瑞安房地產
SHUI ON LAND

Deliver Results
Build Confidence
共創實績 同建信心

2013
Shui On Land Limited 瑞安房地產有限公司
Interim Report 中期業績報告
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Deliver Results Build Confidence

With a clear focus on execution, the Group is working diligently to deliver results and prepare for Shui On Land's future role as a pure property developer – creating short and long-term value for our customers, shareholders and staff.

Innovative Property Developer in China

A Pioneer in Customisation to Fulfill Customers' Needs

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

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

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

Chairman’s Statement

The first half of year 2013 (“1H 2013”) unfolded against the backdrop of a volatile property market. Indications that the new Central Government does not intend to intervene further in the market have reawakened buying interest in residential units, supported by still available pools of investment capital.

Given the recent changes in Chinese leadership, real estate investors have been keeping a watchful eye on Government intentions. With no new restrictions introduced to date, it appears that the new leadership is allowing market forces to guide the course of development under the existing regulatory framework. As such the Group expects the property market to remain relatively stable going forward.

For the six-month period ended 30 June 2013, the Group generated turnover of RMB3,623 million (HK$4,511 million), representing an increase of 121% compared to the same period in 2012. Profit attributable to shareholders was RMB1,051 million or HK$1,308 million (2012: RMB825 million or HK$1,016 million). Basic

"In these challenging economic conditions, it has become apparent the Group requires strong leadership at the helm with experience to promote Shui On Land's sustainable growth."

Vincent H. S. LO
Chairman

earnings per share were RMB0.15 (HK$0.19). As of the end of June, the Group has already reached more than 71% of our full-year residential sales target, indicating strong momentum in property sales.

Leadership & Fundamentals

The Group is implementing major changes, as last year's lacklustre results have challenged us to reorganise our operations and structure.

In transitioning towards my role as Chairman and relinquishing my CEO position, one of my priorities under the original plan was giving the management team maximum room to grow and develop. However in these challenging economic conditions, it has become apparent the Group requires strong leadership at the helm with experience to promote Shui On Land's sustainable growth. Heeding signs that China's real estate market may be subject to prolonged uncertainties, I feel it is my duty and responsibility as Chairman to resume a more active role in steering the business and to leverage my experience to benefit our management and shareholders.

> **"By splitting property development and commercial property management into two separate vehicles, Shui On Land will be a pure property developer and China Xintiandi will focus on asset management and enhancement."**

One of the management team's priorities during 1H 2013 has been the formulation and execution of Shui On Land's next Three-Year Plan. Over the next three years, the Group will be focusing on expediting delivery through precise execution, delivering superior services to our customers, and implementing tighter controls on project time and costs.

China Xintiandi

The establishment of China Xintiandi, a wholly-owned subsidiary of Shui On Land, has further enhanced Shui On Land's business focus and investment proposition. By splitting property development and commercial property management into two separate vehicles, Shui On Land will be a pure property developer and China Xintiandi will focus on asset management and enhancement. This specialisation permits targeted expertise to benefit both our management and our investors.

Business operations are firmly on track. As of 30 June 2013, China Xintiandi had 362 staff in its expanding team. Led by CEO Philip K. T. WONG who reported for duties on 1 July 2013, the team is fully committed to creating and managing the best commercial property assets in China.

The completed investment properties and hotel properties under Shui On Land amounted to a total asset value of approximately RMB27,694 million. Total rental and related income from the aforementioned commercial assets was RMB701 million for the six-month period ended 30 June 2013. In line with Group's strategy, in this initial phase, most of the completed commercial assets will be transferred to China Xintiandi for management and operation – including Shanghai, Chongqing, Wuhan and Foshan commercial properties.

The Group envisages spinning off China Xintiandi into a separately listed vehicle sometime next year subject to favourable market conditions.

Thinking Forward

As China's real estate market begins to show signs of a clearer path for future development, the Group needs strong leadership to guide the next phase of growth. As we evolve the business to meet the needs of the current market environment, your Board and the management team will not lose sight of the need to carefully guiding Shui On Land's future development strategy given that market conditions may change rapidly.

One of the highlights in the remainder of the year is Phase 1 construction of THE HUB in Shanghai, scheduled for completion by the end of 2013. Office tenants are expected to move in during the first and second quarters next year, and the entire project is on track for completion by the end of 2014. Enhancing integration with the Hongqiao transportation hub, THE HUB will offer off-site airport check-in and transportation services to and from the airport and train station – giving travellers the opportunity to have meetings, shop, dine and relax at THE HUB while waiting for their train and flights. This is a first in China and we are proud to be the developer offering this premium service.

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.

Vincent H. S. LO
Chairman

Hong Kong, 27 August 2013

CEO Report

The first half of year 2013 ("1H 2013") witnessed a fluctuating property market environment in China. However, new measures to further tighten the property market under the new Central Government were not noticeable. Gathering traction in the second quarter, strong demand from property end users became apparent especially across first and second tier cities in the Group's project portfolio. We believe the market will remain relatively stable in the near future.

Sales Performance

Overall, business performance improved compared to the same period last year. We witnessed price increases at our projects, strengthening contributions to Group revenue. Property sales for 1H 2013 were ahead of sales target with contracted sales of RMB6.4 billion and subscribed sales of RMB1.2 billion, for a total of RMB7.6 billion. The Average Selling Price ("ASP") for contracted sales during the period remained high at RMB26,900 per sq.m.. At this current rate, the Group is confident in meeting our full year property sales target of RMB11 billion.

During 1H 2013 we signed sales agreements for 83% of launched units at Rui Hong Xin Cheng in Shanghai, for a signed contract total of RMB3.5 billion; while contracted sales at Chongqing Tiandi were over RMB817 million. Small-sized units are completely sold out at Foshan Lingnan Tiandi, more than 90% of launched units at Wuhan Tiandi has been contracted, with generated contracted sales of around RMB1 billion.

> **Business performance improved compared to the same period last year. Property sales for 1H 2013 were ahead of sales target with contracted sales of RMB6.4 billion and subscribed sales of RMB1.2 billion, for a total of RMB7.6 billion.**

Freddy C. K. LEE
Managing Director & CEO

Strategic Focus

Much of the success of Shui On Land's master planned communities lies in our unique integrated combination of residential, commercial, cultural, entertainment and retail elements. The popularity of our master planned projects is evident in strong sales and rental performance at our Tiandi developments across various cities.

Complementing the sound fundamentals of our master planned business strategy, we are considering to acquire small and medium-sized projects in the first and second tier cities where the Group already operates – accelerating delivery cycles and improving cash flow efficiency.

To expand our product line and customer base, the Group is responding with greater emphasis on small and medium-sized residential units in our project portfolio. At Chongqing Tiandi, we plan to offer flats ranging in sizes from 55 to 138 sq.m. at Lot B20 Tower 4 and Lot B18 Tower 2. At Wuhan Tiandi, we plan to launch flats in the 100 to 150 sq.m. range at Lot B13; and at Foshan Lingnan Tiandi we will be unveiling 140 sq.m. and 160 sq.m. high-rise apartments at Lot 6 in September this year.

Execution and Delivery

In hindsight, the implementation of the last Three-Year Plan was unsatisfactory. Learning from this experience, the next Three-Year Plan focuses on executing the following three key areas: standardisation to enhance efficiency, one-stop service to differentiate the Shui On Land brand, and cost and time controls to improve profitability and benchmarking performance.

> **“The Group’s meticulously designed, master planned communities provide a synergistic mixture of tangible and intangible benefits that appeal to the increasingly sophisticated property buyers and tenants of today’s China.”**

In challenging market environments, a clear focus on execution is vital to success. We completed construction of Foshan Lingnan Tiandi Phase 2 during 1H 2013, and expect to hold our grand opening during the second half of the year. Foshan Lingnan Tiandi is becoming a landmark destination in Foshan, and enjoys strong support from the public, as well as the municipal and provincial government.

The Group signed a number of solid anchor tenants for 5 Corporate Avenue, Phase II at Taipingqiao, Shanghai, which is scheduled for completion by the end of this year. 3 Corporate Avenue, Phase II is also on track for completion by the end of 2014.

Progress is on schedule at THE HUB. We have signed our first major tenant, a Swiss-based pharmaceutical company, setting a new standard for office rent in the Hongqiao area – and are currently in negotiations with a number of potential new tenants, who should begin moving in during the first half of year 2014 (“1H 2014”).

China Xintiandi will assume the lead in commercial asset management and operation of existing completed commercial portfolio, and new developments following construction.

Taking a Sustainable Approach

In 2006, Shui On Land became one of the first property developers to introduce a Sustainability Policy. As part of our commitment, all projects are designed according to sustainable principles and verified by independent third parties including the US Green Building Council’s LEED certification and Chinese Green Building Design Label.

As Chinese property buyers become more sophisticated, they are looking for more than just quality construction and materials. They are looking beyond the four walls of their homes for a better community lifestyle: green open spaces, walk-able environments, environmentally friendly building materials, and high standards of health and safety including air and water quality. The Group’s meticulously designed, master planned communities provide a synergistic mixture of tangible and intangible benefits that appeal to the increasingly sophisticated property buyers and tenants of today’s China.

Planning for the Future

Looking ahead, the focus of the Group remains clearly on executing our next Three-Year Plan and achieving our goals for standardisation, one-stop service and cost and time controls.

During the remaining six months of the year, we remain focused and will work hard to beat our full year sales target of RMB11 billion, including both residential property sales and en-bloc commercial property sales.

Appreciation

As we mark the first half of the year, I would like to thank the Chairman and your Board for their continued support and guidance during these challenging times. I also must thank our investors for their loyalty and support; as well as our staff for their dedication and commitment, which form the bedrock of our future development.

Freddy C. K. LEE
Managing Director and CEO

Hong Kong, 27 August 2013

Management Discussion and Analysis

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.

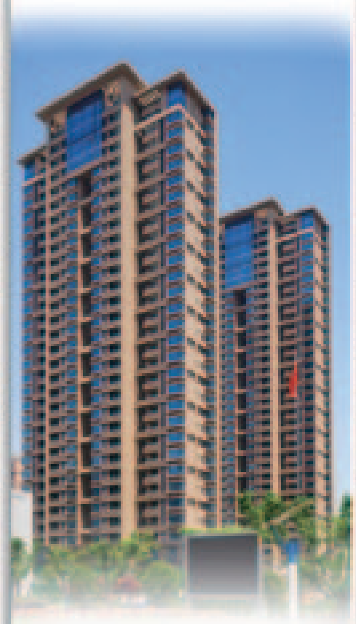
Gross profit increased by 93% to RMB1,419 million in 1H 2013 compared to RMB737 million in 1H 2012. The gross profit margin was 39%.

Shanghai

Jing Ting, residential Phase 5 of Rui Hong Xin Cheng, pre-sale contracted results amounted to a total of RMB3,487 million in 1H 2013, representing an increase of 19% in ASP compared to 1H 2012.

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:

Project	1H 2013 Sales revenue RMB'million	1H 2013 GFA sold sq.m.	1H 2013 ASP RMB per sq.m.	1H 2012 Sales revenue RMB'million	1H 2012 GFA sold sq.m.	1H 2012 ASP RMB per sq.m.	ASP Growth rate %
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			
Project	**Contracted amount RMB'million**	**GFA sold sq.m.**	**ASP RMB per sq.m.**	Contracted amount RMB'million	GFA sold sq.m.	ASP RMB per sq.m	**ASP Growth rate %**
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 & 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.

Rui Hong Xin Cheng is becoming an icon of modern city lifestyle

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:

		Leasable GFA	Rental & related income RMB'million		Year on year change	Leases expire in % of GFA		
Project	**Product**	**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.

Wuhan

Construction is in progress at Lots A1/A2/A3 shopping mall at Wuhan Tiandi, 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.

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 sq.m.	Increase in fair value for 1H 2013 RMB'million	Carrying value as of 30 June 2013 RMB'million	Carrying value per GFA RMB per sq.m.	Valuation gain to carrying value %
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 sq.m.	Carrying value as of 30 June 2013 RMB'million	Carrying value per GFA 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 (LotB11-1/02 Phase I)	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.

THE HUB will become a new landmark in West Shanghai

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 sq.m.	Office sq.m.	Retail sq.m.	Hotel/ serviced apartments sq.m.	Subtotal sq.m.	Clubhouse, carpark and other facilities sq.m.	Total sq.m.
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.

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Chongqing

Construction works on 2 Corporate Avenue (Lot B11-1/02 Phase 1) at Chonqqing Tiandi 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..

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.

KIC becomes an integrated knowledge community featuring "Work, Live, Learn and Play"

Chongqing Tiandi is committed to building world-class riverside metropolitan lifestyle

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.

Foshan

Foshan Lingnan Tiandi Phase 2 was completed. 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.

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.

Wuhan Tiandi residential offers a quality living experience with exquisite greening environment

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 sq.m.	Relocation cost paid as of 30 June 2013 RMB'million	Estimated outstanding relocation cost as of 30 June 2013 RMB'million	Estimated relocation completion year
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. were 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 sq.m.	Office sq.m.	Retail sq.m.	Hotel/ serviced apartments sq.m.	Subtotal sq.m.	Clubhouse, carpark and other facilities sq.m.	Total sq.m.	Group's interest %
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.

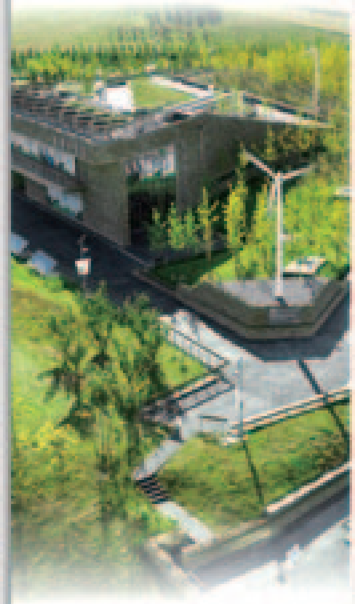
7 Dalian Tiandi is expected to have a landbank of 3.6 million sq.m. in GFA. As of 30 June 2013, approximately 3.3 million sq.m. had been acquired. The remaining GFA of approximately 0.3 million sq.m. is expected to be acquired through public bidding in due course.

Dalian

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.

Market Outlook

The global economy continues on a nascent recovery track in the absence of major downside shocks in 1H 2013. 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

Foshan Lingnan Tiandi retains Lingnan architectural features and rejuvenates it with new energy

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.

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.).

Chongqing Tiandi gathers F&B, fashion and entertainment elements all together

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 **RMB'million**	2012 RMB'million	Change %
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	+2,480%

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) RMB'million	Due within one year RMB'million	Due in more than one year but not exceeding two years RMB'million	Due in more than two years but not exceeding five years RMB'million	Due in more than five years RMB'million
Bank borrowings – RMB	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**

The Manor at Casa Lakeville features artistically customised residential services

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 SGD250 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 PBOC 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.

Deloitte.
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To the Board of Directors of Shui On Land Limited

(incorporated in the Cayman Islands with limited liability)

Introduction

We have reviewed the condensed consolidated financial statements of Shui On Land Limited ("the Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 39 to 67, which comprises the condensed consolidated statement of financial position as of 30 June 2013 and the related condensed consolidated statement of profit or loss, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34"). The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with IAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

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

Conclusion

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

Deloitte Touche Tohmatsu
Certified Public Accountants

Hong Kong
27 August 2013

Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 June 2013

	Notes	Six months ended 30 June 2013 RMB'million (Unaudited)	2012 RMB'million (Unaudited)
Turnover			
– The Company and its subsidiaries ("the Group")		**3,623**	1,643
– Share of associates		**143**	200
		3,766	1,843
Turnover of the Group	3	**3,623**	1,643
Cost of sales		**(2,204)**	(906)
Gross profit		**1,419**	737
Other income		**128**	160
Selling and marketing expenses		**(143)**	(64)
General and administrative expenses		**(406)**	(379)
Operating profit	4	**998**	454
Increase in fair value of investment properties	9	**1,138**	1,268
Share of results of associates		**3**	2
Gain on disposal of investment properties		**21**	–
Finance costs, inclusive of exchange differences	5	**(94)**	(244)
Profit before taxation		**2,066**	1,480
Taxation	6	**(743)**	(512)
Profit for the period		**1,323**	968
Attributable to:			
Shareholders of the Company		**1,051**	825
Owners of perpetual capital securities		**158**	–
Other non-controlling shareholders of subsidiaries		**114**	143
		272	143
		1,323	968
			(Restated)
Earnings per share	8		
– Basic		**RMB0.15**	RMB0.14
– Diluted		**RMB0.14**	RMB0.12

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2013

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

Condensed Consolidated Statement of Financial Position

As of 30 June 2013

	Notes	30 June 2013 RMB'million (Unaudited)	31 December 2012 RMB'million (Audited)
Non-current assets			
Investment properties	9	49,869	46,624
Property, plant and equipment		3,792	3,782
Prepaid lease payments		664	671
Interests in associates	10	1,267	1,264
Interests in joint ventures	12	25	–
Loans to associates	10	1,660	1,659
Accounts receivable	11	101	102
Loan to a joint venture	12	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	11	2,869	2,606
Amounts due from associates	10	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	13	10,055	7,903
Amounts due to related parties		585	782
Amounts due to associates	10	–	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

	Notes	30 June 2013 RMB'million (Unaudited)	31 December 2012 RMB'million (Audited)
Capital and reserves			
Share capital	14	**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	15	**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

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2013

	Attributable to shareholders of the Company														
	Share capital	Share premium	Merger reserve	Special reserve	Share option reserve	Exchange reserve	Convertible bond equity reserve	Hedge reserve	Other reserves	Retained earnings	Sub-total	Perpetual capital securities	Other non-controlling shareholders of subsidiaries	Sub-total	Total
	RMB' million	RMB' million	RMB' million	RMB' million	RMB' million	RMB' million	RMB' million	RMB' million	RMB' million	RMB' million	RMB' million	RMB' million	RMB' million	RMB' million	RMB' million
At 1 January 2013 (audited)	**114**	**15,152**	**122**	**(135)**	**188**	**(32)**	**605**	**(23)**	**587**	**14,903**	**31,481**	**3,093**	**2,694**	**5,787**	**37,268**
Profit for the period	–	–	–	–	–	–	–	–	–	**1,051**	**1,051**	**158**	**114**	**272**	**1,323**
Exchange difference arising on translation of foreign operations	–	–	–	–	–	**(7)**	–	–	–	–	**(7)**	–	–	–	**(7)**
Fair value adjustments on interest rate swaps designated as cash flow hedges (note 15)	–	–	–	–	–	–	–	**18**	–	–	**18**	–	–	–	**18**
Reclassification from hedge reserve to profit or loss (note 15)	–	–	–	–	–	–	–	**60**	–	–	**60**	–	–	–	**60**
Fair value adjustments on cross currency swaps designated as cash flow hedges (note 15)	–	–	–	–	–	–	–	**(54)**	–	–	**(54)**	–	–	–	**(54)**
Remeasurement of defined benefit obligations	–	–	–	–	–	–	–	–	–	**(45)**	**(45)**	–	–	–	**(45)**
Total comprehensive income for the period	–	–	–	–	–	**(7)**	–	**24**	–	**1,006**	**1,023**	**158**	**114**	**272**	**1,295**
Recognition of equity-settled share-based payment expenses	–	–	–	–	**6**	–	–	–	–	–	**6**	–	–	–	**6**
Issue of new shares under rights issue	**31**	**2,906**	–	–	–	–	–	–	–	–	**2,937**	–	–	–	**2,937**
Share issue expenses	–	**(38)**	–	–	–	–	–	–	–	–	**(38)**	–	–	–	**(38)**
Distribution to owners of perpetual capital securities	–	–	–	–	–	–	–	–	–	–	–	**(157)**	–	**(157)**	**(157)**
Capital injection	–	–	–	–	–	–	–	–	–	–	–	–	**16**	**16**	**16**
Acquisition of additional interests in subsidiaries (note 17(b)(i))	–	–	–	–	–	–	–	–	**(52)**	–	**(52)**	–	**(125)**	**(125)**	**(177)**
Partial disposal of equity interests in subsidiaries (note 17(c))	–	–	–	–	–	–	–	–	**84**	–	**84**	–	**9**	**9**	**93**
2012 final dividend of HK$0.035 per share paid	–	–	–	–	–	–	–	–	–	**(223)**	**(223)**	–	–	–	**(223)**
At 30 June 2013 (unaudited)	**145**	**18,020**	**122**	**(135)**	**194**	**(39)**	**605**	**1**	**619**	**15,686**	**35,218**	**3,094**	**2,708**	**5,802**	**41,020**
At 1 January 2012 (audited)	102	12,985	122	(135)	170	20	605	(30)	637	13,469	27,945	–	1,526	1,526	29,471
Profit for the period	–	–	–	–	–	–	–	–	–	825	825	–	143	143	968
Exchange difference arising on translation of foreign operations	–	–	–	–	–	(12)	–	–	–	–	(12)	–	–	–	(12)
Fair value adjustments on interest rate swaps designated as cash flow hedges (note 15)	–	–	–	–	–	–	–	18	–	–	18	–	–	–	18
Net adjustment of hedge reserve reclassified to profit or loss upon early termination of interest rate swaps (note 15)	–	–	–	–	–	–	–	(6)	–	–	(6)	–	–	–	(6)
Total comprehensive income for the period	–	–	–	–	–	(12)	–	12	–	825	825	–	143	143	968
Recognition of equity-settled share-based payment expenses	–	–	–	–	8	–	–	–	–	–	8	–	–	–	8
Issue of new shares	10	1,756	–	–	–	–	–	–	–	–	1,766	–	–	–	1,766
Capital injection	–	–	–	–	–	–	–	–	–	–	–	–	22	22	22
Dividend paid to a non-controlling shareholder of a subsidiary	–	–	–	–	–	–	–	–	–	–	–	–	(9)	(9)	(9)
Acquisition of subsidiaries (note 17(a))	–	–	–	–	–	–	–	–	–	–	–	–	661	661	661
Acquisition of additional interests in a subsidiary (note 17(b)(ii))	–	–	–	(188)	–	–	–	–	–	–	(188)	–	188	188	–
2011 final dividend of HK$0.10 per share declared	–	–	–	–	–	–	–	–	–	(473)	(473)	–	–	–	(473)
At 30 June 2012 (unaudited)	112	14,741	122	(323)	178	8	605	(18)	637	13,821	29,883	–	2,531	2,531	32,414

	Notes	Six months ended 30 June 2013 RMB'million (Unaudited)	2012 RMB'million (Unaudited)
Net cash from (used in) operating activities		**2,264**	(1,140)
Net cash used in investing activities			
Additions to investment properties		**(1,702)**	(1,617)
Proceeds from disposal of investment properties		**275**	–
Withdrawal of pledged bank deposits		**1,054**	1,571
Placement of pledged bank deposits		**(2,588)**	(1,051)
Cash inflow from acquisition of subsidiaries	17(a)	**–**	111
Advances to associates		**–**	(138)
Investment in a joint venture		**(25)**	–
Advance to a joint venture		**(265)**	–
Repayment of loans receivable		**–**	152
Other investing cash flows		**2**	(152)
		(3,249)	(1,124)
Net cash from financing activities			
Advance from non-controlling shareholders of subsidiaries		**366**	188
Repayment to non-controlling shareholders of subsidiaries		**–**	(129)
Capital injected by non-controlling shareholders of subsidiaries		**16**	22
Cash outflow from acquisition of additional interests in subsidiaries	17(b)(i)	**(177)**	–
New bank and other loans raised		**5,228**	4,241
Repayment of bank loans		**(3,697)**	(5,796)
Issue of notes		**–**	4,233
Expenses on issue of notes		**–**	(85)
Settlement of interest rate swaps designated as cash flow hedges		**–**	(73)
Issue of new shares under rights issue		**2,937**	–
Share issue expenses		**(38)**	–
Interest paid		**(1,371)**	(956)
Payment of dividends		**(223)**	–
Distribution to owners of perpetual capital securities		**(157)**	–
Dividend payment to a non-controlling shareholder of a subsidiary		**–**	(9)
		2,884	1,636
Net increase (decrease) in cash and cash equivalents		**1,899**	(628)
Cash and cash equivalents at the beginning of the period		**6,287**	3,523
Effect of foreign exchange rate changes		**(89)**	6
Cash and cash equivalents at the end of the period		**8,097**	2,901
Analysis of the balances of cash and cash equivalents			
Bank balances and cash		**8,097**	2,901

1. General

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

2. Principal Accounting Policies

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

The accounting policies used in the condensed consolidated financial statements for the six months ended 30 June 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.

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. Disclosures of fair value information are set out in note 21.

2. Principal Accounting Policies (Continued)

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 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.

3. Turnover and Segmental Information

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

	Six months ended 30 June (Unaudited)					
	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

3. 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

3. Turnover and Segmental Information (Continued)

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

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.

4. Operating Profit

	Six months ended 30 June	
	2013 RMB'million (Unaudited)	2012 RMB'million (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)

5. 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 (note 20)	**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.

6. 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.

7. Dividends

	Six months ended 30 June	
	2013 **RMB'million** **(Unaudited)**	2012 RMB'million (Unaudited)
2012 Final dividend declared and paid (2012: 2011 final dividend declared)	**223**	473
Interim dividend declared with respect to 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.

7. Dividends (Continued)

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.

8. Earnings Per Share

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

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

	Six months ended 30 June	
Number of shares	**2013 'million (Unaudited)**	2012 'million (Unaudited) (Restated)
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.

9. Investment Properties

	30 June 2013 RMB'million (Unaudited)	31 December 2012 RMB'million (Audited)
Completed investment properties held to earn rentals or for capital appreciation or both	25,306	22,089
Investment properties under construction or development,		
stated at fair value	14,287	14,746
stated at cost	10,276	9,789
	24,563	24,535
	49,869	46,624

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

	Completed investment properties at fair value RMB'million	Investment properties under construction or development at fair value RMB'million	Investment properties under construction or development at cost RMB'million	Total RMB'million
At 1 January 2013 (audited)	22,089	14,746	9,789	46,624
Additions	–	1,868	487	2,355
Transfers upon completion	3,138	(3,138)	–	–
Eliminated upon disposal	(254)	–	–	(254)
Transfers from property, plant and equipment	6	–	–	6
Increase in fair value recognised in the condensed consolidated statement of profit or loss	327	811	–	1,138
At 30 June 2013 (unaudited)	25,306	14,287	10,276	49,869
At 1 January 2012 (audited)	17,981	9,927	8,487	36,395
Acquisition of subsidiaries (note 17(a))	2,676	189	–	2,865
Additions	7	858	1,271	2,136
Transfers upon completion	577	(577)	–	–
Transfers	–	621	(621)	–
Transfers to property, plant and equipment	(9)	–	–	(9)
Increase in fair value recognised in the condensed consolidated statement of profit or loss	400	868	–	1,268
At 30 June 2012 (unaudited)	21,632	11,886	9,137	42,655

9. Investment Properties (Continued)

The investment properties are all situated in the PRC and held under long term leases of RMB5,970 million (30 June 2012: RMB3,740 million) and medium term leases of RMB43,899 million (30 June 2012: RMB38,915 million). All the completed investment properties are rented out under operating leases or are held for capital appreciation purposes.

In circumstances where the fair value of an investment property under construction or development is not reliably determinable, such investment properties under construction or development are measured at cost less impairment, if any, until its fair value becomes reliably determinable upon finalisation of the development plan, land and relocation cost and construction costs.

The fair values of the Group's investment properties at 30 June 2013 and 31 December 2012 and at dates of transfer upon completion of development of investment properties under construction or development and at the dates of transfer from/to property, plant and equipment have been arrived at on the basis of valuations carried out on those dates by Knight Frank Petty Limited, independent qualified professional valuers not connected to the Group.

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

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

10. Interests in Associates/Loans to Associates/Amounts Due from Associates/Amounts Due to Associates

	Notes	30 June 2013 RMB'million (Unaudited)	31 December 2012 RMB'million (Audited)
Interests in associates			
Cost of investments, unlisted		**482**	482
Share of post-acquisition profits		**785**	782
		1,267	1,264
Loans to associates			
– Interest free	(a)	**740**	727
– Interest bearing ranging from 5% to 6.15% per annum	(b)	**920**	932
		1,660	1,659
Amounts due from associates	(c)	**515**	484
Amounts due to associates	(d)	**–**	11

Notes:

(a) These loans to associates represent the loans to subsidiaries of Richcoast Group Limited ("Richcoast"), an associate of the Group, for financing the development and operation of the Dalian Tiandi project in Dalian, the PRC. Pursuant to the joint venture agreement dated 25 May 2007, entered into among Innovate Zone Group Limited, an indirect subsidiary of the Company, Main Zone Group Limited, a direct wholly-owned subsidiary of SOCAM Development Limited ("SOCAM", an associate of Shui On Company Limited "SOCL", the ultimate holding company of the Company) and Many Gain International Limited ("Many Gain", an independent third party), the loans are unsecured, interest free and with no fixed terms of repayment until Many Gain has contributed its share of the shareholder's loan to the subsidiaries of Richcoast. Thereafter, the loans will bear interest at a rate of 5% per annum, subject to shareholders' approval. The loans are carried at amortised cost using the effective interest rates of 7.29% (31 December 2012: 7.29%) per annum.

(b) These loans to associates, represent the loans to subsidiaries of Richcoast, are unsecured, interest bearing ranging at rates from 5% to 6.15% (31 December 2012: 5% to 6.15%) per annum and with no fixed terms of repayment.

(c) The amounts due from associates are unsecured, interest bearing at 6.1% (31 December 2012: 6.1%) per annum and repayable on demand.

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

11. 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, deposits and prepayments 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 sale and purchase agreements; and

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

12. Interests in Joint Ventures/Loan to a Joint Venture

	Notes	30 June 2013 RMB'million (Unaudited)	31 December 2012 RMB'million (Audited)
Interests in joint ventures			
Cost of investments, unlisted		25	–
Share of post-acquisition results		–	–
		25	–
Loan to a joint venture	(a)	265	–
Amount due from a joint venture	(b)	11	11
Less: Allowance		(11)	(11)
		–	–

Notes:

(a) The loan to a joint venture is unsecured, carries interest at the People's Bank of China ("PBOC ") Prescribed Interest Rate per annum and repayable by instalments which falls due from the year 2015 to 2018.

(b) The amount due from a joint venture is unsecured, interest free and repayable on demand.

Particulars of the Group's joint ventures at 30 June 2013 and 31 December 2012 are as follows:

Name of joint ventures	Form of legal entity	Proportion of nominal value of issued ordinary share capital/ registered capital held by the Group 30 June 2013	31 December 2012	Place of incorporation/ registration and operations	Principal activities
Crystal Jade Food and Beverage (Hangzhou) Limited	Limited liability company	50%	50%	Hong Kong	Investment holding
Shanghai Li Xing Hotel Co., Limited ("Shanghai Li Xing")	Sino-Foreign Joint Venture	50%	50%	PRC	Investment holding
上海永麟投資管理有限公司 Shanghai Yong Lin Investment Management Limited# ("Shanghai Yong Lin")	Sino-Foreign Joint Venture	19.8%*	–	PRC	Property development

* Pursuant to the memorandum and articles of association of Shanghai Yong Lin, the Group and the other equity owner (the "JV Partner", an independent third party which owns 80.2% equity interest in Shanghai Yong Lin) are considered to have joint control over Shanghai Yong Lin as decisions about the relevant activities of Shanghai Yong Lin requires unanimous consent of the Group and the JV Partner, which have rights to the net assets of Shanghai Yong Lin.

\# For identification only

13. 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 (note 17(c))	–	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.

14. 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 subsidiaries (note 17(a))	–	–	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.

15. Derivative Financial Instruments Designated as Hedging Instruments

Interest rate swaps

At 30 June 2013 and 31 December 2012, the Group had outstanding interest rate swaps to hedge against the variability of cash flows arising from the interest rate fluctuations.

Under these swaps, the Group would receive interests at variable rates at Hong Kong Interbank Offered Rates ("HIBOR") and pay interests at fixed rates ranging from 0.53% to 1.45% (31 December 2012: 0.63% to 1.45%); receive interests at variable rates at London Interbank Offered Rates ("LIBOR") and pay interests at fixed rates ranging from 0.54% to 0.71% (31 December 2012: 0.70% to 0.71%); and receive interests at 120% of the PBOC Prescribed Interest Rate and pay interests at a fixed rate of 7.85% (31 December 2012: nil), based on the notional amounts of HK$4,327 million (31 December 2012: HK$3,530 million), US$305 million (31 December 2012: US$150 million) and RMB256 million (31 December 2012: nil) in aggregate as at 30 June 2013, respectively, and reduced ratably with repayment of the underlying bank borrowings.

The Group has designated the interest rate swaps as hedges against the variability of interest payments of certain bank borrowings of the Group with principal amount of HK$4,327 million (31 December 2012: HK$3,530 million), US$305 million (31 December 2012: US$150 million) and RMB256 million (31 December 2012: nil) which bear variable interest rates at HIBOR plus spread ranging from 3.0% to 4.6% (31 December 2012: 3.0% to 4.5%), LIBOR plus spread ranging from 3.1% to 4.6% (31 December 2012: 3.1%) and 120% of PBOC Prescribed Interest Rate (31 December 2012: nil), respectively, and mature on or before October 2015, October 2015 and June 2016, respectively. The principal terms of the interest rate swaps have been negotiated to match the terms of the related bank borrowings.

During the six months ended 30 June 2013, fair value gain arising from the interest rate swaps of RMB18 million (for the six months ended 30 June 2012: RMB18 million) was deferred in equity as hedge reserve, which is expected to be recognised in the condensed consolidated statement of profit or loss at various dates upon the interest payments of the related bank borrowings being settled.

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

Cross currency swaps

During the six months ended 30 June 2013, the Group entered into cross currency swaps to hedge against the variability of cash flows arising from the Group's Singapore Dollar ("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 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 based on the principal amount of SGD250 million 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, with a maturity of three years due on 26 January 2015. The cross currency swaps have been negotiated to match the settlement periods of the 2015 SGD Notes.

During the six months ended 30 June 2013, the fair value loss arising from the cross currency swaps of RMB54 million was recognised in other comprehensive income, of which fair value loss amounting to RMB60 million was reclassified from hedge reserve to profit or loss in the same period when the hedged item affects profit or loss.

16. Share-Based Payment Transactions

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

As of 30 June 2013, 148,553,275 share options (31 December 2012: 173,134,188 share options) remained outstanding under the Scheme, representing 1.9% (31 December 2012: 2.9%) of the shares of the Company in issue at that date. The Scheme allows the Board of Directors, when offering the grant of any option, to impose any condition including any performance target which must be met before the option shall vest and become exercisable. The exercise price is determined by the Directors of the Company, and will not be less than the highest of (i) the closing price of the Company's shares on the date of grant; (ii) the average closing price of the shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company's share.

The Group recognised a total expense of RMB6 million (for the six months ended 30 June 2012: RMB8 million) in the condensed consolidated statement of profit or loss in relation to share options granted by the Company.

No share options were exercised during the six months ended 30 June 2013 and 30 June 2012. The movement in the Company's share options is set out below:

		Number of options					
Date of grant	Exercise price HK$ (note)	At 1 January 2013	Adjustment in respect of Rights Issue (note)	Granted during the period	Exercised during the period	Lapsed during the period	At 30 June 2013
20 June 2007	6.45	61,510,444	5,123,811	–	–	(4,610,000)	62,024,255
1 August 2007	7.54	784,457	64,847	–	–	(20,959)	828,345
2 October 2007	9.22	1,574,269	130,093	–	–	(43,064)	1,661,298
1 November 2007	10.86	448,212	38,069	–	–	–	486,281
3 December 2007	9.11	101,481	8,609	–	–	–	110,090
2 January 2008	8.27	2,724,178	226,486	–	–	(59,125)	2,891,539
1 February 2008	7.42	857,590	69,013	–	–	(45,190)	881,413
3 March 2008	7.08	451,549	33,954	–	–	(51,597)	433,906
2 May 2008	7.31	3,761,937	306,484	–	–	(152,205)	3,916,216
2 June 2008	6.77	9,754,376	732,356	–	–	(1,137,241)	9,349,491
2 July 2008	5.95	445,679	32,997	–	–	(56,610)	422,066
4 September 2009	4.52	14,531,719	1,131,994	–	–	(1,247,388)	14,416,325
18 January 2012	2.41	39,761,000	3,256,520	–	–	(29,713,833)	13,303,687
30 September 2012	4.93	36,427,297	2,964,847	–	–	(1,563,781)	37,828,363
Total		173,134,188	14,120,080	–	–	(38,700,993)	148,553,275
Categorised as:							
Directors		22,209,652	1,879,535	–	–	(8,904,048)	15,185,139
Consultant		800,000	68,000	–	–	(217,000)	651,000
Employees		150,124,536	12,172,545	–	–	(29,579,945)	132,717,136
		173,134,188	14,120,080	–	–	(38,700,993)	148,553,275
Number of options exercisable at the beginning and end of the period		53,817,874					73,800,844

Note:
The number and exercise price of the outstanding share options were adjusted as a result of completion of the Rights Issue.

17. Acquisitions and Disposals

(a) Acquisition of subsidiaries

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

Langham Xintiandi Hotel is owned by Shanghai Lixing, a company established in the PRC of which the Group holds 50% equity interest through Landton Limited ("Landton", a wholly-owned subsidiary of Victorious Run Limited "VRL", a wholly-owned subsidiary of Magic Garden). In accordance with the shareholders' agreement entered into among Magic Garden, Shanghai Lixing, Landton, VRL and the other joint venturers of Shanghai Lixing, the Group solely has the ability to execute the right and control over, and is solely responsible for or entitled to, as appropriate, all costs incurred in the development, construction and operation of, and income arising from the operation of Langham Xintiandi Hotel. The related assets, liabilities, income and expenses of Langham Xintiandi Hotel are therefore consolidated in the consolidated financial statements of the Group.

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

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

17. Acquisitions and Disposals (Continued)

(a) Acquisition of subsidiaries (Continued)

The consideration for the acquisition of Rimmer and Magic Garden was settled by the issuance of 626,909,643 shares of the Company and was determined based on the fair values of the assets and liabilities acquired at the date of acquisition. The fair values of the assets and liabilities acquired at the date of acquisition are set out as follows:

	Rimmer RMB'million	Magic Garden RMB'million	Total RMB'million
Investment properties	2,676	189	2,865
Property, plant and equipment	456	1,860	2,316
Accounts receivable, deposits and prepayments	4	28	32
Bank balances and cash	84	27	111
Amounts due from related companies	203	–	203
Amounts due to related companies	–	(581)	(581)
Loan from a non-controlling shareholder of a subsidiary	–	(306)	(306)
Accounts payable, deposits received and accrued charges	(35)	(213)	(248)
Amount due to a non-controlling shareholder of a subsidiary	(18)	–	(18)
Tax liabilities	(4)	–	(4)
Bank borrowings	(921)	(203)	(1,124)
Deferred tax liabilities	(675)	(94)	(769)
	1,770	707	2,477
Gain on acquisition of subsidiaries:			
Consideration transferred			1,766
Add: Non-controlling interests			661
Less: Fair values of assets and liabilities acquired			(2,477)
			(50)
Cash inflow arising on acquisition:			
Cash and cash equivalents acquired			111

The non-controlling interests in Rimmer and Magic Garden recognised at the acquisition date was measured with reference to the non-controlling interests' proportionate share of the fair value of net assets of Rimmer and Magic Garden and amounted to RMB661 million.

Included in the profit for the six months ended 30 June 2012 was profit of RMB68 million attributable to Rimmer and Magic Garden. Turnover for the six months ended 30 June 2012 included RMB100 million generated from Rimmer and Magic Garden.

Had the acquisition of Rimmer and Magic Garden been completed on 1 January 2012, the Group's total turnover for the six months ended 30 June 2012 would have been RMB1,707 million, and the Group's profit for the six months ended 30 June 2012 would have been RMB975 million. The pro forma information is for illustrative purpose only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2012, nor is it intended to be a projection of future results.

17. Acquisitions and Disposals (Continued)

(b) Acquisition of additional interests in subsidiaries

(i) During the six months ended 30 June 2013, the Group acquired from a non-controlling equity owner its entire equity interest in certain subsidiaries, representing 3% of the registered capital of Shanghai Bai-Xing Properties Co., Ltd. ("Bai-Xing", a subsidiary in which the Group owned 97% equity interest), 3% of the registered capital of Shanghai Ji-Xing Properties Co., Ltd. ("Ji-Xing", a subsidiary in which the Group owned 97% equity interest), 1% of the registered capital of Shanghai Tai Ping Qiao Properties Management Co., Ltd. ("TPQM", a subsidiary in which the Group owned 99% equity interest), 3% of the registered capital of Shanghai Xin-tian-di Plaza Co., Ltd. ("XTD Plaza", a subsidiary in which the Group owned 97% equity interest), 1% of the registered capital of Shanghai Xing Bang Properties Co., Ltd. ("Xing Bang", a subsidiary in which the Group owned 99% equity interest), 3% of the registered capital of Shanghai Xing-Qi Properties Co., Ltd. ("Xing-Qi", a subsidiary in which the Group owned 97% equity interest), for a total cash consideration of RMB177 million. Upon completion of the acquisition, Bai-Xing, Ji-Xing, TPQM, XTD Plaza, Xing Bang and Xing-Qi became wholly-owned subsidiaries of the Group.

An amount of RMB52 million recognised in other reserve during the six months ended 30 June 2013 represents the difference between the cash consideration paid and the carrying amount of the net assets attributable to the additional interest in Bai-Xing, Ji-Xing, TPQM, XTD Plaza, Xing Bang and Xing-Qi being acquired from the non-controlling equity owner.

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

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

(c) Partial disposals of equity interests in subsidiaries

Pursuant to a sales and purchase agreement dated 29 November 2011 entered into between SOD and Mitsui Fudosan Residential Co., Ltd. ("Mitsui", a non-controlling shareholder of an associate's subsidiary), SOD agreed to dispose of, and Mitsui agreed to acquire from SOD, SOD's 49% equity interests in relation to Value Land Limited ("Value Land", an indirect wholly owned subsidiary of the Company which engages in the property development in Foshan, the PRC), and the related shareholder's loans of RMB298 million, for a total cash consideration of RMB391 million. An amount of RMB352 million was received in December 2011 and the remaining balance of RMB39 million was received during the six months ended 30 June 2013 upon completion of the transaction pursuant to the terms of the sales and purchase agreement.

Upon completion of the transaction, the Group's ownership interest in Value Land was reduced to 51% and the Group continues to have control over Value Land. The difference of RMB84 million between the cash consideration received of RMB93 million and the carrying amount of the net assets attributable to the partial disposal of equity interests of 49% in Value Land was recognised directly in equity during the six months ended 30 June 2013.

18. Pledge of Assets

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

	30 June 2013 RMB'million (Unaudited)	31 December 2012 RMB'million (Audited)
Investment properties	39,572	32,546
Property, plant and equipment	2,754	918
Prepaid lease payments	455	460
Properties under development for sale	8,897	7,031
Properties held for sale	–	30
Accounts receivable	54	55
Bank deposits	3,697	2,163
	55,429	43,203

The equity interests in certain subsidiaries with carrying amount of net assets of RMB17,151 million (31 December 2012: RMB16,029 million) were also pledged to banks as securities to obtain banking facilities granted to the Group at the end of the reporting period.

19. Commitments and Contingencies

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

	30 June 2013 RMB'million (Unaudited)	31 December 2012 RMB'million (Audited)
Contracted but not provided for:		
Development costs for investment properties under construction or development	7,900	7,312
Development costs for properties under development held for sale	6,703	7,130
	14,603	14,442

Except as disclosed above, there have been no significant changes in the Group's capital and other commitments as well as contingent liabilities since 31 December 2012.

20. Related Party Transactions

Apart from the related party transactions and balances as stated in notes 10, 17 and in the condensed consolidated statement of financial position, the Group also had the following transactions with related parties during the period:

	Six months ended 30 June	
	2013 RMB'million (Unaudited)	2012 RMB'million (Unaudited)
SOCL and its subsidiaries other than those of the Group		
Rental and building management fee expenses	**2**	2
Travel expenses	**3**	4
Project management fee income	**–**	14
Interest expenses	**1**	–
SOCAM and its subsidiaries, associates of SOCL		
Project construction costs	**218**	373
Associates		
Project management fee income	**8**	6
Interest income	**33**	16
Imputed interest income	**18**	32
Directors		
Property sales	**–**	1
Key management personnel		
Property sales	**2**	1
Short-term benefits	**30**	25
Post-employment benefits	**–**	–
Share-based payments	**2**	4
	32	29

21. Fair Value Measurements of Financial Instruments

The Group's derivative financial instruments are measured at fair value at the end of the reporting period and they are grouped into Level 2 financial instruments based on the degree to which the fair value is observable. Level 2 fair value measurements are those derived from inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

The Group's interest rate swaps amounting to RMB5 million (31 December 2012: RMB23 million) are measured at the present value of future cash flows, estimated based on forward interest rates (from observable yield curves at the end of the reporting period) and contracted interest rates, discounted at a rate that reflects the credit risk of various counterparties.

The Group's cross currency swaps amounting to RMB54 million (31 December 2012: nil) are measured at the present value of future cash flows, estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contracted forward rates, discounted at a rate that reflects the credit risk of various counterparties.

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.

In order to qualify for the interim dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 10 September 2013.

Directors' Interests in Securities

At 30 June 2013, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which (i) were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have been taken under such provisions of the SFO); or (ii) were recorded in the register required to be kept under section 352 of the SFO; or (iii) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") were as follows:

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

	Number of ordinary shares			Interests in the underlying shares			
Name of Directors	**Personal interests**	**Family interests**	**Other interests**	**Share options (Note 4)**	**Other equity derivatives**	**Total**	**Approximate percentage of interests in the Company**
Mr. Vincent H. S. LO	–	1,849,521 (Note 1)	4,564,223,364 (Note 2)	–	7,627,620 (Note 5)	4,573,700,505	57.15%
Mr. Freddy C. K. LEE	381,333	244,666 (Note 3)	–	8,582,694 (Note 3)	–	9,208,693	0.11%
Mr. Daniel Y. K. WAN	–	–	–	7,616,736	–	7,616,736	0.09%
Dr. William K. L. FUNG	5,511,456	–	–	–	–	5,511,456	0.06%
Professor Gary C. BIDDLE	305,381	–	–		–	305,381	0.0038%

Notes:

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

(2) These interests were beneficially owned by Shui On Company Limited ("SOCL") through its controlled corporations, comprising 1,198,103,792 shares, 1,907,173,267 shares, 175,875,873 shares, 29,847,937 shares, 573,333,333 shares and 679,889,162 shares held by Shui On Properties Limited ("SOP"), Shui On Investment Company Limited ("SOI"), Chester International Cayman Limited ("Chester International"), New Rainbow Investments Limited ("NRI"), Lanvic Limited ("Lanvic") and Boswell Limited ("Boswell") respectively whereas SOP, Chester International, Lanvic and Boswell are all wholly-owned subsidiaries of SOI. SOCL is owned by the Bosrich Unit Trust, the trustee of which is Bosrich Holdings (PTC) Inc. ("Bosrich"). The units of the Bosrich Unit Trust are the property of a discretionary trust, of which Mr. Lo is a discretionary beneficiary and HSBC International Trustee Limited ("HSBC Trustee") is the trustee. Accordingly, Mr. Lo, Mrs. Lo, Bosrich and HSBC Trustee were deemed to be interested in such shares under Part XV of the SFO.

(3) Mr. Freddy C. K. LEE was deemed to be interested in 244,666 shares and 1,014,291 share options held by his spouse under Part XV of the SFO.

(4) These represent the interests of share options granted to the Directors and/or their associate(s) under the share option scheme adopted by the Company on 8 June 2007 to subscribe for shares of the Company.

(5) In respect of such interests, Chester International is taken to be interested in 7,627,620 shares as a result of the equity swap transactions entered into between Chester International as equity swap receiver and Standard Chartered Bank, Singapore Branch ("SCB") as equity swap payer on 7 September 2010 and 8 September 2010 respectively, which were subsequently partially terminated by the parties on 11 January 2013. As mentioned above, Chester International is a wholly-owned subsidiary of SOI. Accordingly, Mr. Lo is deemed to be interested in such 7,627,620 shares under Part XV of the SFO.

(b) Interests in the debentures of the Company

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

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

Name of Director	Name of Associated Corporation	Nature of Interests	Amount of Debentures
Sir John R. H. BOND	Shui On Development (Holding) Limited	Personal interests	RMB5,000,000
Dr. William K. L. FUNG	Shui On Development (Holding) Limited	Family interests	USD500,000

Save as disclosed above, at 30 June 2013, none of the Directors or the chief executive of the Company had an interest or short position in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register of interests required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Substantial Shareholders' Interests in Shares

At 30 June 2013, the persons or corporations (other than a Director or chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO were as follows:

Name of shareholders	Capacity/ Nature of interests	Total number of ordinary shares and underlying shares	Approximate percentage of interests in the Company
Mrs. Lo	Family and Personal	4,573,700,505 (Notes 1, 3 & 4)	57.15%
HSBC Trustee	Trustee	4,571,850,984 (Notes 2, 3 & 4)	57.13%
Bosrich	Trustee	4,571,850,984 (Notes 2, 3 & 4)	57.13%
SOCL	Interest of Controlled Corporation	4,571,850,984 (Notes 2, 3 & 4)	57.13%

Notes:

(1) In respect of such interests, 4,566,072,885 shares were comprised of 1,849,521 shares beneficially held by Mrs. Lo and 4,564,223,364 shares in which Mr. Lo, the spouse of Mrs. Lo, had a deemed interest under Part XV of the SFO mentioned in note (2) below. Accordingly, Mrs. Lo was also deemed to be interested in 4,564,223,364 shares under Part XV of the SFO.

(2) In respect of such interests, 4,564,223,364 shares were beneficially owned by SOCL through its controlled corporations, comprising 1,198,103,792 shares, 1,907,173,267 shares, 175,875,873 shares, 29,847,937 shares, 573,333,333 shares and 679,889,162 shares held by SOP, SOI, Chester International, NRI, Lanvic and Boswell respectively whereas SOP, Chester International, Lanvic and Boswell are all wholly-owned subsidiaries of SOI. SOCL is owned by the Bosrich Unit Trust, the trustee of which is Bosrich. The units of the Bosrich Unit Trust are the property of a discretionary trust, of which Mr. Lo is a discretionary beneficiary and HSBC Trustee is the trustee. Accordingly, Mr. Lo, Mrs. Lo, Bosrich and HSBC Trustee were deemed to be interested in such shares under Part XV of the SFO.

(3) In respect of such interests, Chester International is taken to be interested in 7,627,620 shares as a result of the equity swap transactions entered into between Chester International as equity swap receiver and SCB as equity swap payer on 7 September 2010 and 8 September 2010 respectively, which were subsequently partially terminated by the parties on 11 January 2013. As mentioned above, Chester International is a wholly-owned subsidiary of SOI. Accordingly, each of Mrs. Lo, HSBC Trustee, Bosrich and SOCL was deemed to be interested in such shares under Part XV of the SFO.

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

Save as disclosed above, at 30 June 2013, the Directors are not aware of any other person or corporation (other than a Director or chief executive of the Company), having an interest or short position in the shares or underlying shares of the Company as recorded in the register of interests required to be kept by the Company under Section 336 of the SFO.

Share Options

Particulars of the Company's share option scheme (the "Share Option Scheme") adopted by the Company on 8 June 2007 (the "Adoption Date") are set out in note 16 to the condensed consolidated financial statements.

The following table sets out the movement of the Company's share options during the six months ended 30 June 2013:

Name or category of Eligible participants	Date of grant	Original exercise price per share HK$	Adjusted exercise price per share HK$ (Note)	At 1 January 2013	Adjustment during the period (Note)	Exercised during the period	Lapsed during the period	At 30 June 2013	Period during which the share options are exercisable
Directors									
Mr. Freddy C. K. LEE	20 June 2007	7.00	6.45	3,341,835	284,053	–	(553,571)	3,072,317	20 June 2009 – 19 June 2016
	2 June 2008	7.34	6.77	637,405	45,904	–	(97,314)	585,995	2 June 2010 – 1 June 2017
	18 January 2012	2.61	2.41	6,919,000	588,115	–	(5,480,195)	2,026,920	28 June 2013 – 17 January 2020
	3 September 2012	5.35	4.93	1,735,646	147,525	–	–	1,883,171	3 October 2012 – 28 October 2018
Mr. Daniel Y. K. WAN	18 January 2012	2.61	2.41	3,501,000	297,585	–	(2,772,968)	1,025,617	28 June 2013 – 17 January 2020
	3 September 2012	5.35	4.93	6,074,766	516,353	–	–	6,591,119	3 October 2012 – 28 October 2018
Sub-total				22,209,652	1,879,535	–	(8,904,048)	15,185,139	
Consultant									
Mr. Richard K. N. HO	20 June 2007	7.00	6.45	800,000	68,000	–	(217,000)	651,000	20 June 2007 – 19 June 2016
Sub-total				800,000	68,000	–	(217,000)	651,000	
Employees (in aggregate)	20 June 2007	7.00	6.45	57,368,609	4,771,758	–	(3,839,429)	58,300,938	20 June 2009 – 19 June 2016
	1 August 2007	8.18	7.54	784,457	64,847	–	(20,959)	828,345	1 August 2009 – 31 July 2016
	2 October 2007	10.00	9.22	1,574,269	130,093	–	(43,064)	1,661,298	2 October 2009 – 1 October 2016
	1 November 2007	11.78	10.86	448,212	38,069	–	–	486,281	1 November 2009 – 31 October 2016
	3 December 2007	9.88	9.11	101,481	8,609	–	–	110,090	3 December 2009 – 2 December 2016
	2 January 2008	8.97	8.27	2,724,178	226,486	–	(59,125)	2,891,539	2 January 2010 – 1 January 2017
	1 February 2008	8.05	7.42	857,590	69,013	–	(45,190)	881,413	1 February 2010 – 31 January 2017
	3 March 2008	7.68	7.08	451,549	33,954	–	(51,597)	433,906	3 March 2010 – 2 March 2017
	2 May 2008	7.93	7.31	3,761,937	306,484	–	(152,205)	3,916,216	2 May 2010 – 1 May 2017
	2 June 2008	7.34	6.77	9,116,971	686,452	–	(1,039,927)	8,763,496	2 June 2010 – 1 June 2017
	2 July 2008	6.46	5.95	445,679	32,997	–	(56,610)	422,066	2 July 2010 – 1 July 2017
	4 September 2009	4.90	4.52	14,531,719	1,131,994	–	(1,247,388)	14,416,325	3 November 2010 – 2 November 2017
	18 January 2012	2.61	2.41	29,341,000	2,370,820	–	(21,460,670)	10,251,150	28 June 2013 – 17 January 2020
	3 September 2012	5.35	4.93	14,069,559	1,064,666	–	(1,563,781)	13,570,444	3 October 2012 – 28 October 2018
	3 September 2012	5.35	4.93	14,547,326	1,236,303	–	–	15,783,629	5 November 2012 – 4 November 2019
Sub-total				150,124,536	12,172,545	–	(29,579,945)	132,717,136	
Total				173,134,188	14,120,080	–	(38,700,993)	148,553,275	

Note:
As announced on 28 June 2013, the exercise price and the number of shares to be allotted and issued upon exercise of the subscription rights attaching to the outstanding share options have been adjusted on 18 June 2013 due to the completion of right issues.

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.

Corporate Governance (Continued)

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%).

Corporate Governance (Continued)

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.

Purchase, Sale or Redemption of Shares

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares during the six months ended 30 June 2013.

Disclosure Under Rule 13.21 of the Listing Rules

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

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

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

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

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

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

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

Disclosure Under Rule 13.21 of the Listing Rules (Continued)

On 10 December 2012, a written agreement (the "Trust Deed") was entered into between the Company as guarantor, SODH as issuer and DB as trustee of the US$500 million perpetual capital securities issued by SODH (the "Perpetual Securities"), pursuant to which the Perpetual Securities were issued. The Trust Deed provides that if (a) SODH fails to comply with any of the covenants set out in the terms and conditions of the Perpetual Securities and such breach continues or (b) SODH does not redeem the Perpetual Securities following the occurrence of a change of control (as defined in the terms and conditions of the Perpetual Securities) or fails to make or consummate an offer to purchase, the then-prevailing distribution rate shall be increased by 3% per annum with effect from (and including) the date on which such change of control occurs, provided that the maximum aggregate increase in the distribution rate shall be 3% per annum. Details of the transaction are set out in the announcement of the Company dated 11 December 2012.

On 24 May 2013, the Company announced that Infoshore International Limited and Shanghai Le Fu Properties Co., Ltd. obtained a three-year transferable HK$ and US$ term loan facility of up to HK$1,000 million equivalent (the "Infoshore Loan") and a three-year term loan facility of up to RMB1,500 million (the "Shanghai Le Fu Loan") respectively. Pursuant to the conditions of the Infoshore Loan and the Shanghai Le Fu Loan, there is a requirement that Mr. Lo and his family together beneficially owns at least 35% of the issued share capital of the Company and that Mr. Lo acts as the Chairman of the Company or maintains control over the Company. Details of the transaction are set out in the announcement of the Company dated 24 May 2013.

Any breach of the above obligations will cause a default in respect of the 2013 Notes, the 2015 Notes, the King Concord Loan, the 2015 SODS Notes, the 2015 SODH Notes, the Additional 2015 SODH Notes, the RHXC Loans, the Perpetual Securities, the Infoshore Loan and the Shanghai Le Fu Loan and may trigger cross defaults in other outstanding debts of the Group, in the aggregate amount of approximately RMB12,698 million at 30 June 2013.

Update on Information of Directors Under Rule 13.51B(1) of the Listing Rules

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

- Dr. Roger L. McCARTHY serves on the Massachusetts Institute of Technology's Material Science and Engineering Visiting Committee and the Stanford Material Science & Engineering Advisory Board.
- Professor Gary C. BIDDLE presently is a member of the Financial Reporting Review Panel of the Financial Reporting Council of the Hong Kong Special Administrative Region.
- Sir John R. H. BOND has ceased to be the Chairman of Xstrata plc.

Save as disclosed above, after having made all reasonable enquiry, the Company is not aware of any other information which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the date of the Company's annual report 2012.

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.

Board of Directors

Executive Directors

Mr. Vincent H. S. LO
(Chairman)

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

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

Non-executive Director

Mr. Frankie Y. L. WONG

Independent Non-executive Directors

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

Audit Committee

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

Remuneration Committee

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

Nomination Committee

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

Finance Committee

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

Company Secretary

Mr. UY Kim Lun

Auditor

Deloitte Touche Tohmatsu

Legal Advisers

Freshfields Bruckhaus Deringer
Mayer Brown JSM

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George Town
Grand Cayman KY1-9005
Cayman Islands

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333 Huai Hai Zhong Road
Shanghai 200021
PRC

Place of Business in Hong Kong

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

Principal Share Registrar and Transfer Office

Royal Bank of Canada Trust Company (Cayman) Limited
4th Floor, Royal Bank House
24 Shedden Road, George Town
Grand Cayman KY1-1110
Cayman Islands

Branch Share Registrar and Transfer Office

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

Principal Bankers

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

Stock Code

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Website

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