ended 30 June (Unaudited)					
	2013			2012		
	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	**2,913**	**128**	**3,041**	1,062	187	1,249
Property investment:						
Rental income received from investment properties	**518**	**15**	**533**	446	13	459
Income from hotel operations	**133**	**-**	**133**	65	-	65
Property management fee income	**14**	**-**	**14**	18	-	18
Rental related income	**36**	**-**	**36**	34	-	34
	701	**15**	**716**	563	13	576
Others	**9**	**-**	**9**	18	-	18
Total	**3,623**	**143**	**3,766**	1,643	200	1,843

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

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

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

4. Turnover and Segmental Information - continued

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

	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

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

Segment results represent the profit earned or loss incurred 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 who are the Executive Directors of the Company for the purpose of resource allocation and performance assessment.

5. Operating Profit

	Six months ended 30 June	
	2013	2012
	RMB'million	RMB'million
	(Unaudited)	(Unaudited)
Operating profit has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment	**93**	59
Less: Amount capitalised to properties under development for sale	**(1)**	-
	92	59
Release of prepaid lease payments	**7**	5
Less: Amount capitalised to property, plant and equipment	**(6)**	(4)
	1	1
Employee benefit expenses		
Directors' emoluments		
Fees	**1**	1
Salaries, bonuses and allowances	**11**	22
Retirement benefit costs	**1**	1
Share-based payment expenses	**1**	2
	14	26
Other staff costs		
Salaries, bonuses and allowances	**251**	233
Retirement benefit costs	**18**	13
Share-based payment expenses	**5**	6
	274	252
Total employee benefit expenses	**288**	278
Less: Amount capitalised to investment properties under construction or development and properties under development for sale	**(83)**	(81)
	205	197
Cost of properties sold recognised as an expense	**1,922**	711
Rental charges under operating leases	**22**	29
Interest income	**(106)**	(99)

6. Finance Costs, Inclusive of Exchange Differences

	Six months ended 30 June 2013 RMB'million (Unaudited)	2012 RMB'million (Unaudited)
Interest on bank loans		
- wholly repayable within five years	**583**	402
- not wholly repayable within five years	**66**	74
Interest on loans from non-controlling shareholders of subsidiaries wholly repayable within five years	**72**	75
Imputed interest on loan from a non-controlling shareholder of a subsidiary	**11**	5
Interest on amount due to a related company	**1**	-
Interest on convertible bonds	**217**	120
Interest on notes	**582**	410
Net interest expense from cross currency swaps designated as cash flow hedges	**11**	-
Net interest expense from interest rate swaps designated as cash flow hedges	**10**	45
Total interest costs	**1,553**	1,131
Less: Amount capitalised to investment properties under construction or development and properties under development for sale	**(1,256)**	(1,018)
Interest expense charged to condensed consolidated statement of profit or loss	**297**	113
Net exchange (gain) loss on bank borrowings and other financing activities	**(205)**	68
Others	**2**	63
	94	244

Borrowing costs capitalised during the six months ended 30 June 2013 arose on the general borrowing pool of the Group and were calculated by applying a capitalisation rate of approximately 8.1% (for the six months ended 30 June 2012: approximately 7.7%) per annum to expenditure on the qualifying assets.

7. Taxation

	Six months ended 30 June 2013 RMB'million (Unaudited)	2012 RMB'million (Unaudited)
The People's Republic of China ("PRC")		
Enterprise Income Tax	**162**	156
Deferred Taxation	**334**	321
PRC Land Appreciation Tax	**247**	35
	743	512

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 at the applicable income tax rate of 25% (for the six months ended 30 June 2012: 25%) on the assessable profits of the companies in the Group during the period.

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

8. Dividends

	Six months ended 30 June	
	2013	2012
	RMB'million	RMB'million
	(Unaudited)	(Unaudited)
2012 Final dividend declared and paid (2012: 2011 final dividend declared)	**223**	473
Interim dividend declared in respect of 2013 of HK$0.022 (2012: HK$0.025) per share	**140**	122

Subsequent to the end of the interim period, the Board has declared the payment of HK$0.022 (equivalent to RMB0.017) per share, amounting to HK$176 million (equivalent to RMB140 million) in aggregate as the interim dividend with respect to 2013.

In May 2013, a final dividend with respect to 2012 of HK$0.035 (equivalent to RMB0.028) per share, amounting to HK$280 million (equivalent to RMB223 million) in aggregate, was approved by the shareholders of the Company at the annual general meeting on 29 May 2013 and was paid to the shareholders of the Company in June 2013.

In October 2012, an interim dividend with respect to 2012 of HK$0.025 (equivalent to RMB0.021) per share, amounting to HK$145 million (equivalent to RMB122 million) in aggregate was paid to the shareholders of the Company. The 2012 interim dividend was paid in the form of cash and/or shares of the Company as the shareholders were given the option to elect to receive their dividend in new, fully paid shares in lieu of all or part of cash. 65.5% of the shareholdings elected to receive shares in lieu of cash dividends at share price of HK$2.932 per share and accordingly, 33,360,452 new and fully paid ordinary shares of the Company were issued. These new ordinary shares rank pari passu to the then existing shares of the Company.

In June 2012, a final dividend with respect to 2011 of HK$0.10 (equivalent to RMB0.08) per share, amounting to HK$591 million (equivalent to RMB473 million) in aggregate was approved by the shareholders of the Company at the annual general meeting on 7 June 2012. The 2011 final dividend was paid in 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 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 ordinary shares of the Company were issued. These new ordinary shares rank pari passu to the then existing shares of the Company.

9. Earnings Per Share

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

	Six months ended 30 June	
	2013	2012
	RMB'million	RMB'million
	(Unaudited)	(Unaudited)
Earnings		
Earnings for the purposes of basic earnings per share and diluted earnings per share, being profit for the period attributable to shareholders of the Company	**1,051**	825

	Six months ended 30 June	
	2013	2012
	'million	'million
	(Unaudited)	(Unaudited)
		(Restated)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**6,973**	5,930
Effect of dilutive potential shares: Convertible bonds	**794**	736
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**7,767**	6,666

The weighted average number of ordinary shares for the purpose of basic earnings per share for the six months ended 30 June 2013 and 30 June 2012 have been adjusted for the bonus element of the rights issue completed on 20 May 2013.

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 2013 and 30 June 2012.

10. Accounts Receivable, Deposits and Prepayments

	30 June 2013 RMB'million (Unaudited)	31 December 2012 RMB'million (Audited)
Non-current accounts receivable comprise:		
Rental receivables in respect of rent-free periods	**101**	102
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	**378**	303
Past due within 30 days	**17**	2
Past due 31 - 60 days	**3**	3
Past due 61 - 90 days	**1**	2
Past due over 90 days	**8**	6
	407	316
Prepayments of relocation costs *(note)*	**1,816**	1,695
Other deposits, prepayments and receivables	**646**	595
	2,869	2,606

Note:

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

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.

11. Accounts Payable, Deposits Received and Accrued Charges

	30 June 2013 RMB'million (Unaudited)	31 December 2012 RMB'million (Audited)
Trade payables with aging analysis (based on invoice date):		
0 - 30 days	**1,850**	2,443
31 - 60 days	**8**	29
61 - 90 days	**24**	16
Over 90 days	**204**	80
	2,086	2,568
Retention payables *(note)*	**469**	448
Deed tax, business tax and other tax payables	**273**	325
Deposits received and receipt in advance from property sales	**6,560**	3,551
Deposits received and receipt in advance in respect of rental of investment properties	**338**	324
Deposit received in respect of partial disposal of equity interests in subsidiaries	**-**	352
Accrued charges	**329**	335
	10,055	7,903

Note:

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

12. Share Capital

	Authorised		Issued and fully paid	
	Number of shares	US$'000	Number of shares	US$'000
Ordinary shares of US$0.0025 each				
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 subsiaries	-	-	626,909,643	1,567
At 30 June 2012	12,000,000,000	30,000	5,838,497,624	14,596
At 1 January 2013	**12,000,000,000**	**30,000**	**6,001,294,642**	**15,003**
Issue of new shares under rights issue *(note)*	**-**	**-**	**2,000,431,547**	**5,001**
At 30 June 2013	**12,000,000,000**	**30,000**	**8,001,726,189**	**20,004**

	30 June 2013 RMB'million (Unaudited)	31 December 2012 RMB'million (Audited)
Shown in the condensed consolidated statement of financial position as	**145**	114

Note:

On 20 May 2013, the Company completed the rights issue by issuing 2,000,431,547 rights shares on the basis of one rights share for every three existing shares, at a subscription price of HK$1.84 per rights share ("Rights Issue"). The cash proceeds of approximately HK$3,719 million (equivalent to RMB2,937 million), before share issue expenses of HK$44 million (equivalent to RMB38 million), are used to finance the land relocation, repayment of existing debts, and for general working capital of the Group. These shares rank pari passu with the then existing shares in issue in all aspects.

Financial Review

Turnover of the Group and associates for the six months ended 30 June 2013 was RMB3,766 million (2012: RMB1,843 million), composed of turnover from subsidiaries of RMB3,623 million (2012: RMB1,643 million) and the proportionate share of turnover from Dalian associates of RMB143 million (2012: RMB200 million).

Property sales for the six months ended 30 June 2013 amounted to RMB3,041 million (2012: RMB1,249 million), comprising property sales by subsidiaries of RMB2,913 million (2012: RMB1,062 million) and the proportionate share of RMB128 million (2012: RMB187 million) from Dalian associates. An increase in GFA delivered to customers from 51,800 sq.m. to 176,700 sq.m. produced a corresponding increment in sales of RMB1,851 million. The Business Review Section provides a detailed "Property Sales" overview of the six months ended 30 June 2013.

Rental and other related income from investment properties of the Group rose by 22% to RMB710 million (2012: RMB581 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 in March 2012.

Gross profit for the six months ended 30 June 2013 increased to RMB1,419 million (2012: RMB737 million) while gross profit margin declined to 39% (2012: 45%). The decline in gross profit margin was mainly because in 2013, more turnover of the Group came from property sales where the gross profit margins were lower than rental and related income. Property sales gross profit margin increased slightly to 34% (2012: 33%).

Other income decreased by 20% to RMB128 million (2012: RMB160 million). It consisted of interest income of RMB106 million (2012: RMB99 million) together with grants received from local government and sundry income of RMB22 million (2012: RMB11 million). In 2012, the Group also had a one-off accounting gain of RMB50 million from the acquisition of Shanghai Langham Xintiandi Hotel.

Selling and marketing expenses increased significantly by 123% to RMB143 million (2012: RMB64 million) mainly due to the increase in contracted sales achieved by the Group (excluding sales by associates) by 351% to 6,167 million sq.m. (2012: 1,367 million sq.m.).

General and administrative expenses increased marginally by 7% to RMB406 million (2012: RMB379 million). The increase was due to the costs of acquiring a professional commercial and leasing team from Taubman TCBL in December 2012 and also setting up China Xintiandi Limited on 1 March 2013.

The various factors described above brought about a significant increase in *operating profit* by 120% to RMB998 million (2012: RMB454 million).

Increase in fair value of investment properties decreased by 10% to RMB1,138 million (2012: RMB1,268 million), of which RMB361 million (2012: RMB449 million) was derived from completed investment properties and RMB777 million (2012: RMB819 million) came from investment properties under construction or development. The paragraph headed "Investment Property Business" in the Business Review Section offers a detailed description of these properties.

Share of results of associates was RMB3 million (2012: RMB2 million), which included a revaluation gain from investment properties under development or construction (net of related taxes) amounting to RMB15 million (2012:RMB21 million) attributable to the Group.

Finance costs, inclusive of exchange differences amounted to RMB94 million (2012: RMB244 million). Total interest costs increased to RMB1,553 million (2012: RMB1,131 million). Of these interest costs, 81% (2012: 90%) or RMB1,256 million (2012: RMB1,018 million) were capitalised as cost of property development, with the remaining 19% (2012: 10%) interest relating to mortgage loans on completed properties and borrowings for general working capital purposes being expenses. Exchange gain of RMB205 million was due to the appreciation of the RMB against the HK$ and the USD in 2013 while the Group recorded an exchange loss of RMB68 million in 2012.

Profit before taxation increased by 40% to RMB2,066 million (2012: RMB1,480 million), as a result of the various factors outlined above.

Taxation increased by 45% to RMB743 million (2012: RMB512 million). The effective tax rate for 2013 was 27% (2012: 32.8%), after excluding the land appreciation tax of RMB247 million (2012: RMB35 million) which was assessed based on the appreciation value of sold properties) together with its corresponding enterprise income tax effect of RMB62 million (2012: RMB9 million). The decrease in the effective tax rate was attributable to the increase in exchange gain resulting mainly from revaluation of offshore borrowings, which were not subject to tax in the PRC.

Profit attributable to shareholders of the Company for the six months ended 30 June 2013 was RMB1,051 million, an increase of 27% when compared to the same period in 2012 (2012: RMB825 million).

Core earnings of the Group were as follows:

	Six months ended 30 June		
	2013	2012	Change
	RMB'million	RMB'million	%
Profit attributable to shareholders of the Company	**1,051**	825	+27%
Less:			
Increase in fair value of investment properties of the Group (net of deferred tax effect and share of non-controlling interests)	**(807)**	(789)	
Share of increase in fair value of investment properties of associates (net of tax effect)	**(15)**	(21)	
Profit attributable to shareholders of the Company before revaluation of investment properties	**229**	15	+1,427%
Add:			
Profit attributable to owners of perpetual capital securities	**158**	-	
Core earnings of the Group	**387**	15	

Earnings per share attained RMB0.15, which is calculated based on a weighted average of approximately 6,973 million shares in issue during the six months ended 30 June 2013 (2012 restated: RMB0.14, which is calculated based on a weighted average of approximately 5,930 million shares in issue).

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

- Dividends payable to the shareholders of the Company (together with any redemption, repurchase or acquisition of the Company’s shares) should not exceed 20% of the Company’s consolidated net income (which approximates profit attributable to shareholders of the Company but is adjusted for, among others, exchange differences, gain/loss from non-ordinary course asset disposals and extraordinary or non-recurring gains based on terms of the senior notes) for any two semi-annual periods unless certain conditions pursuant to the terms of the senior notes have been met.

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

Capital Structure, Gearing Ratio and Funding

On 20 May 2013, the Company completed the rights issue by issuing 2,000,431,547 rights shares on the basis of one rights share for every three existing shares, at a subscription price of HK$1.84 per rights share. The net proceeds of approximately RMB2,899 million, are used to finance the land relocation of Shanghai Taipingqiao and Rui Hong Xin Cheng projects, repayment of existing indebtedness including convertible bonds, and for working capital purposes. These new shares ranked pari passu with the then existing shares in issue in all aspects of the Company.

The structure of the Group's borrowings as of 30 June 2013 is summarised below:

	Total (in RMB equivalent)	**Due within one year**	**Due in more than one year but not exceeding two years**	**Due in more than two years but not exceeding five years**	**Due in more than five years**
	RMB'million	RMB'million	RMB'million	RMB'million	RMB'million
Bank borrowings – RMB	10,956	2,234	1,985	5,665	1,072
Bank borrowings – HK$	6,798	2,575	2,153	2,070	-
Bank borrowings – USD	2,416	584	897	935	-
	20,170	5,393	5,035	8,670	1,072
Convertible bonds – RMB	2,502	2,502	-	-	-
Notes – RMB	6,572	2,990	3,582	-	-
Notes – SGD	1,240	-	1,240	-	-
Notes – USD	5,572	-	5,572	-	-
Total	36,056	10,885	15,429	8,670	1,072

Total cash and bank deposits amounted to RMB12,053 million as of 30 June 2013 (31 December 2012: RMB8,633 million), which included RMB3,697 million (31 December 2012: RMB2,163 million) of deposits pledged to banks and RMB259 million (31 December 2012: RMB183 million) of restricted bank deposits which can only be applied to designated property development projects of the Group.

As of 30 June 2013, the Group's net debt balance was RMB24,003 million (31 December 2012: RMB26,035 million) and its total equity was RMB41,020 million (31 December 2012: RMB37,268 million). The Group's net gearing ratio was 59% as of 30 June 2013 (31 December 2012: 70%), 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.

Total undrawn banking facilities available to the Group amounted to approximately RMB7,915 million as of 30 June 2013 (31 December 2012: RMB7,578 million).

Pledged Assets

As of 30 June 2013, 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 RMB55,429 million (31 December 2012: RMB43,203 million) to secure the Group's borrowings of RMB18,300 million (31 December 2012: RMB16,692 million).

Capital and Other Development Related Commitments

As of 30 June 2013, the Group had contracted commitments for development costs and capital expenditure in the amount of RMB14,603 million (31 December 2012: RMB14,442 million).

Future Plans for Material Investments and Sources of Funding

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

Cash Flow Management and Liquidity Risk

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

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

Exchange Rate and Interest Rate Risks

The revenue of the Group is denominated in RMB. The convertible bonds and the 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 the Group has a net currency exposure, there is exposure to fluctuations in foreign exchange rates.

As at 30 June 2013, the Group entered into cross currency swaps to hedge against the variability of cash flows arising from the Group's SGD 250 million notes with a maturity of three years, due on 26 January 2015 ("2015 SGD Notes"). The 2015 SGD Notes are denominated and settled in SGD, and bear coupon interest at the rate of 8% per annum, payable semi-annually in arrears. Under these swaps, the Group would receive interest at a fixed rate of 8% per annum and pay interest semi-annually at fixed rates ranging from 9.57% to 9.68% per annum, based on the notional amounts of RMB1,269 million in aggregate.

The relatively stable currency regime with regard to the RMB is maintained by the PRC Central Government, which permits the exchange rate to fluctuate only within a predefined range to a portfolio of various currencies. Given these defined circumstances, the Group does not expect any materially adverse effects of the exchange rate fluctuation between the RMB and HK$/USD. Nevertheless, the Group continues to monitor closely its exposure to exchange rate risk, 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 fluctuations 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 2013, the Group had various outstanding loans that bear variable interests linked to Hong Kong Inter-bank Borrowing Rates ("HIBOR"), London Inter-bank Borrowing Rates ("LIBOR") and People's Bank of China ("PBOC") Prescribed Interest Rate. The Group has hedged against the variability of cash flow arising from interest rate fluctuations by entering into interest rate swaps in which the Group would receive interests at variable rates at HIBOR and pay interests at fixed rates ranging from 0.53% to 1.45%; receive interests at variable rates at LIBOR and pay interests at fixed rates ranging from 0.54% to 0.71% and receive interests at 120% of the POBC Prescribed Interest Rate and pay interests at a fixed rate of 7.85%, based on the notional amounts of HK$4,327 million, USD305 million and RMB256 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.

Save as disclosed above, as of 30 June 2013, the Group did not hold any other derivative financial instruments that were linked to exchange rates or interest rates. The Group continues to monitor closely its exposure to exchange rate and interest rate risks, and may employ derivative financial instruments to hedge against risk when necessary.

INTERIM DIVIDEND

The Board has declared an interim dividend of HK$0.022 per share (2012: HK$0.025 per share) for the six months ended 30 June 2013, which is payable on or about 23 September 2013 to shareholders whose names appear on the register of members of the Company on 10 September 2013.

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 period ended 30 June 2013.

CORPORATE GOVERNANCE

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

Compliance with the CG Code
During the six months ended 30 June 2013, the Company has fully complied with the code provisions of the CG Code.

In order to uphold high standards of corporate governance, in additional to compliance of the CG Code and maintaining the corporate governance practices set out in the Company's 2012 annual report, the Company adopted the Board Diversity Policy in March 2013 prior to the implementation date of the same as required by the Listing Rules.

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

Specific enquiry has been made of all the Directors and the Directors have confirmed that they have complied with the required standard set out in the Model Code during the six months ended 30 June 2013.

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

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

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

In conformity to the Board Diversity Policy adopted by the Company in March 2013, the composition of the Board reflects the necessary balance of skills, experience and diversity of perspectives desirable for effective leadership of the Company and independence in decision-making.

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

The Board has met regularly and held three meetings during the six months ended 30 June 2013 (with attendance rate of 100%).

Board Committees

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

Audit Committee

The Audit Committee was established to review the financial information of the Group, oversee the Group's financial reporting system and internal control procedures, and assist the Board and its Chairman in performing the corporate governance functions of the Company. The Audit Committee also reviews the relationship with the external auditor including but not limited to their work, fees and terms of engagement, and make recommendation to the Board on the appointment, reappointment and removal of external auditor.

The Audit Committee consists 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 who possesses appropriate professional qualifications, accounting and related financial management expertise.

The Audit Committee has reviewed the Group's unaudited condensed consolidated financial statements for the six months ended 30 June 2013, including the accounting principles and practices and internal control system, adopted by the Company, in conjunction with the Company's external auditor. The Audit Committee has no disagreement with the accounting treatment adopted.

The Audit Committee held one meeting during the six months ended 30 June 2013 (with attendance rate of 100%).

Remuneration Committee

The Remuneration Committee was established to evaluate the performance of the Directors and senior management and make recommendations on their remuneration packages, and to evaluate and make recommendations on employee benefit arrangements.

The Remuneration Committee consists of three members, namely 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 Remuneration Committee held one meeting during the six months ended 30 June 2013 (with attendance rate of 100%).

Nomination Committee

The Nomination Committee was established to review the structure, size and composition of the Board and the Board Diversity Policy, identify individuals suitably qualified to become members of the Board, and assess the independence of INEDs.

The Nomination Committee consists of three members, 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 Nomination Committee held one meeting during the six months ended 30 June 2013 (with attendance rate of 100%).

In January 2013, the Company has recognised the importance of diversity in the boardroom and its benefits to the Company, and the Board has revised the terms of reference of Nomination Committee to incorporate the elements of Board Diversity. Thereafter, the Board Diversity Policy was established in March 2013.

Finance Committee

The Finance Committee was established to stipulate and monitor the financial strategies, policies and guidelines of the Group.

The Finance Committee consists of 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 Finance Committee held two meetings during the six months ended 30 June 2013 (with attendance rate of 100%).

Awards Received

During the six months ended 30 June 2013, the Company was awarded the "Corporate Governance Asia Recognition Award 2013 – Icon of Corporate Governance" organised by Corporate Governance Asia.

Board Diversity

With a view to enhancing Board effectiveness and corporate governance, the Company sees increasing diversity at the Board level as an essential element in maintaining a competitive edge in the evolving environment. The Board should include a balanced composition of executive and non-executive directors (including independent non-executive directors) so that there is a strong independent element on the Board, which can effectively exercise independent judgment.

The Company has adopted the Board Diversity Policy with measurable objectives in March 2013 prior to the implementation date of the same as required by the Listing Rules. The Nomination Committee will evaluate the balance and blend of skills, experience and diversity of perspectives of the Board. Selection of candidates will be based on a range of diversity perspectives, including but not limited to age, cultural and educational background, professional and industry experience, skills, knowledge, ethnicity and other qualities essential to the Company's business, and merit and contribution that the selected candidates will bring to the Board. The Board will endeavour to achieve the above objectives and disclose a summary of the Board Diversity Policy in the coming annual report in accordance with the new CG Code effective on 1 September 2013.

Training, Induction and Continuing Development for Directors

To facilitate the discharge of the responsibilities of the Directors, the Directors are continually updated on the legal and regulatory developments, as well as business and market changes.

On 27 March 2013, the Company had invited an external professional advisor to provide training to the Directors on (i) the impact of the new Hong Kong Companies Ordinance on directors' fiduciary duties of registered non-Hong Kong companies, including the new formulation relating to "responsible persons" and standard of care; and (ii) methods for complying with the Securities and Futures (Amendment) Ordinance 2012 Insider Information Regime while in the midst of a corporate transaction. The seminar facilitated interaction between the Directors and the advisor on the new developments which are of relevance to the Directors' duties and responsibilities. Mr. LO, Mr. Daniel Y. K. WAN, Mr. Frankie Y. L. WONG, Sir John R. H. BOND, Professor BIDDLE, Dr. McCARTHY and Mr. David J. SHAW attended this training session and briefing materials were sent to all Directors for perusal.

Annual General Meetings

To enhance communications with shareholders at the Company's Annual General Meetings, the conducting language has been changed to Cantonese with simultaneous interpretation in English. The Chairmen of the Board, the Audit Committee, the Remuneration Committee, the Nomination Committee and the Finance Committee, most of the Directors and the external auditor were present at the Annual General Meeting held on 29 May 2013 and the meeting provided a useful forum to exchange views with the Board.

EMPLOYEES AND REMUNERATION POLICY

As of 30 June 2013, the number of employees in Shui On Land was 1,048 (31 December 2012: 1,318); the headcount of China Xintiandi was 362; the headcount of the property management business was 1,478 (31 December 2012: 1,438). The Group provides a comprehensive benefits package for all employees as well as career development opportunities. This includes retirement schemes, share option scheme, medical insurance, other insurances, in-house training, on-the-job training, external seminars, and programs organized by professional bodies and educational institutes.

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

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group’s condensed consolidated statement of financial position as of 30 June 2013, the condensed consolidated statement of profit or loss, the condensed consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the period then ended as set out in the preliminary announcement have been extracted from the Group’s unaudited condensed consolidated financial statements for the period, which has been reviewed by the Group’s auditor, Messrs. Deloitte Touche Tohmatsu in accordance with Hong Kong Standards on Review Engagements 2410 "Review of Interim Financial Information performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

APPRECIATION

I would like to thank our shareholders and business partners for their continuous, loyal support. I must also convey my appreciation to your Board of Directors, the management and staff for their efforts and contributions. Challenging environments provide a true test of mettle and resilience, and our people have proven their ability to deliver in difficult times.

With renewed focus and personal attention on the Group's enduring success, I look forward to working with our management and staff to create consistent, short and long-term value for our shareholders.

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

Hong Kong, 27 August 2013

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

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

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

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

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

** For identification purposes only*