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SHUI ON LAND

Change

Shui On Land Limited

Annual Report 2013

Stock Code 272

Embracing Change

The theme of this year's annual report is "Change" – in our markets, our business and our management. As Shui On Land's evolution continues, we remain focused on our commitment to the highest standards of performance and value creation for our shareholders.

The Group is making the necessary changes to align its strategy and structure for ongoing, sustainable development in an increasingly competitive environment. Firmly committed to our shareholders, business partners and staff, Shui On Land is embracing positive changes for mutual long-term success.

CONTENTS

Who We Are

Innovative Property Developer in China

Established in 2004 and listed on The Stock Exchange of Hong Kong (Stock Code: 272) in October 2006, Shui On Land Limited is the Shui On Group's flagship property development company in the Chinese Mainland. Headquartered in Shanghai, Shui On Land has established a solid foundation in the Chinese Mainland and has a proven track record in developing large-scale, mixed-use city-core communities and integrated residential development projects.

Shui On Land develops innovative and high-quality residential, office, retail, entertainment and cultural properties in the Chinese Mainland. Shui On Land applies its hallmark approach of master-planning to all projects to ensure that developments are fully consistent with government objectives in economic development and urban planning while simultaneously incorporating local historical and cultural characteristics into our designs and planning. Manifesting the "Total Community" concept, our projects provide a unique environment enabling life enrichment of "Live-Work-Play".

The Company's landbank stood at 12.5 million sq.m. (10.3 million sq.m. of leasable and saleable GFA, and 2.2 million sq.m. of clubhouses, car parking spaces and other facilities). Its eight projects, in various stages of development, are all situated in prime locations within the key cities of Shanghai, Chongqing, Wuhan, Dalian and Foshan.

Vision

To be the premier and most
innovative property developer in China

Brand Promise

Innovation • Quality • Excellence

Shui On Spirit

Integrity • Dedication • Innovation • Excellence

Our Commitment to

Investors
We are committed to providing attractive and sustainable returns for our investors based on a well-planned, long-term growth trajectory and strategic direction.

Customers
The expectations of our customers are always at the forefront of our thinking and planning, enabling us to provide high quality and add value to all our projects.

Community
We continually look for innovative ways to build and contribute to the community.

Environment
As an experienced and socially responsible property developer, Shui On Land considers respect for the environment to be a key ingredient for the long-term development of the communities in which we are involved.

Employees
Shui On Land believes that care for our employees and for the development of their talents is crucial to the long-term success of the Group.

We sustain our vision by integrating quality into all of our operations and aspiring to world-class standards of excellence in management, planning, execution and corporate governance.

FINANCIAL HIGHLIGHTS

Operating Results for the Year Ended 31 December

	2013 HKD'million	2012 HKD'million	2013 RMB'million	2012 RMB'million
Turnover	12,314	5,926	9,828	4,821
Represented by:				
Property development	10,476	4,353	8,361	3,541
Property investment	1,804	1,535	1,440	1,249
Others	34	38	27	31
Gross profit	3,953	2,532	3,155	2,060
Increase in fair value of investment properties	3,649	3,316	2,912	2,698
Share of results of associates	(223)	100	(178)	82
Profit attributable to shareholders	2,663	2,494	2,125	2,029
Core earnings of the Group (2012 restated)	1,482	270	1,183	220
Basic earnings per share (2012 restated)	HKD0.35	HKD0.39	RMB0.28	RMB0.32
Dividend per share				
Interim paid	HKD0.022	HKD0.025	HKD0.022	HKD0.025
Proposed final	HKD0.04	HKD0.035	HKD0.04	HKD0.035
Full year	HKD0.062	HKD0.06	HKD0.062	HKD0.06

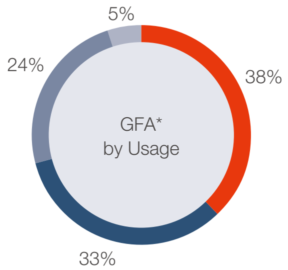
Note:
Except for dividend per share that is originally denominated in HK dollar, all of the HK dollar figures presented above are shown for reference only and have been arrived at based on the exchange rate of RMB1.000 to HK$1.253 for 2013 and RMB1.000 to HK$1.229 for 2012 being the average exchange rates that prevailed during the respective years.

Financial Position as of 31 December

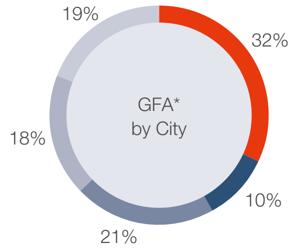
	2013 RMB'million	2012 RMB'million
Total bank balances and cash	10,180	8,633
Total assets	98,602	89,617
Total equity	42,174	37,268
Total debt	35,091	34,668
Bank and other borrowings	24,366	18,803
Convertible bonds	395	2,346
Notes	10,330	13,519
Net gearing ratio*	59%	70%

* Calculated on the basis of the excess of the sum of bank loans, convertible bonds and notes over the sum of bank balances and cash by total equity.

Landbank as of 31 December 2013



	million sq.m.
Residential	3.9
Office	3.5
Retail	2.4
Hotel/Serviced Apartment	0.5
Total leasable and saleable GFA	10.3
Attributable GFA	7.5

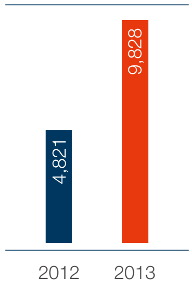


	million sq.m.
Shanghai	2.7
Wuhan	1.0
Chongqing	2.1
Foshan	1.5
Dalian	3.0
Total leasable and saleable GFA	10.3
Attributable GFA	7.5

* Percentages are calculated based on attributable GFA

Turnover

(RMB'million)

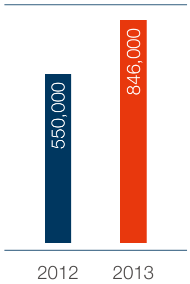


Total GFA Completed

(sq.m.)

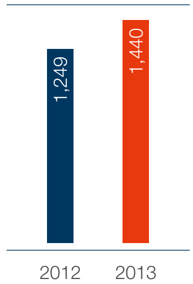
Investment Property Portfolio – Leasable GFA

(sq.m.)



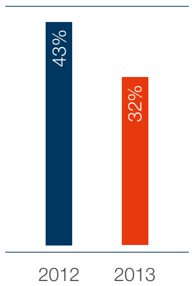
Rental and Related Income

(RMB'million)



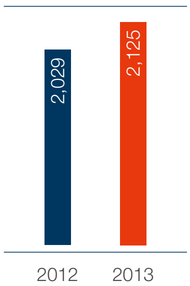
Gross Profit Margin

(%)



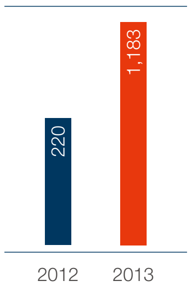
Profit Attributable to Shareholders

(RMB'million)



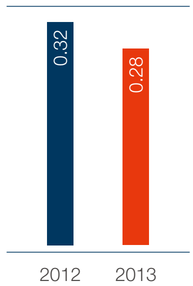
Core Earnings of the Group

(RMB'million)



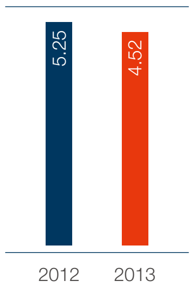
Basic Earnings Per Share

(RMB/share)



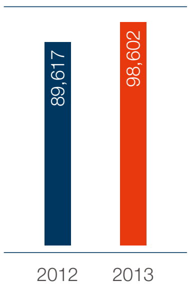
Shareholders' Equity Per Share

(RMB/share)



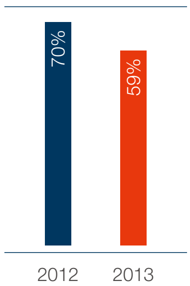
Total Assets

(RMB'million)



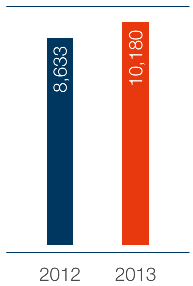
Net Gearing Ratio

(%)



Total Bank Balances and Cash

(RMB'million)

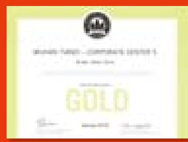


ACHIEVEMENT HIGHLIGHTS

A number of the Group's projects received professional certification from the United States Green Building Council (USGBC) and the Ministry of Housing and Urban-Rural Development of the People's Republic of China. These certifications include:

LEED

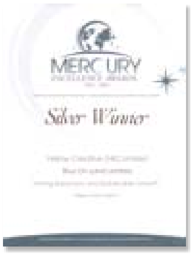
- In January, Lot A5 of Wuhan Tiandi received LEED – Core & Shell(CS) Certification Gold level.
- In May, Lot B12-1/02 of Chongqing Tiandi received LEED – Core & Shell(CS) Certification Gold level.



Achievements of the Group

February

The Group's Interim Report 2012 and Annual Report 2011 received the "Silver in Design: Interim Report" and "Honor in Annual Reports – Overall Presentation: Property Development" respectively at the Mercury Awards 2012/13.



March

China Xintiandi Limited ("China Xintiandi"), a wholly owned subsidiary of Shui On Land began operation.

May

China Xintiandi announced the appointment of Mr. Philip K. T. WONG as China Xintiandi's Chief Executive Officer with effect from 1 July 2013.

THE HUB and Shanghai Airport Authority signed the Hongqiao Business District THE HUB Remote Check-in Project Cooperation Framework Agreement. THE HUB will become the first commercial complex in Shanghai that provides remote check-in service.

June

The Group received the Corporate Governance Asia Recognition Award 2013 – Icon of Corporate Governance from the magazine Corporate Governance Asia.

August

At the ARC Awards 2013, the Group's Annual Report 2012 received the Gold Award (Cover Photo/ Design – Real Estate Development Service; Various & Multi-Use Category) and Silver Award (Traditional Annual Report – Real Estate Development/ Service: Various & Multi-Use Category).

October

The Group and China Xintiandi entered into an agreement on commercial property investment and cooperation with Brookfield Property Partners.

The Group's Annual Report 2012 received the Silver Award (Annual Reports – Overall Presentation: Residential Properties) at the Galaxy Awards 2013.

November

The Group was named "Property Developer that Made Outstanding Contribution to Shanghai's Property Market in 2013" by Shanghai Morning Post.

December

The Group and China Xintiandi became strategic partners with China Life Trustees Limited.

Chinese Green Building Rating

- In January, Lot 126 of Shanghai Taipingqiao received Chinese Green Building 3 Star rating; Lot B20 of Wuhan Tiandi (Wuhan Tiandi Central Clubhouse) received Chinese Green Building 3 Star rating.
- In July, Lot 6 of Rui Hong Xin Cheng Phase 3 (Blocks 1–3, 5–11) received Chinese Green Building 2 Star rating.
- In August, Lots B13/B17 of Wuhan Tiandi received Chinese Green Building 2 Star rating.
- In December, Lot 127 of Shanghai Taipingqiao passed the expert assessment for Chinese Green Building 3 Star rating ; Lot D17 of THE HUB (hotel portion) passed the expert assessment for Chinese Green Building 2 Star rating.

Awards Won by Projects

Xintiandi Style's "100 Doraemon Secret Gadgets Expo@ Xintiandi" event was the Silver Award winner in the Sales Promotion category in the 2013 Asia Pacific Shopping Center Awards competition given out by the International Council of Shopping Centers (ICSC).

Rui Hong Xin Cheng·The View received over a dozen of awards given out by Shanghai's mainstream media, including the "Top Ten Most Anticipated Property Development in 2013" given out by Xinmin Evening News, the "2013 Star Property Development in Shanghai" given out by Shanghai Morning Post, and the "2013 China Real Estate Shanghai Property Agents Annual Meeting-Most Influential Property Development" given out by Oriental Morning Post.

Wuhan Tiandi received several awards, including the "Top Ten Most Powerful Wuhan Real Estate Developers in 2012" certificate conferred by the Wuhan Real Estate Development Business Association, and the "China's Commercial Property Innovative Project" given out by China Commercial Real Estate Summit.

Chongqing Tiandi received several honours including "16 Years of Municipality Status Commercial Landmark Award" and "The Beauty of Chongqing Light Decorations: Chongqing Tiandi – Best Environmental Integration", both given out by Chongqing Economic Times.

Foshan Lingnan Tiandi received the "Most Eco-friendly, Low-carbon and Livable Chinese Residential Property in 2013" and "Chinese Real Estate Developer AAA-grade Trusted Brand" from the China Real Estate Development Industry Association.

Foshan Lingnan Tiandi Lot1 (retail) was named "Highly Recommended Retail Development, China" by International Property Awards. Foshan Lingnan Tiandi – the Legendary was named "Highly Recommended Development Multiple Units, China" by International Property Awards.

Dalian Tiandi received the "China Software and Services Outsourcing Industrial Park Development Environmental Award 2012" given by the China Software and Services Outsourcing Network. Dalian Tiandi – Splendid Bay was named "2013 Hot Property" by SouFun.com.

We REORGA Management Structure to Enhance Management and Operations Efficiency

NISE

The reorganisation allows us to further promote project-based management structure with a view to enhancing efficiency in management and operations, enabling us to move more nimbly and with greater control.

CHAIRMAN'S STATEMENT

Vincent H. S. LO
Chairman

I personally head the Executive Committee of Shui On Development, the executive arm and wholly owned subsidiary of Shui On Land. The Group's key corporate management functions are realigned under each Executive Director.

In a global economy that remains beset by strong and unpredictable headwinds, the Group recorded some success but also its share of unwelcome disappointments during the year in review. The volatility of the global business environment continues to hold challenges that must be addressed through renewed focus on delivering results, adapting our strategies and operations, and actively seeking the possibilities present within the current economic framework and turning them to our advantage. In so doing, we must ensure that we put in place the groundwork that allows us to capitalise on opportunities as and when they arise with our established strengths. We are hopeful that our concerted efforts will reward us in the short and medium term. Accordingly, we have sown the seeds of change.

Performance in a Challenging Year

For the twelve-month period ended 31 December 2013, Shui On Land achieved turnover of RMB9,828 million (HKD12,314 million), representing an increase of 104% compared to the same period in 2012 (2012: RMB4,821 million or HKD5,926 million). The Group delivered profit attributable to shareholders of RMB2,125 million or HKD2,663 million (2012: RMB2,029 million or HKD2,494 million), and basic earnings per share were RMB0.28 (HKD0.35).

During the year under review, total contracted property sales from general property sales and en-bloc sales of commercial properties were RMB16.6 billion – an increase of 190% compared to RMB5,732 million recorded in 2012. A total GFA of 621,500 sq.m. was sold or pre-sold during 2013, an increase of 135% from 264,900 sq.m. in 2012. The average selling price was RMB26,700 per sq.m..

RMB9.9 billion in contracted sales were generated from general property sales, and RMB6.7 billion resulted from en-bloc sales of commercial properties. In December 2013, the Group disposed of its interest in Lot 126 of the Taipingqiao Project in Shanghai, representing GFA of approximately 79,000 sq.m.. This holding was transferred to China Life Trustees Limited for a net cash consideration of RMB3.4 billion with RMB900 million of debt assumed. We have the option to purchase back the asset at the same price within the next 5 years and paying China Life a yield of 9% p.a. with no capital appreciation.

In addition to the contracted property sales, the Group recorded RMB1.6 billion of subscribed property sales as of 31 December 2013, which will be converted into contracted property sales during the coming months.

A Changing Business Environment

Although uncertainty and volatility continue to dominate the global economy, real estate has remained relatively sheltered as a largely local business. China's economic momentum has, therefore, provided a foundation of support for its property sector despite stringent control measures introduced by the Central Government in the last three years.

There are signs to suggest that China's new leadership is adopting a much more market-oriented approach towards real estate, although some restrictions on buying will likely remain in place. Rather than introducing across-the-board control measures, the central government is encouraging local regulation of the property market, allowing more granular and effective control at the municipal level. The shift towards a market-led approach has injected a measure of buoyancy into the property market. Despite a seasonal slowdown in transaction levels at the start of 2014, average prices in markets such as Beijing, Shanghai and Shenzhen have held up well after rising by around 20% compared to the previous year.

It is expected that demand in the first tier and regional hub cities will continue to outstrip supply in the coming years. The Group is proactively working to increase Shui On Land's supply to the market during this critical period, and is introducing several fundamental changes to its business model to address the constantly evolving business environment.

Strategies for a New Direction

One of the key themes of this year's annual report is "Change". Change in our markets. Change in our business model. Change in our management structure.

The Group is implementing a new strategic decision to refrain from involvement in the relocation aspects of new projects. Instead, Shui On Land will undertake master-planning together with the municipal government concerned and commit investment only in the later stages of land acquisition, after the plots are cleared and the land is ready for development.

Reorganising to Deliver Results

In order to strengthen management capabilities, streamline our development strategies and align Headquarters-Projects relationships, we have reorganised Shui On Land's senior management structure. The new structure strengthens management control at project level which aims to enhance our efficiency, and thereby assist to improve profitability.

I personally head the Executive Committee of Shui On Development, the executive arm and wholly owned subsidiary of Shui On Land. The Group's key corporate management functions are realigned under each Executive Director. In a milestone for the Group's localisation policy, we have appointed two home-grown talents, Matthew Q. GUO, and Jessica Y. WANG to the Board of Shui On Development.

The reorganisation will allow us to further promote the Group's project-based management structure with a view to enhancing efficiency in management and operations, streamlining our corporate structure and enabling Shui On Land to move more nimbly and with greater control. Removing layers of management is set to improve efficiency, and in turn to accelerate the Group's turnover rate and support long-term growth and value creation.

Under the project-based management structure, the Project Boards decide on the execution of the project, look after day-to-day management and operations and be responsible for development and business results of their respective projects, in accordance with the principles and directions set by Headquarters. Initially, I chair all Project Boards to ensure strategic uniformity across all projects and Headquarters.

Meanwhile, in order to better align the development strategies of Shui On Land and its wholly owned subsidiary China Xintiandi, we have appointed Philip K. T. WONG, CEO of China Xintiandi, as a Managing Director and Board Member of Shui On Land.

With these changes, we aim to rejuvenate the corporate culture of Shui On Land. We are instilling a change in the traditional workplace protocol to encourage proactive and independent initiatives, and to focus on delivering results.

Fine Tuning Our Business Model

Buyers and tenants alike have responded enthusiastically to Shui On Land's city-core, master-planned communities over the years. Well suited for today's modern living and working environments, these comprehensive, integrated communities offer residents and those who work in the master-planned communities an improved urban experience with greater convenience and numerous lifestyle benefits. They also help to alleviate traffic problems and related pollution by design, placing residences within easy walking distance of retail, commercial and office buildings. In many cases, the Group also assists to preserve and promote local heritage and culture by restoring and protecting historical buildings within its developments.

Building on our experience and in response to robust demand, Shui On Land will continue to focus on developing master-planned, integrated communities in first and second tier cities throughout China, within three major categories:

- **City Centre Master-planned Communities**

  Based on our experience in designing and building integrated communities, the Group has recently been approached by municipal governments to participate in the redevelopment of city centre comprehensive, integrated communities without taking on the burden of relocation of residents. We are also exploring innovative financing schemes for such projects. At the same time, we are considering how best to take part in what we call "Preservation Plus" projects. Through our participation, Shui On Land assists in building an Xintiandi-type of development. As compensation for our efforts and costs, we will work with the local government to find a suitable plot of cleared land in the vicinity for property development.

- **Transportation Hubs**

  Transportation hubs are another development category identified by the Group for our ongoing participation. Building on our experience with THE HUB, located in the Hongqiao Commercial Zone in the new Shanghai transportation hub, we are actively seeking similar opportunities for future project development.

- **Knowledge Communities**

  Continuing along the path of economic restructuring, China will evolve increasingly from a low-cost producer and an export-driven economy to one fuelled by domestic innovation, production and consumption. This shift will require environments that promote the development of new ideas and work in sync with their inhabitants' modern, knowledge and information-based lifestyles. Placing strong emphasis on education, technology, culture, research and business incubation, the Group's custom-designed knowledge communities, such as Knowledge and Innovation Community (KIC) in Shanghai, offer integrated, multi-functional environments with a strong and lively eco-system in which to live, study, work and play.

Relocation in our two existing projects in Shanghai, namely Shanghai Rui Hong Xin Cheng and Taipingqiao Project, has seen good progress in the past year. However, the Group is implementing a new strategic decision to refrain from involvement in the relocation aspects of new projects. Instead, Shui On Land will undertake master-planning together with the municipal government concerned and commit investment only in the later stages of land acquisition, after the plots are cleared and the land is ready for development. This will ensure that the Group's investment will not be dragged out by the long, uncertain relocation process and maximise operational efficiency.

Building on experience, we are enhancing our strategy of Group-wide standardisation to control costs and improve development speed. At the same time, we are able to offer different tiers of customisation to suit different market segments, from sophisticated, high-end units to communities, which feature integrated assisted living and medical services that are specifically targeted at senior citizens.

Leveraging China Xintiandi

Subject to favourable market conditions and necessary approvals, we plan to spin off China Xintiandi, which will manage the Group's commercial assets and investment properties. The spin off would leave Shui On Land as a pure developer. Non-core commercial assets will be considered for sale in order to increase asset churn; and Shui On Land's commercial assets will either be sold to China Xintiandi or sold to the market through China Xintiandi. The two companies are separately managed, allowing each to focus on their respective strengths and to act swiftly in the pursuit of advantageous opportunities.

Building on Partnerships

The Group has formed a strategic partnership with Brookfield, one of the largest property investors in the world. Leveraging their extensive property asset management expertise, two of Brookfield's senior executives are being seconded to China Xintiandi to enhance our management team. With over USD175 billion in assets under management and over 100 years of history in owning and operating real estate, Brookfield's unique insights and global best practices bring an impressive skillset to the partnership.

We have also deepened our working relationship with Chinese insurance companies, either selling them our commercial assets or working with them on innovative financing for new projects. Building on their strong financial reserves enables us to enhance our developments and potential returns.

Appreciation

As we embark on this new year of challenges, changes and possibilities, I would like to thank all who have contributed to Shui On Land during the year in review. To my fellow Directors, the management team and our employees, I thank you for your wisdom, your efforts and your hard work. To our shareholders and business partners, I thank you for your continued confidence and support.

I would also like to convey my gratitude and appreciation to Freddy C. K. LEE, who has stepped down as Chief Executive Officer and Managing Director. Over the past three decades, Freddy has made significant contributions to Shui On. I wish him all the best in his future endeavours.

With disciplined focus on execution and delivery, I believe we can better build and develop value for our shareholders in the years ahead.

Vincent H. S. LO
Chairman

Hong Kong, 19 March 2014

NEW STRUCTURE FOR NEW DIRECTIONS

From left to right
Ms. Jessica Y. WANG
Mr. Matthew Q. GUO
Mr. Vincent H. S. LO
Mr. Philip K. T. WONG

From left to right
Mr. Charles W. M. CHAN
Mr. Daniel Y. K. WAN
Mr. TANG Ka Wah

Shui On Land has reorganised its senior management structure to strengthen management capabilities, streamline development strategies and better align Headquarters-Projects relationships. The new structure strengthens the management's steer with a view to improving efficiency and profitability.

Clear Chain of Command and Performance Tracking

The Executive Committee of Shui On Development, a wholly owned subsidiary of Shui On Land, serves as the executive arm of the Group. Headed by the Chairman, the Committee oversees the Group's key functions, which are realigned under each Executive Director.

The Group's project-based management structure simplifies our corporate structure, allowing Shui On Land to execute its objectives faster and with greater precision. Project Boards are responsible for the performance and development of their individual projects, following principles and overall guidance set by Headquarters. Initially, the Chairman oversees all Project Boards to ensure strategic and operational alignment.

To ensure consistent performance delivery, Managing Director and Chief Financial Officer Daniel Y. K. WAN has been tasked with the responsibility of Performance Tracking & Monitoring, in addition to his portfolio of Legal & Company Secretary functions, Investor Relations and Finance.

A Fresh Perspective

Shui On Land welcomes Philip K. T. WONG, CEO of China Xintiandi, as a Managing Director and Board member of Shui On Land, who will facilitate complimentary development between Shui On Land and China Xintiandi.

Charles W. M. CHAN, Executive Director of Shui On Development, manages the Group's Development Planning & Design as well as Knowledge Community Projects; and Executive Director TANG Ka Wah takes charge of Procurement, Construction Method, Quality Control and Cost Target & Control.

In a milestone for the Group's localisation policy, two home-grown talents, Matthew Q. GUO and Jessica Y. WANG, have been appointed to the Board of Shui On Development. Matthew is responsible for Administration, IT, HR and Property Management, while Jessica oversees Land Acquisition, Marketing & Sales, Product Development, Branding, Corporate Communications and Government Relations.

We Fine Tune

Our Business Model to

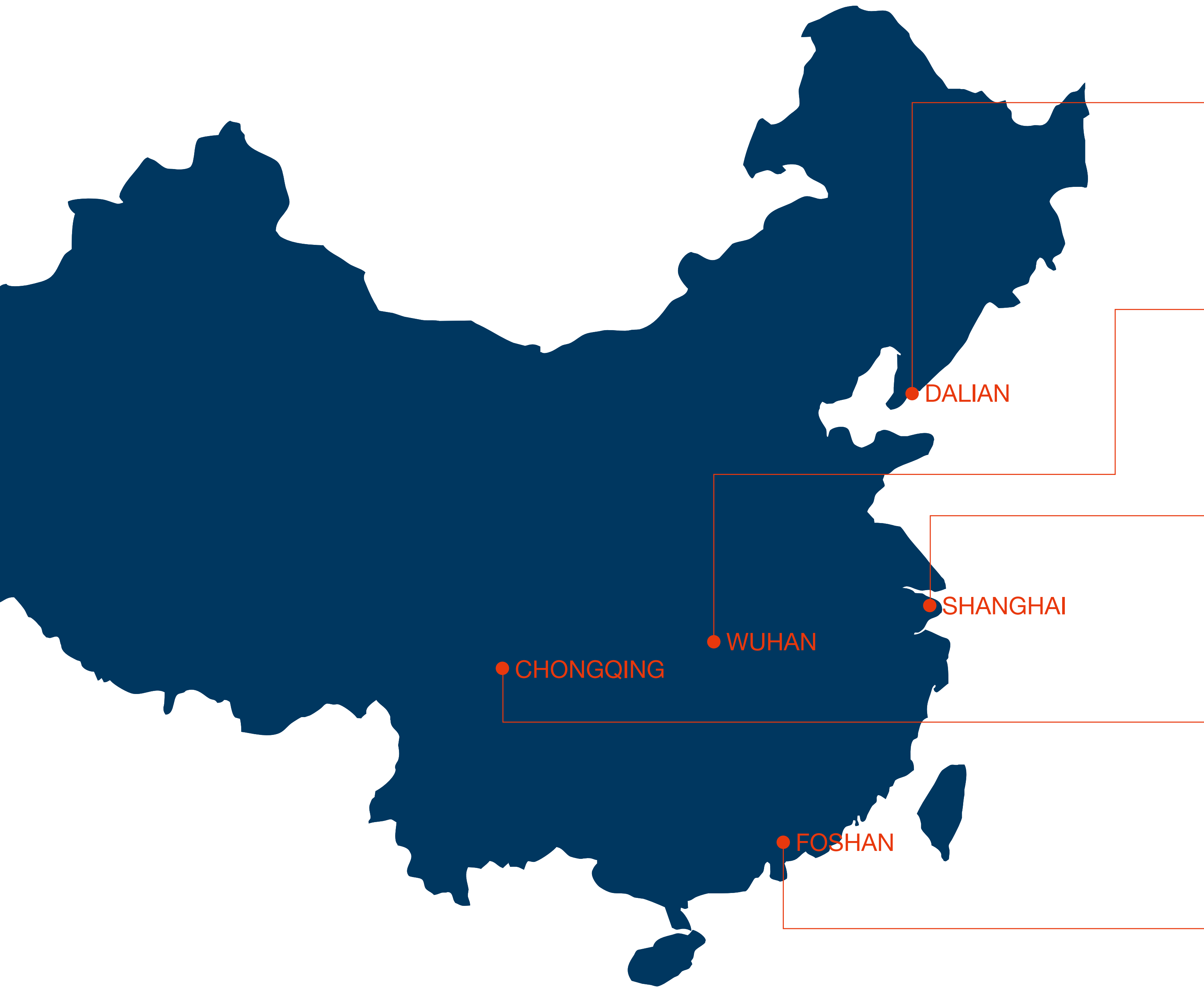
OPTIMIS

Development Strategy

Building on our experience and in response to robust demand, we will continue to focus on developing master-planned integrated communities in first and second tier cities throughout China, within three major categories, City Centre Master-planned Communities, Transportation Hubs and Knowledge Communities.

MANAGEMENT DISCUSSION AND ANALYSIS

With eight major projects located in prime locations in five of China's most rapidly growing cities, Shui On Land's property portfolio is flourishing both in scale and scope and geographic reach. These premium and professionally managed projects create value for our shareholders while also nurturing the development of their surrounding neighbourhoods and local communities.



Market Updates and Project Profiles

Population: 6.9 million
Real GDP growth: 9.0%
Per Capita GDP: RMB102,000
Investment in Real Estate: RMB171.0 billion
Retail Sales: RMB252.7 billion

Population: 10.2 million
Real GDP growth: 10.0%
Per Capita GDP: RMB89,000
Investment in Real Estate: RMB190.6 billion
Retail Sales: RMB387.9 billion

Population: 24.2 million
Real GDP growth: 7.7%
Per Capita GDP: RMB90,000
Investment in Real Estate: RMB282.0 billion
Retail Sales: RMB801.9 billion

Population: 29.7 million
Real GDP growth: 12.3%
Per Capita GDP: RMB43,000
Investment in Real Estate: RMB301.2 billion
Retail Sales: RMB451.2 billion

Population: 7.3 million
Real GDP growth: 10.0%
Per Capita GDP: RMB91,000
Investment in Real Estate: RMB74.5 billion
Retail Sales: RMB226.4 billion

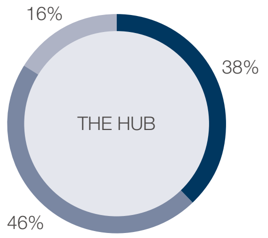
All the above data are for 2013 except population and per capita GDP for Foshan and Dalian, which are for 2012.

SHANGHAI

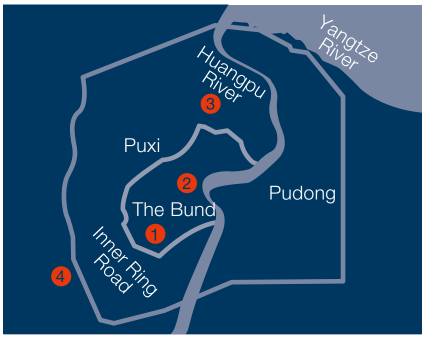
An economic metropolis of China, Shanghai is the country's leading commercial, financial and shipping centre. Shanghai is one of the four municipalities of the PRC, hosting a total population of 24.15 million at the end of 2013. The establishment of the China (Shanghai) Pilot Free Trade Zone in 2013 marked a milestone for a new round of market reforms and the expansion of Shanghai. In 2013, its total GDP stood at RMB2,160.2 trillion, and GDP per capita at RMB90,100. Currently, approximately 1,240 financial institutions and the regional headquarters of 445 multinational corporations have a presence in Shanghai, while 366 overseas companies have set up research and development centres in the city.

THE HUB is designed to be a modern international commercial centre

GFA by Usage



	sq.m.
Office	106,000
Retail	131,000
Hotel/Serviced Apartment	45,000
Total Leasable and Saleable GFA	282,000



1 Taipingqiao
2 Rui Hong Xin Cheng
3 Knowledge and Innovation Community (KIC)
4 THE HUB

THE HUB

Site Location: THE HUB is ideally located at the heart of the Hongqiao Central Business District (CBD). It is linked directly to the Hongqiao Transportation Hub, thus facilitating convenient and efficient access to the major components of the Transportation Hub, namely the Shanghai High-Speed Rail Station that connects to all major cities in China, Terminal 2 of the Shanghai Hongqiao International Airport, and five Shanghai Metro lines.

Master-plan: Designed and destined to become a new business, cultural and lifestyle landmark, THE HUB comprises a large retail component, offices, a performing arts and exhibition centre and a hotel, spanning a total GFA of 282,000sq.m.. Situated at the heart of the Hongqiao CBD, the site for THE HUB was acquired by the Group for RMB3.2 billion through a public land auction in September 2010. As China's economy approaches a world pinnacle, the integral role of Shanghai as a world-class financial and trading centre grows increasingly prominent. Hongqiao CBD will be not only a dynamic, new CBD in Shanghai, but also the CBD of choice for the Yangtze River Delta, giving the area greater global exposure and significance.

The site comprises two parts, D17 and D19. The piling and basement construction works commenced in 2011. The above ground area of Showroom Offices Tower 2 and Tower 3 in D17, with a total GFA of 58,000 sq.m., was completed in 2013. The remaining construction works are scheduled to be completed in 2014 and 2015.

Greater Hongqiao Area, Shanghai

The Greater Hongqiao Area is one of the four key economic drivers for Shanghai's 12th Five Year Plan (2011 – 2015). The other three drivers are the EXPO Area, the Greater Pudong Area and the Disneyland Area. The planned site in the Greater Hongqiao Area is three times larger than the Pudong Lujiazui Financial Zone. The aim is to balance the development of western and eastern Shanghai and to ease traffic congestion in the city core. "West Gate" is an alternate and fitting name, referring to the area's role as a gateway for people and companies worldwide to enter China through the Yangtze River Delta via its comprehensive transportation network.

The following table shows the usage mix of the project as of 31 December 2013 based on the Master-plan:

	Approximate/Estimated leasable and saleable area							
	Residential sq.m.	Office sq.m.	Retail sq.m.	Hotel/ serviced apartment sq.m.	Sub-total GFA sq.m.	Clubhouse, carpark and other facilities sq.m.	Total GFA sq.m.	Group's interest %
Completed properties								
D17 Showroom Offices Tower 2 and Tower 3 above ground area	–	57,000	1,000	–	58,000	2,000	60,000	100.0%
Subtotal	–	57,000	1,000	–	58,000	2,000	60,000	
Properties under development								
D17 remaining	–	22,000	17,000	45,000	84,000	45,000	129,000	100.0%
D19	–	27,000	113,000	–	140,000	69,000	209,000	100.0%
Subtotal	–	49,000	130,000	45,000	224,000	114,000	338,000	
Total	–	106,000	131,000	45,000	282,000	116,000	398,000	

SHANGHAI

Left
Shanghai Xintiandi has become an iconic landmark in Shanghai

Right
The contemporary Grade A office – Corporate Avenue at Shanghai Taipingqiao

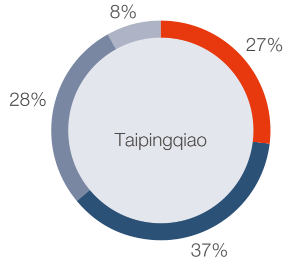
TAIPINGQIAO PROJECT

Site location: The Taipingqiao project is located in the Huangpu District, as is one of Shanghai's main commercial thoroughfares, Huai Hai Middle Road. Historic, 110-year-old Huai Hai Middle Road has been transformed into a world-class commercial area. It is now home to the flagship stores of a host of luxury brands. Metro Lines 1, 8 and 10 connect this project to major urban areas of Shanghai. Metro Line 13, which is currently under construction, will also serve the community when completed.

Master-plan: The project is a large-scale, city-core redevelopment, with an emphasis on the preservation and restoration of historic buildings and the establishment of an integrated community. The plan blends the classic architecture of "Old Shanghai" with modern features and amenities. The project comprises four main zones: Shanghai Xintiandi is the historic restoration zone, Corporate Avenue and Shui On Plaza constitute the corporate headquarters zone, Lakeville is the elite residential zone, and Xintiandi Style together with Langham Xintiandi Hotel represent the retail, hotel and theatre zone. The Group has been developing the project in phases since 1996.

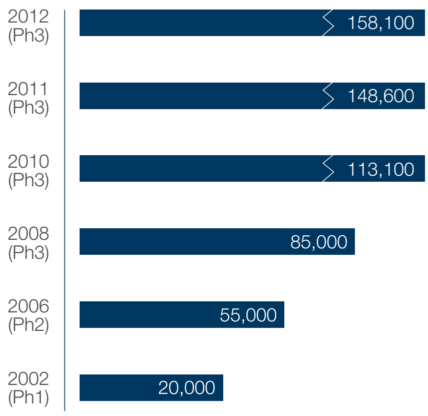
Among the commercial developments are Shanghai Shui On Plaza, Langham Xintiandi Hotel, Xintiandi, Xintiandi Style and 1&2 Corporate Avenue, Phase I. A total GFA of 259,000 sq.m. in this

GFA by Usage



	sq.m.
Residential	253,000
Office	340,000
Retail	255,000
Hotel/Serviced Apartment	76,000
Total Leasable and Saleable GFA	924,000

Residential ASP



Huangpu District, Shanghai

Huangpu District is located in central Shanghai, on the west side of the Huangpu River, facing Pudong Lujiazui Financial District. With the approval of the State Council, the existing Huangpu District was extended with effect from June 2011 to include the old Luwan District.

The Bund, also located in Huangpu District, is famous for its historical buildings overlooking the Huangpu River. Heading westward from the Bund are several major commercial streets, including East Nanjing Road, Fuzhou Road and Huai Hai Road. The 5,500-metre-long Huai Hai Road is a well-known shopping promenade in Shanghai. Another landmark of the Huangpu District is the People's Square, where the Shanghai Municipal Government is headquartered.

Left
Shanghai Xintiandi presents the classical fashion of Shanghai

Right
Night view of Corporate Avenue at Shanghai Taipingqiao

project, is currently earmarked for the development of investment properties and hotel properties in the Group's portfolio. 5 Corporate Avenue, Phase II (Lot 126) accommodates an office building with a GFA of 51,000 sq.m., incorporating a retail podium with a GFA of 28,000 sq.m.. The project was completed and disposed of in December 2013 to China Life Trustees Limited. 3 Corporate Avenue, Phase II (Lot 127), with a GFA of 55,000 sq.m. of office space and a retail podium with a GFA of 27,000 sq.m., is scheduled for completion in 2014. Overall, 3 and 5 Corporate Avenue will exhibit a more modern outlook and the tenant mixes will be expanded and enhanced by introducing new Hong Kong and international elements.

In terms of residential development, Lakeville Phases 1 to 3 with a GFA of more than 253,000 sq.m. have been sold and delivered since 2002. Both batches 1 and 2 of Lakeville Phase 4 (Lot 116) are now under relocation. As of the end of 2013, 94% of batch 1 area residents and 99% of batch 2 area residents had signed relocation agreements. The Group owns 50% of this site. Further relocation consultations for the remaining 496,000 sq.m. of GFA for various land lots have yet to commence.

The following table shows the usage mix of the project as of 31 December 2013 based on the Master-plan:

	Approximate/Estimated leasable and saleable area							
	Residential sq.m.	Office sq.m.	Retail sq.m.	Hotel/ serviced apartment sq.m.	Sub-total GFA sq.m.	Clubhouse, carpark and other facilities sq.m.	Total GFA sq.m.	Group's interest %
Completed properties								
Xintiandi	–	5,000	47,000	5,000	57,000	12,000	69,000	100.0%
1&2 Corporate Avenue, Phase I	–	76,000	7,000	–	83,000	16,000	99,000	100.0%
The Lakeville and Lakeville Regency	–	–	–	–	–	25,000	25,000	99.0%
Casa Lakeville and Xintiandi Style	–	–	27,000	–	27,000	22,000	49,000	99.0%
Shui On Plaza	–	30,000	28,000	–	58,000	8,000	66,000	80.0%
Langham Xintiandi Hotel	–	–	1,000	33,000	34,000	19,000	53,000	66.7%
Subtotal	–	111,000	110,000	38,000	259,000	102,000	361,000	
Properties under development								
3 Corporate Avenue, Phase II (Lot 127)	–	55,000	27,000	–	82,000	37,000	119,000	99.0%
Lot 116	87,000	–	–	–	87,000	55,000	142,000	50.0%
Subtotal	87,000	55,000	27,000	–	169,000	92,000	261,000	
Properties for future development								
Subtotal	166,000	174,000	118,000	38,000	496,000	44,000	540,000	99.0%
Total	253,000	340,000	255,000	76,000	924,000	238,000	1,162,000	

The Taipingqiao project is a large-scale, city-core redevelopment, with an emphasis on the preservation and restoration of historic buildings and the establishment of an integrated community.

Outlook of Shanghai Taipingqiao

SHANGHAI

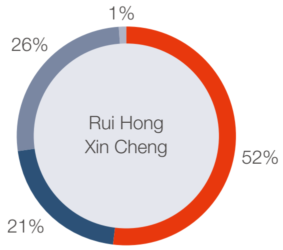
Rui Hong Xin Cheng constructs a comprehensive modern community with a GFA of 1.7 million sq.m.

RUI HONG XIN CHENG

Site location: The Rui Hong Xin Cheng project, known also as Rainbow City, is located in Hongkou District. It is adjacent to the North Bund and the North Sichuan Road business district. The project is served by Metro Lines 4, 8 and 10 as well as two tunnels: Xinjian Road Tunnel and Dalian Road Tunnel connect Rui Hong Xin Cheng to Lujiazui CBD and the Pudong commercial district.

Master-plan: Rui Hong Xin Cheng is a large-scale, city-core redevelopment project. According to the plan, the development will become a community whose enhancements include office buildings, retail podiums, hotels, entertainment, and cultural and residential properties. Rui Hong Xin Cheng is projected to be a fashionable urban living destination within the Inner Ring Viaduct of Shanghai.

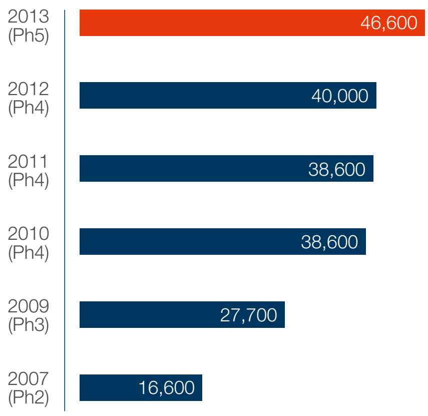
GFA by Usage



	sq.m.
Residential	657,000
Office	272,000
Retail	333,000
Hotel/Serviced Apartment	12,000
Total Leasable and Saleable GFA	1,274,000

Residential ASP

(RMB/sq.m.)



Since 1998, the Group has developed, sold and delivered more than 451,000 sq.m. in GFA of residential units which were completed in four phases. The ASP of contracted sales has increased progressively from RMB16,600 per sq.m. in 2007 to RMB46,600 per sq.m. in 2013. The View, residential Phase 5 (Lot 6) is under construction, with a planned residential GFA of 118,000 sq.m. and a retail GFA of 19,000 sq.m.. Several pre-sale batches were launched in 2012 and 2013, and resulted in total contracted sales of RMB4,284 million during 2013. The development is scheduled to be completed during 2014.

In terms of commercial properties, 47,000 sq.m. of GFA have been developed into retail spaces and retained in the Group's investment property portfolio. Relocation at Ruihong Tiandi Phase 2 (Lot 3) was completed in 2013. The site is currently under development, with a planned GFA of 90,000 sq.m. earmarked for a retail podium, a hotel and an entertainment area.

Relocation negotiations are currently underway at Lots 2, 9, 10, 1 and 7, which encompass a total planned GFA of 770,000 sq.m.. The five sites are to be developed as residential apartments, retail spaces, offices and shopping centres. As of 31 December 2013, totals of 93%, 95%, 78%, 94% and 94% respectively of residents at the aforementioned lots had signed relocation agreements. Further relocation works for the remaining 230,000 sq.m. of GFA at Lots167A and 167B are yet to commence.

Hongkou District

The Hongkou District is situated in downtown Shanghai. The District has a long history and deep cultural roots. It is currently being transformed into a modern, integrated district to facilitate its bustling commerce, an environment that accentuates quality of life, its unique cultural characteristics and efficient public services. The North Bund area of Hongkou District is the landmark shipping and logistics services development hub for Shanghai, serving more than 3,000 shipping and logistics companies. The major economic driving forces that tool the success of the Hongkou District are its shipping services, knowledge industries, leisure and entertainment services and its real estate industry.

The following table shows the usage mix of the project as of 31 December 2013 based on the Master-plan:

	Approximate/Estimated leasable and saleable area							
	Residential sq.m.	Office sq.m.	Retail sq.m.	Hotel/ serviced apartment sq.m.	Sub-total GFA sq.m.	Clubhouse, carpark and other facilities sq.m.	Total GFA sq.m.	Group's interest %
Completed properties								
The Palette 1	–	–	5,000	–	5,000	13,000	18,000	79.8%
The Palette 3	–	–	28,000	–	28,000	21,000	49,000	79.0%
The Palette 5	–	–	2,000	–	2,000	3,000	5,000	79.0%
The Palette 2	–	–	12,000	–	12,000	21,000	33,000	79.0%
Subtotal	–	–	47,000	–	47,000	58,000	105,000	
Properties under development								
The View (Lot 6)	118,000	–	19,000	–	137,000	50,000	187,000	79.0%[1]
Ruihong Tiandi Phase 2 (Lot 3)	–	–	78,000	12,000	90,000	29,000	119,000	79.0%
Lot 9	85,000	–	2,000	–	87,000	33,000	120,000	79.0%
Subtotal	203,000	–	99,000	12,000	314,000	112,000	426,000	
Properties for future development								
Subtotal	454,000	272,000	187,000	–	913,000	11,000	924,000	79.0%[2]
Total	657,000	272,000	333,000	12,000	1,274,000	181,000	1,455,000	

1 The Group has a 99.0% effective interest in the non-retail portion.

2 The Group has a 79.8% interest in Lot 167A and Lot 167B and 79.0% interest in the remaining lots.

SHANGHAI

KNOWLEDGE AND INNOVATION COMMUNITY

Site location: The Knowledge and Innovation Community project is sited appropriately in the immediate vicinity of major universities and colleges in Yangpu District, northeast of downtown Shanghai. The public transportation network provides commuters with multiple connections between the project and the city centre, including the Middle-Ring Highway, over 30 public transportation routes and Metro Line 10.

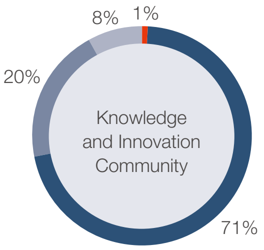
Master-plan: The project is designed to be a multi-functional community with a lifestyle characterised by health and sustainability. Through the project, the Group is facilitating the transformation of the Yangpu District from an industrial and manufacturing area to a plateau for knowledge and innovation. The project draws on readily available educational and human resources in the vicinity. The ultimate goal is to create an environment that fosters innovation,

Jiangwan Regency at KIC dedicates to build a humanistic community

Yangpu District, Shanghai

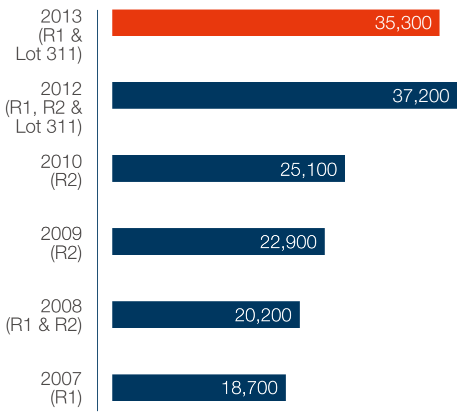
Think of the Yangpu District as multi-faceted, at its heart is the Wujiaochang – KIC – Jiangwanxincheng area, designated by the Shanghai municipal government as one of the city's four urban sub-centres. Yangpu District has been transformed into a knowledge industry and support services hub to complement an important development goal of Shanghai to become the value-added service centre of China. The district is also home to more than 10 universities and colleges, including Fudan University, Tongji University and Shanghai Finance University. The presence of 22 key state laboratories and 65 scientific research institutes gives the district an unparalleled competitive advantage in becoming the intellectual hub of Shanghai. Another advantage for Yangpu District is its proximity to Hongkou District.

GFA by Usage



	sq.m.
Residential	2,000
Office	204,000
Retail	59,000
Hotel/Serviced Apartment	23,000
Total Leasable and Saleable GFA	288,000

Residential ASP



commercialisation, technological development, cultural activities, research and business incubation, growth and development.

Since 2003, more than 243,000 sq.m.of GFA have been progressively developed as office and retail properties, while the Group has retained 163,000 sq.m. in its investment property portfolio. The occupancy rate remains stable, with established technology companies, including EMC, Oracle, EBAO, VMware, PCCW and IBM as tenants.

A total of 130,200 sq.m. of GFA in residential developments has been sold and delivered. The ASP of contracted sales has risen from RMB18,700 per sq.m. in 2007 to RMB38,600 per sq.m in 2013. Jiangwan Regency, the residential development of Lot 311, was launched in October 2012. Totally, 51,800 sq.m. out of 53,400 sq.m. of the development, were delivered during the second half of 2013. Meanwhile, construction of the commercial sector of Lot 311 is underway, comprising a GFA of 95,000 sq.m. of office towers and retail space, and a hotel development with a GFA of 23,000 sq.m.. Another 5,000 sq.m. of office space in Lot 12-8 are also under construction.

The following table shows the usage mix of the project as of 31 December 2013 based on the Master-plan:

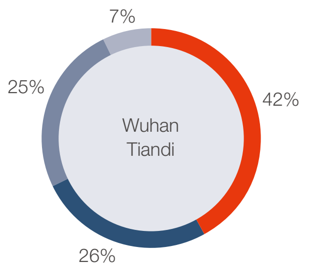
	Approximate/Estimated leasable and saleable area							
	Residential sq.m.	Office sq.m.	Retail sq.m.	Hotel/ serviced apartment sq.m.	Sub-total GFA sq.m.	Clubhouse, carpark and other facilities sq.m.	Total GFA sq.m.	Group's interest %
Completed properties								
KIC Village R1	–	3,000	7,000	–	10,000	12,000	22,000	86.8%
KIC Village R2 (Lots 7-9, 8-2)	–	6,000	3,000	–	9,000	7,000	16,000	86.8%
KIC Village R2 (Lot 7-7)	–	6,000	1,000	–	7,000	17,000	24,000	86.8%
KIC Plaza Phase 1	–	29,000	21,000	–	50,000	25,000	75,000	86.8%
KIC Plaza Phase 2	–	39,000	10,000	–	49,000	30,000	79,000	86.8%
KIC C2 (Lots 5-7, 5-8)	–	27,000	11,000	–	38,000	12,000	50,000	86.8%
Jiangwan Regency (Lot 311 Phase 1)	2,000	–	–	–	2,000	19,000	21,000	99.0%
Subtotal	2,000	110,000	53,000	–	165,000	122,000	287,000	
Properties under development								
Lot 311 Phase 2	–	89,000	6,000	23,000	118,000	44,000	162,000	99.0%
Lot 12-8	–	5,000	–	–	5,000	2,000	7,000	86.8%
Subtotal	–	94,000	6,000	23,000	123,000	46,000	169,000	
Total	2,000	204,000	59,000	23,000	288,000	168,000	456,000	

WUHAN

Situated at the junction of the Yangtze and Han rivers, Wuhan is the capital city of Hubei Province. It is central China's largest city and a nucleus of manufacturing, commerce, and transportation. Within central China, Wuhan is the focus of the Country's new urbanization growth strategy, playing a key role in regional economic development. Wuhan has six industries with total industrial output of more than RMB600 billion in 2013, including automobiles, electronics and communications, equipment manufacture, food and tobacco, energy and environmental protection, and steel deep-processing. In order to upgrade its economic structure to accommodate higher value-added industries, the Wuhan government has established industrial zones specializing in the automotive and IT sectors, such as the city's East Lake High-tech Development Zone.

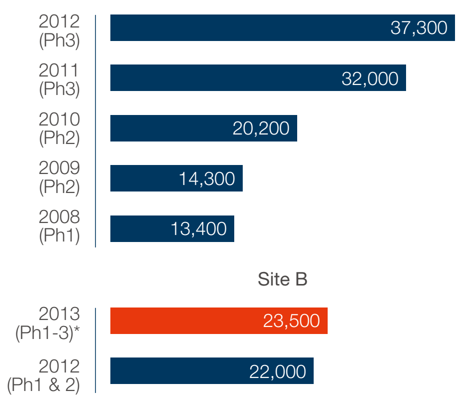
Wuhan's commerce has expanded rapidly in recent years. Its retail sales rose by 13.0% in 2013, to RMB387.9 billion, making Wuhan one of the Top 10 cities in terms of retail sales value. Meanwhile, Wuhan's strategic value as a transportation hub has been further enhanced by its emergence as a major hub within China's high speed railway (HSR) framework. Two most important high speed railway (HSR) lines, the Shanghai – Wuhan – Chongqing – Chengdu HSR line and the Beijing – Wuhan – Guangzhou HSR line, intersect in Wuhan. With the Beijing – Guangzhou line fully completed in 2012, rail travel time between Wuhan and Beijing and between Wuhan and Guangzhou now takes only around four hours. Furthermore, there are plans to build another airport to facilitate the city's rapidly expanding international lines, which will further improve Wuhan's accessibility.

GFA by Usage



		sq.m.
■	Residential	427,000
■	Office	266,000
■	Retail	248,000
■	Hotel/Serviced Apartment	71,000
	Total Leasable and Saleable GFA	1,012,000

Residential ASP



* Residential Ph1-3 & Retail

1 Wuhan Tiandi

WUHAN TIANDI

Site location: The Wuhan Tiandi project is situated in the city centre of Hankou District. It occupies a prime location on the Yangtze River waterfront, with unparalleled views of the Yangtze River and scenic Jiangtan Park. In December 2008, the municipal government formally approved plans for a "Riverside Business Zone" which includes the Wuhan Tiandi project. The Riverside Business Zone is designed to be a premium destination for the city's financial and business needs, as well as a hub for innovation and culture.

Master-plan: Wuhan Tiandi is a large-scale, mixed-use redevelopment comprising two major sites. Site A includes office towers, retail, food and beverage, and entertainment facilities, together with some residential blocks. Site B is mainly composed of residential and office buildings, together with a retail centre. The project has become a landmark in Wuhan, thanks to a careful balance of preserving local historical architecture while injecting new commercial value. With a total GFA of 46,000 sq.m., the retail and food and beverage component has been in operation since 2007, and is included in the Group's investment property portfolio.

Residential developments in Wuhan Tiandi have been well received by the market. Site A residential units were the first to be sold and delivered. The first developed residential lot in Site B, Wuhan Tiandi B9, comprising a total GFA of 67,000 sq.m., was also sold and delivered following its completion in late 2012. Wuhan Tiandi B11, with a total GFA of 54,000 sq.m., was completed and delivered to customers as of the close of 2013. Wuhan Tiandi B13 was launched for pre-sale in 2013 and is scheduled for delivery during 2014. Since early 2013, several rounds of sale and pre-sale offers of residential apartments and retail portions in these three developments have been

Wuhan Tiandi sets up the five-minute elite living sphere

Left
Wuhan Tiandi leads the city's fashion trend

Right
Wuhan Tiandi becomes a popular leisure location which attracts both domestic and international guests

conducted, resulting in total contracted sales of RMB1,895 million during 2013. Construction works at Lot B14, with a total GFA of 88,000 sq.m. for residential use, commenced in the second half of 2013. The pre-sale launch of Lot B14 is scheduled to begin in late 2014. Completion is planned for 2016.

The commercial development of Lots A1/A2/A3, offering a total GFA of 403,000 sq.m., comprises a retail podium, offices and a hotel. Construction of two premium office blocks and the shopping mall is in progress. The two Grade A office buildings at Lots A2 and A3 are expected to yield prime office space, providing GFA of 46,000 sq.m. and 60,000 sq.m. respectively. Both office buildings and the shopping mall are scheduled for completion in 2015.

The following table shows the usage mix of the project as of 31 December 2013 based on the Master-plan:

	Approximate/Estimated leasable and saleable area							
	Residential sq.m.	Office sq.m.	Retail sq.m.	Hotel/ serviced apartment sq.m.	Sub-total GFA sq.m.	Clubhouse, carpark and other facilities sq.m.	Total GFA sq.m.	Group's interest %
Completed properties								
Wuhan Tiandi (Lots A4-1/2/3)	–	–	46,000	–	46,000	25,000	71,000	75.0%
Wuhan Tiandi B11	–	–	–	–	–	13,000	13,000	75.0%
Subtotal	–	–	46,000	–	46,000	38,000	84,000	
Properties under development								
Lots A1/A2/A3 – Phase 1	–	32,000	110,000	7,000	149,000	125,000	274,000	75.0%
Wuhan Tiandi B13	56,000	–	–	–	56,000	22,000	78,000	75.0%
Wuhan Tiandi B14	88,000	–	–	–	88,000	25,000	113,000	75.0%
Lot A2 – Office Tower	–	36,000	–	–	36,000	2,000	38,000	75.0%
Lot A3 – Office Tower	–	51,000	–	–	51,000	2,000	53,000	75.0%
Lot A1 – Office Tower	–	113,000	–	54,000	167,000	10,000	177,000	75.0%
Subtotal	144,000	232,000	110,000	61,000	547,000	186,000	733,000	
Properties for future development								
Subtotal	283,000	34,000	92,000	10,000	419,000	4,000	423,000	75.0%
Total	427,000	266,000	248,000	71,000	1,012,000	228,000	1,240,000	

Wuhan Tiandi is a large-scale, mixed-use redevelopment comprising two major sites. Site A includes office towers, retail, food and beverage, and entertainment facilities, together with some residential blocks. Site B is mainly composed of residential and office buildings, together with a retail centre.

Lot B of Wuhan Tiandi erects a benchmark of high-end residential project

CHONGQING

Chongqing is strategically located to the east of Sichuan Province in the Sanxia (or Three Gorges) area, in the upstream section of the Yangtze River. It is the only municipality in western China (the other three being Beijing, Shanghai and Tianjin). Together with its five neighbouring provinces, Chongqing covers a regional market with a population of 305 million, and is emerging as the regional economic hub of western China. Given its inland location and relatively low urbanization rate, Chongqing stands to gain as the new leadership of China focuses on re-balancing and urbanization strategies.

Sustained investment in key infrastructure projects connecting the western region to Chongqing, and Chongqing to the rest of China, have enabled Chongqing to play a dominant role as the catalyst for growth in western China. In 2013, GDP growth in Chongqing reached 12.3%. And Chongqing's foreign trade value ranked No.1 among the 20 provinces of central and western China for the first time (USD68.7 billion) in 2013.

CHONGQING TIANDI

The Commercial Cluster at Chongqing Taindi catalyses the city's economic prosperity

Site location: The Chongqing Tiandi project is located in Yuzhong District, historically the central business district of Chongqing.

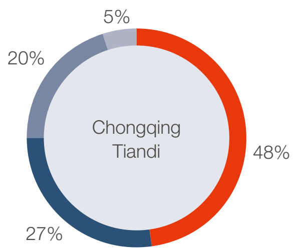
Master-plan: Chongqing Tiandi is an urban redevelopment project. The project Master-plan includes a man-made lake with pavilions and a promenade along the waterfront, a commercial core comprising Grade A office buildings, exhibition and conference facilities, luxury-standard hotels, and retail and entertainment outlets. Hillside residential clusters were designed to replicate Chongqing's traditional hill-town characteristics and to offer scenic views of the lake and river. The development of this project envisages establishing a service hub to support Chongqing's extensive modern industrial and agricultural sectors.

Since 2008, The Riviera I to IV, the residential development, have been progressively completed and delivered to customers for a total GFA of 477,000 sq.m.. The pre-sale of The Riviera V was launched in July 2013, with construction currently underway, and delivery scheduled for 2014. The ASP* of the residential units sold to date has increased from RMB7,100 per sq.m. in 2009 to RMB12,300 per sq.m. in 2013.

In the commercial sector, 2, 6, 7 and 8 Corporate Avenue (Lot B11-1/02 Phase 1, Lots B12-3 and B12-4), with a GFA of 254,000 sq.m. for office use and 81,000 sq.m. for retail use, were completed in 2013. Of the total, a GFA of 134,000 sq.m. for office use and 2,000 sq.m. for retail use were delivered to customers in late 2013. 2 Corporate Avenue with a total GFA of 120,000 sq.m., which is earmarked for office use, is scheduled for delivery in 2014.

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

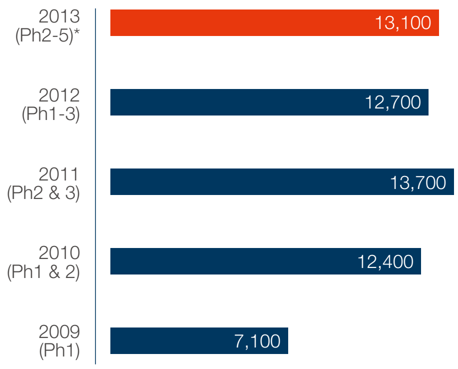
GFA by Usage



	sq.m.
Residential	990,000
Office	556,000
Retail	422,000
Hotel/Serviced Apartment	103,000
Total Leasable and Saleable GFA	2,071,000

Residential ASP

(RMB/sq.m.)



* Residential Ph2-5 & Retail

1 Chongqing Tiandi

The following table shows the usage mix of the project as of 31 December 2013 based on the Master-plan:

	Approximate/Estimated leasable and saleable area							
	Residential sq.m.	Office sq.m.	Retail sq.m.	Hotel/ serviced apartment sq.m.	Sub-total GFA sq.m.	Clubhouse, carpark and other facilities sq.m.	Total GFA sq.m.	Group's interest %
Completed properties								
The Riviera I (Lot B1-1/01)	–	–	1,000	–	**1,000**	11,000	**12,000**	79.4%
Chongqing Tiandi (Lot B3/01)	–	–	49,000	–	**49,000**	25,000	**74,000**	79.4%
The Riviera II (Lot B2-1/01)	12,000	–	5,000	–	**17,000**	35,000	**52,000**	79.4%
The Riviera III (Lot B19/01)	2,000	–	5,000	–	**7,000**	19,000	**26,000**	79.4%
The Riviera IV (Lot B20-5/01)	17,000	–	–	–	**17,000**	23,000	**40,000**	79.4%
2 Corporate Avenue (Lot B11-1/02 Phase 1)	–	120,000	11,000	–	**131,000**	53,000	**184,000**	59.5%
6, 7 Corporate Avenue (Lot B12-3/02)	–	–	37,000	–	**37,000**	23,000	**60,000**	79.4%
8 Corporate Avenue (Lot B12-4/02)	–	–	31,000	–	**31,000**	21,000	**52,000**	79.4%
The Riviera V Stage 1 (Lot B18/02)	8,000	–	3,000	–	**11,000**	5,000	**16,000**	79.4%
Subtotal	**39,000**	**120,000**	**142,000**	**–**	**301,000**	**215,000**	**516,000**	
Properties under development								
The Riviera V Stage 2 (Lot B18/02)	171,000	–	2,000	–	**173,000**	40,000	**213,000**	79.4%
1, 10 Corporate Avenue (Lot B11-1/02 Phases 2&3)	–	259,000	104,000	25,000	**388,000**	114,000	**502,000**	59.5%
Lot B13/03	–	152,000	83,000	–	**235,000**	57,000	**292,000**	79.4%
Subtotal	**171,000**	**411,000**	**189,000**	**25,000**	**796,000**	**211,000**	**1,007,000**	
Properties for future development								
Subtotal	**780,000**	**25,000**	**91,000**	**78,000**	**974,000**	**218,000**	**1,192,000**	79.4%
Total	**990,000**	**556,000**	**422,000**	**103,000**	**2,071,000**	**644,000**	**2,715,000**	

FOSHAN

Situated at the heart of the Pearl River Delta and only 28 km to the southwest of Guangzhou city centre, Foshan is one of the most vigorous cities of China, supported by its economic dynamism along with a rich historical and cultural heritage. Despite the impact of the global financial crisis, Foshan's economic growth has led the region in recovery. In 2013, the GDP growth of Foshan increased by 10.0%, up from 8.2% in 2012. Foshan's GDP per capita has also achieved high-income status, according to the World Bank's high-income threshold. In order to ensure the city's sustainable development, the Foshan government has committed to ambitious urban renewal projects, high-tech park establishment and investment in transportation infrastructure. Specifically, the reconstruction and revitalization of Zumiao historic and cultural buildings is one of the government's core tasks.

SOL's project, Foshan Lingnan Tiandi, was listed as a part of the renowned Lingnan-culture area, which is to become a national 5A tourist destination. Foshan is developing two major new business zones, namely the Sino-German Industrial Service Zone and the Guangdong High-Tech Service Zone, which will significantly boost Foshan's economic prospects and vitality. Besides the Guangfo Metro, which has linked downtown Foshan with downtown Guangzhou since 2011, construction is to start during 2014 of another Guangfo Metro, line 2, connecting Foshan to the Guangzhou highspeed rail station. Completion is expected by 2019.

FOSHAN LINGNAN TIANDI

Foshan Lingnan Tiandi fully exhibits the mixture of traditional and modern culture

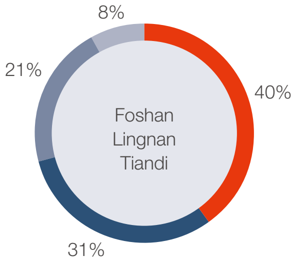
Site Location: The Foshan Lingnan Tiandi project is pivotally located in the old town centre of central Chancheng District, Foshan's traditional downtown area and public transportation hub. Two subway stations of the Guangzhou-Foshan line connect to the project site.

Master-plan: The project is a large-scale urban redevelopment, comprising office, retail, hotel and cultural facilities and residential complexes in an integrated community. The centrepiece of Foshan's cultural heritage is Zumiao, the aforementioned, immaculately preserved, ancient Taoist temple. This and another well-known historic area, the Donghuali, are national grade heritage sites and they are both located within the project. The Foshan municipal government's plan is to upgrade the area into a business and commercial zone, focusing on business, culture, and tourism.

Residential sales have achieved encouraging results since the first launch in 2010 of the Foshan Lingnan Tiandi project. Low-rise apartments at The Regency Phase 1 (Lot 4) and the townhouses at The Legendary Phase 1 (Lot 14) were delivered to buyers commencing in 2011. The low-rise and mid-rise apartments at The Regency Phase 2 (Lot 5) and the townhouses at The Legendary Phase 2 (Lot 15) were launched in 2012 and have been delivered to buyers. They feature a selection of unit sizes and layouts to accommodate the varying requirements of purchasers. The high-rise and mid-rise apartments and the retail portion in Lingnan Tiandi • Park Royale (Lot 6), and the retail portion in Lingnan Tiandi • The Imperial (Lot 16), were launched in the second half of 2013.

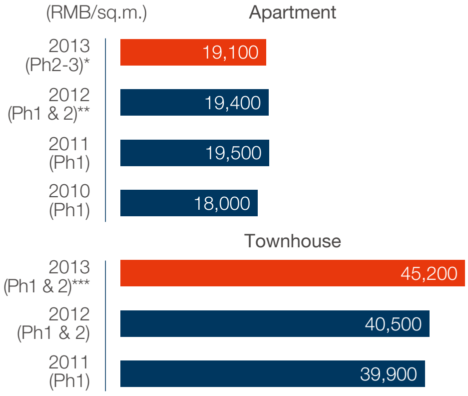
In 2013, the overall ASP of contracted sales for all the apartments (including the retail portion) stood at RMB19,100 per sq.m., while the ASP of the townhouses (including the retail portion) reached RMB45,200 per sq.m..

GFA by Usage

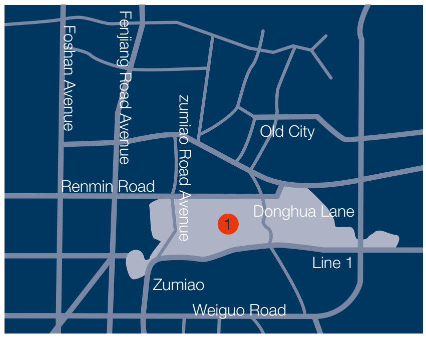


		sq.m.
■	Residential	573,000
■	Office	450,000
■	Retail	301,000
■	Hotel/Serviced Apartment	118,000
	Total Leasable and Saleable GFA	1,442,000

Residential ASP



* Low/mid-rises Ph2 & mid/high-rises Ph3 & Retail
** Low-rises Ph1 & Low/mid-rises Ph2 & Retail
*** Townhouses Ph1-2 & Retail



1 Foshan Lingnan Tiandi

The residential developments located at Lots 6 and 16, offering a total GFA of 55,000 sq.m., are scheduled to be completed during 2014. Other residential developments in Lots 18 and E with a total GFA of 115,000 sq.m. are under construction..

The second stage of Foshan Lingnan Tiandi in Lot 1, with a GFA of 36,000 sq.m., was completed and opened in 2013. Phase 3 of the Tiandi area (Lot 1), with a total GFA of 5,000 sq.m. of retail space, is currently under development, and is scheduled for completion in 2015. Construction work is underway for other retail space located at Lot 6, Lot 16, Lot 18, Lot E and Lot 3 Phase 1. Completion is planned for between 2014 and 2015.

The following table shows the usage mix of the project as of 31 December 2013 based on the Master-plan:

	Approximate/Estimated leasable and saleable area							
	Residential sq.m.	Office sq.m.	Retail sq.m.	Hotel/ serviced apartment sq.m.	Sub-total GFA sq.m.	Clubhouse, carpark and other facilities sq.m.	Total GFA sq.m.	Group's interest %
Completed properties								
The Regency Phase 1 (Lot 4)	–	–	–	–	–	7,000	7,000	100.0%
The Legendary Phase 1 (Lot 14)	2,000	–	–	–	2,000	7,000	9,000	100.0%
Lingnan Tiandi Phase 1 (Lot 1 Ph1)	–	–	16,000	–	16,000	1,000	17,000	100.0%
Marco Polo Lingnan Tiandi Foshan Hotel	–	–	14,000	38,000	52,000	25,000	77,000	100.0%
The Regency Phase 2 (Lot 5)	13,000	–	–	–	13,000	17,000	30,000	100.0%
The Legendary Phase 2 (Lot 15)	11,000	–	–	–	11,000	17,000	28,000	100.0%
Lingnan Tiandi Phase 2 (Lot 1 Ph2)	–	–	36,000	–	36,000	2,000	38,000	100.0%
Lot 13b	–	–	–	–	–	6,000	6,000	100.0%
Subtotal	26,000	–	66,000	38,000	130,000	82,000	212,000	
Properties under development								
Lingnan Tiandi • Park Royale (Lot 6)	43,000	–	3,000	–	46,000	29,000	75,000	55.9%
Lingnan Tiandi • The Imperial (Lot 16)	12,000	–	1,000	–	13,000	10,000	23,000	55.9%
Lot 18	100,000	–	18,000	–	118,000	43,000	161,000	54.9%
Lot E	15,000	–	79,000	–	94,000	26,000	120,000	100.0%
Lot 3 Phase1	–	–	2,000	–	2,000	–	2,000	100.0%
Lot G	–	–	2,000	–	2,000	–	2,000	100.0%
Lingnan Tiandi Phase 3 (Lot 1 Ph3)	–	–	5,000	–	5,000	–	5,000	100.0%
Subtotal	170,000	–	110,000	–	280,000	108,000	388,000	
Properties for future development								
Subtotal	377,000	450,000	125,000	80,000	1,032,000	10,000	1,042,000	100.0%
Total	573,000	450,000	301,000	118,000	1,442,000	200,000	1,642,000	

DALIAN

Dalian is a port city in Liaoning Province and also the major gateway for China's northeast region. Endowed with an advantageous coastal location and world class infrastructure, Dalian is an important economic hub of northeast China. The city has a proven track record in developing the information technology outsourcing ("ITO") and business process outsourcing ("BPO") industries. Rapid economic growth momentum is sustainable under a clear development blueprint, effective government leadership, and a sound business environment that will continue to attract capital and talent.

In 2013, the estimated GDP of Dalian reached RMB765 billion, an increase of 9%. Gross fiscal revenue of the local government amounted to RMB84.76 billion, up 13%, while investment in fixed assets registered RMB675 billion, an increase of 20%. Dalian has also further optimized its export structure, strengthening the exports of domestic private enterprises. Dalian's total exports reached USD36.75 billion, accounting for 39.5% of total business volume. The actual use of foreign capital was USD13.6 billion, ranking Dalian at the top among all sub-provincial cities nationwide for five consecutive years.

DALIAN TIANDI

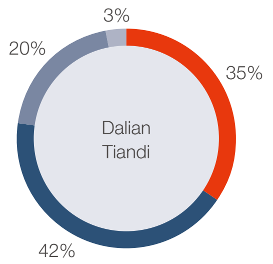
Site location: Dalian Tiandi is an integrated mixed-use development set in the scenic city of Dalian in China's northeast Liaoning Province.

Master-plan: The Dalian Tiandi project envisages a green, highly modern, trendsetting community development that is designed to appeal primarily to green living enthusiasts and knowledge workers. Situated at the midpoint of South Lvshun Road Software Industry Belt, Dalian Tiandi extends across a 12.5 km range. The project goal is to create a suburban lifestyle. To date, a total of 207,000 sq.m. of GFA has been developed into office spaces, with tenants including established technology companies such as IBM, Ambow, and Chinasoft. During 2013, an additional 41,000 sq.m. was developed into a retail podium.

In terms of its residential profile, the ASPs of contracted sales of villas and residential apartments reached RMB19,000 per sq.m. and RMB11,000 per sq.m. respectively in 2013. A total GFA of 903,000 sq.m. is currently under development for various uses.

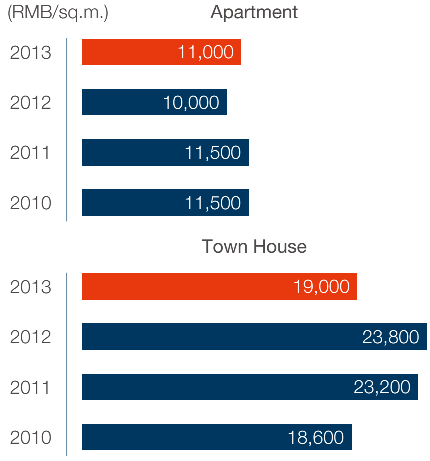
Greenville at Dalian Tiandi embraces the knowledge community with green life space

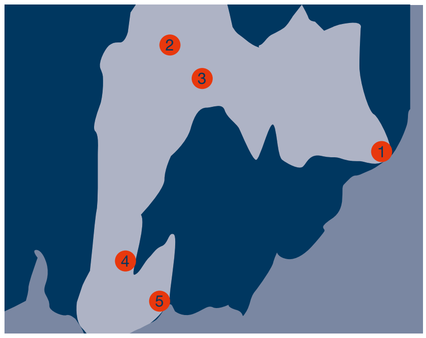
GFA by Usage



	sq.m.
Residential	1,046,000
Office	1,281,000
Retail	595,000
Hotel/Serviced Apartment	88,000
Total Leasable and Saleable GFA	3,010,000

Residential ASP





1 Hekou Bay
2 Huangnichuan North
3 Huangnichuan South
4 Nanhaitou
5 Resort Hotel Site

The following table shows the usage mix of the project as of 31 December 2013 based on the Master-plan:

	Approximate/Estimated leasable and saleable area							
	Residential sq.m.	Office sq.m.	Retail sq.m.	Hotel/ serviced apartment sq.m.	Sub-total GFA sq.m.	Clubhouse, carpark and other facilities sq.m.	Total GFA sq.m.	Group's interest %
Completed properties								
Huangnichuan North								
Lot D22 (Software Office)	–	42,000	–	–	42,000	15,000	57,000	48.0%
Lot B02 (Ambow Training School)	–	113,000	–	–	113,000	4,000	117,000	48.0%
Lot D14 (SO2/SO4)	–	52,000	–	–	52,000	10,000	62,000	48.0%
Lot E06 (Villas)	19,000	–	–	–	19,000	9,000	28,000	48.0%
Lot E06 (Mid/high-rises)	8,000	–	–	–	8,000	31,000	39,000	48.0%
Lot E29	–	–	–	–	–	11,000	11,000	48.0%
Lot C10 (Engineer Apartment)	37,000	–	–	–	37,000	9,000	46,000	48.0%
Lot D10 (IT Tiandi)	–	–	41,000	–	41,000	–	41,000	48.0%
Lot C14	–	–	–	–	–	24,000	24,000	48.0%
Subtotal	64,000	207,000	41,000	–	312,000	113,000	425,000	
Properties under development								
Huangnichuan North								
Lot D14 (SO5)	–	36,000	–	–	36,000	15,000	51,000	48.0%
Lot D10 (Hotel)	–	–	–	33,000	33,000	22,000	55,000	48.0%
Lot C22	21,000	–	–	–	21,000	10,000	31,000	48.0%
Lot E02	136,000	–	–	–	136,000	40,000	176,000	48.0%[1]
other lots	169,000	14,000	1,000	–	184,000	86,000	270,000	48.0%
Hekou Bay								
Lot B09	32,000	–	–	–	32,000	17,000	49,000	33.6%
Lot B13	44,000	–	–	–	44,000	21,000	65,000	48.0%
Lot C01	15,000	–	–	–	15,000	7,000	22,000	33.6%
Lot B08	18,000	–	13,000	–	31,000	5,000	36,000	33.6%
Lot B02 (SO)	–	30,000	–	–	30,000	36,000	66,000	48.0%
other lots	44,000	127,000	157,000	13,000	341,000	37,000	378,000	48.0%[1]
Subtotal	479,000	207,000	171,000	46,000	903,000	296,000	1,199,000	
Properties for future development[2]								
Subtotal	503,000	867,000	383,000	42,000	1,795,000	–	1,795,000	48.0%[1]
Total	1,046,000	1,281,000	595,000	88,000	3,010,000	409,000	3,419,000	

1 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.

2 Dalian Tiandi has a landbank of 3.4 million sq.m. in GFA. As of 31 December 2013, approximately 3.1 million sq.m. had been acquired. The remaining GFA of approximately 0.3 million sq.m. will be acquired through public bidding in due course.

In comparison with turnover of RMB4,821 million for the year 2012, the increase of 104% was due to more properties being delivered and recognised as property sales in 2013. Rental and related income increased by 15% to RMB1,440 million in 2013.

For the year ended 31 December 2013, the Group recorded turnover of RMB9,828 million, with property sales and rental and related income from investment properties accounting for RMB8,361 million or 85% and RMB1,440 million or 15%, respectively, of total turnover. The remaining sum of RMB27 million was generated from other income. In comparison with turnover of RMB4,821 million for the year 2012, the increase of 104% was due to more properties being delivered and recognised as property sales in 2013. Rental and related income increased by 15% to RMB1,440 million in 2013.

In addition to property sales recognised as turnover, another RMB4,429 million of property sales was recognised as disposal of investment properties and disposal of equity in subsidiary holding investment properties in 2013. Going forward, the Group will continue to dispose of investment properties and undertake *en-bloc* sales of non-core commercial properties at appropriate time to realise the value of the investment properties as well as to increase asset turnover and recycle of the capital of the Group.

As of 31 December 2013, total locked-in sales including disposal of investment properties for delivery in 2014 and beyond, stood at RMB8,903 million (including contributions from Dalian associates) with gross floor area ("GFA") of 363,700 square metres ("sq.m.").

In the first two months of 2014, the Group achieved RMB1,207 million in contracted sales of properties that are planned for delivery to customers and will be recognised as turnover in 2014 and beyond.

Property Sales

Recognised Property Sales

Recognised property sales increased by 136% to RMB8,361 million, amounting to a total GFA of 502,100 sq.m. for the reporting year, during which more properties were delivered and recognised as property sales. In particular, the contribution from the delivery of the *en-bloc* sales of six office buildings together with the ancillary retail and carparks, namely 3, 4, 5, 6, 7 and 8 Corporate Avenue in Chongqing Tiandi in 2013 accounted for RMB3,078 million. The gross profit margins dropped mainly due to higher contribution of property sales from projects where the gross profit margins were lower. The Chongqing Tiandi contributions, including residential and commercial *en-bloc* sales, represented 51% of total property sales in 2013. The average selling price ("ASP") decreased, compared to 2012, due to the change of product mix.

Recognised property sales for Dalian Tiandi stood at RMB477 million, and its related profit or loss was recorded in the share of results of associates.

En-bloc sales of 5 Corporate Avenue, Phase II (Lot 126) ("5 Corporate Avenue") in Shanghai Taipingqiao for a total GFA of 79,000 sq.m. was recognised as disposal of equity in subsidiary holding investment properties.

The newly launched Splendid Bay at Dalian Tiandi embodies a deluxe residential area

Left
Blossom scene of The Rivera IV at Chongqing Taindi

Right
Xintiandi Style advocates the contemporary avant-garde trend

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

Project	2013 Sales revenue RMB' million	2013 GFA sold sq.m.	2013 ASP RMB per sq.m.	2012 Sales revenue RMB' million	2012 GFA sold sq.m.	2012 ASP RMB per sq.m.	ASP Growth rate %
Shanghai Taipingqiao							
Residential	–	–	–	157	1,050	158,100	–
Grade A Office	4,057	79,000	54,400	–	–	–	–
Shanghai Rui Hong Xin Cheng ("RHXC")	–	–	–	200	5,350	39,600	–
Shanghai Knowledge and Innovation Community ("KIC")							
Office	100	4,200	25,200	53	2,700	20,800	21%
Grade A Office	160	4,600	36,900	–	–	–	–
Residential	1,864	51,800	38,100	–	–	–	–
Wuhan Tiandi							
Site A Residential	–	–	–	151	4,700	34,100	–
Site B Residential	1,426	66,700	22,700	1,087	52,800	21,800	4%
Site B Retail	68	1,500	48,000	–	–	–	–
Chongqing Tiandi							
Residential[1]	1,154	117,800	12,700	1,184	115,300	13,300	(5%)
Office & Retail	2,997	238,700	13,300	–	–	–	–
Foshan Lingnan Tiandi							
Apartments & Retail	475	26,300	19,200	226	13,300	18,000	7%
Townhouses & Retail	111	2,400	49,100	211	5,500	40,700	21%
Subtotal	12,412	593,000	22,200	3,269	200,700	17,300	28%
Carparks and others	378	–	–	294	–	–	–
Dalian Tiandi[2]							
Mid/high-rises	409	44,200	9,800	414	38,000	11,600	(16%)
Villas	68	3,800	19,000	95	4,200	24,000	(21%)
Total	13,267	641,000	21,900	4,072	242,900	17,800	23%
Recognised as:							
– property sales in turnover of the Group[3]	8,361	502,100	17,600	3,541	199,700	18,800	(6%)
– disposal of investment properties[3]	372	11,900	33,100	22	1,000	23,300	42%
– disposal of equity in subsidiary holding investment properties	4,057	79,000	54,400	–	–	–	–
– turnover of associates	477	48,000	10,500	509	42,200	12,800	(18%)
Total	13,267	641,000	21,900	4,072	242,900	17,800	23%

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

2 Dalian Tiandi is a project developed by associates of the Group.

3 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 2013, contracted property sales from general property sales and carparks (including those from Dalian associates) reached RMB9,901 million, an increase of 78% over RMB5,562 million in 2012. A total GFA of 423,000 sq.m. was sold and pre-sold, representing growth of 63% compared to 260,300 sq.m. in 2012. A change in product mix resulted in a 9% rise in ASP, which stood at RMB23,400 per sq.m..

The ASPs of Shanghai RHXC, Shanghai KIC residential, Wuhan Tiandi Site B residential and Foshan Lingnan Tiandi townhouses and retail increased by 17%, 2%, 5% and 12%, respectively. The ASPs of Shanghai KIC office, Chongqing Tiandi residential and Foshan Lingnan Tiandi low/mid/high-rises and retail decreased by 6%, 3% and 2%, respectively.

In 2013, two *en-bloc* commercial property sales were completed, for a total consideration of RMB6,712 million. The properties were earmarked for office and retail use, comprising a total GFA of 198,500 sq.m.. The properties are 5 Corporate Avenue (also known as Lot 126) located at Shanghai Taipingqiao, and 2 Corporate Avenue (also known as Lot B11-1/02 Phase 1) located at Chongqing Tiandi.

Beyond the contracted property sales outlined above, a total GFA of 51,500 sq.m. was subscribed and subject to formal sale and purchase agreements as of 31 December 2013, with a total value of RMB1,574 million. The Group achieved RMB1,207 million of contracted sales in the first two months of 2014.

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

Project	2013 Contracted amount	2013 GFA sold	2013 ASP	2012 Contracted amount	2012 GFA sold	2012 ASP	ASP Growth rate
	RMB' million	sq.m.	RMB per sq.m.	RMB' million	sq.m.	RMB per sq.m.	%
General property sales:							
Shanghai Taipingqiao	–	–	–	166	1,050	158,100	–
Shanghai RHXC	4,284	92,000	46,600	14	350	40,000	17%
Shanghai KIC							
Office	92	3,700	24,900	69	2,600	26,500	(6%)
Residential	452	11,700	38,600	1,573	41,500	37,900	2%
Wuhan Tiandi							
Site A Residential	–	–	–	123	3,300	37,300	–
Site B Residential	1,823	78,900	23,100	1,376	62,500	22,000	5%
Site B Retail	72	1,600	45,000	–	–	–	–
Chongqing Tiandi							
Residential[1]	1,349	133,900	12,300	792	75,800	12,700	(3%)
Retail	153	3,800	40,300	–	–	–	–
Foshan Lingnan Tiandi							
Low/mid/high-rises & Retail	507	26,500	19,100	493	25,400	19,400	(2%)
Townhouses & Retail	208	4,600	45,200	227	5,600	40,500	12%
Subtotal	8,940	356,700	25,100	4,833	218,100	22,200	13%
Dalian Tiandi[2]							
Mid/high-rises	685	62,300	11,000	387	38,700	10,000	10%
Villas	76	4,000	19,000	84	3,500	23,800	(20%)
Carparks and others	200	–	–	258	–	–	–
Subtotal for general property sales	9,901	423,000	23,400	5,562	260,300	21,400	9%
***En-bloc* commercial property sales:**							
Shanghai Taipingqiao							
Lot 126 (Offices & Retail)	4,300	79,000	54,400	–	–	–	–
Shanghai KIC							
C2 Lot 5-5 (Offices & Retail)	–	–	–	170	4,600	37,000	–
Chongqing Tiandi							
Lot B11-1/02 Phase 1 (Offices)	2,412	119,500	20,200	–	–	–	–
Subtotal for *en-bloc* commercial property sales	6,712	198,500	33,800	170	4,600	37,000	(9%)
Grand total	16,613	621,500	26,700	5,732	264,900	21,600	24%

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

2 Dalian Tiandi is a project developed by associates of the Group.

Residential GFA Available for Sale and Pre-sale in 2014

The Group has approximately 593,700 sq.m. of residential GFA spanning six Group projects, available for sale and pre-sale during 2014, as summarised below:

Project		Available for sale and pre-sale in 2014
		GFA in sq.m.
Shanghai RHXC	The View (High-rises)	26,500
Shanghai KIC	Jiangwan Regency (Lot 311 Mid-rises)	200
Wuhan Tiandi	Wuhan Tiandi B11, B13 and B14 (Low/mid/high-rises)	92,400
Chongqing Tiandi	The Riviera II – V (Low/mid/high-rises)	159,500
Foshan Lingnan Tiandi	The Regency Phase 2 and Lingnan Tiandi • Park Royale (Low/mid/high-rises)	44,600
	The Legendary Phases 1 – 2 (Townhouses)	9,900
	Lingnan Tiandi • The Imperial (Low-rises) and Lot 18 (High-rises)	112,100
Dalian Tiandi	Huangnichuan (Mid/high-rises)	66,700
	Huangnichuan (Villas)	16,800
	Hekou Bay (Mid/high-rises)	65,000
Total		**593,700**

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.

Property Development Progress

Property Completed in 2013 and Development Plans for 2014 and 2015

The table below summarises the projects with construction works completed in 2013 and construction works that are planned for completion in 2014 and 2015:

Project	Residential	Office	Retail	Hotel/ serviced apartments	Subtotal	Clubhouse, carpark and other facilities	Total
	sq.m.	sq.m.	sq.m.	sq.m.	sq.m.	sq.m.	sq.m.
Actual delivery in 2013							
Shanghai Taipingqiao	–	51,000	28,000	–	79,000	26,000	105,000
Shanghai KIC	53,000	–	–	–	53,000	19,000	72,000
THE HUB	–	57,000	1,000	–	58,000	2,000	60,000
Wuhan Tiandi	54,000	–	–	–	54,000	13,000	67,000
Chongqing Tiandi	76,000	254,000	84,000	–	414,000	131,000	545,000
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	**216,000**	**362,000**	**191,000**	**–**	**769,000**	**217,000**	**986,000**
Planned 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	–	94,000	6,000	–	100,000	46,000	146,000
THE HUB	–	38,000	127,000	45,000	210,000	112,000	322,000
Wuhan Tiandi	56,000	–	–	–	56,000	22,000	78,000
Chongqing Tiandi	171,000	–	2,000	–	173,000	40,000	213,000
Foshan Lingnan Tiandi	55,000	–	6,000	–	61,000	39,000	100,000
Dalian Tiandi[1]	91,000	36,000	–	–	127,000	60,000	187,000
Total	**491,000**	**223,000**	**187,000**	**45,000**	**946,000**	**406,000**	**1,352,000**
Planned for delivery in 2015							
Shanghai RHXC	–	–	78,000	12,000	90,000	29,000	119,000
Shanghai KIC	–	–	–	23,000	23,000	–	23,000
THE HUB	–	11,000	3,000	–	14,000	2,000	16,000
Wuhan Tiandi	–	119,000	110,000	7,000	236,000	129,000	365,000
Foshan Lingnan Tiandi	115,000	–	102,000	–	217,000	69,000	286,000
Dalian Tiandi[1]	89,000	–	–	–	89,000	26,000	115,000
Total	**204,000**	**130,000**	**293,000**	**42,000**	**669,000**	**255,000**	**924,000**

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

By way of 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.

University Avenue at KIC creates a LOHAS lifestyle

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 accommodates a Grade A office building with a GFA of 51,000 sq.m. and a high-end shopping mall offering 28,000 sq.m., completed in December 2013. 5 Corporate Avenue was subsequently disposed of and delivered to China Life Trustees Limited in December 2013.

A Grade A office building of 55,000 sq.m. and a high-end shopping mall of 27,000 sq.m. are also slated to be built as part of the total GFA of 82,000 sq.m. at 3 Corporate Avenue, Phase II (Lot 127) ("3 Corporate Avenue"). This project is scheduled to be completed in 2014.

Shanghai Rui Hong Xin Cheng

The View, 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 and third batches were offered in March and December of 2013 respectively. 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.

Relocation of Lot 3, with a total GFA of 90,000 sq.m. was completed in October 2013 and development commenced immediately afterwards, in November 2013. Lot 3 is planned to be developed into a commercial and entertainment complex for the HongKou District. It is scheduled to be completed in 2015.

Shanghai KIC

The Jiangwan Regency (Lot 311) with a GFA of 53,000 sq.m. was completed in 2013. The pre-sale launch was held in the fourth quarter of 2012. As of 31 December 2013, 99.6% of the residential GFA was contracted for sale and a total GFA of 51,800 sq.m. was delivered. The remaining area of Lot 311, also known as 1-7 KIC Corporate Avenue, and Lot 12-8, are currently under development, with 94,000 sq.m. of GFA designated for offices, 6,000 sq.m. of GFA for retail space and 23,000 sq.m. of GFA for hotel construction, with delivery planned for 2014 and 2015.

THE HUB

A total GFA of 58,000 sq.m. was completed during 2013, comprising 57,000 sq.m. of office space, and 1,000 sq.m. of entertainment and restaurant facilities. Pre-sale permits for the D17 Showroom Offices Tower 2 and Tower 3, and for the Showroom Office Tower 1 and the Xintiandi area, were obtained in August and December 2013, respectively. A shopping mall of 88,000 sq.m., office space of 49,000 sq.m., ancillary retail space of 42,000 sq.m., and a 5-Star hotel of 45,000 sq.m. are scheduled for completion in 2014 and 2015.

Wuhan Tiandi

Wuhan Tiandi B11, with a total GFA of 54,000 sq.m., was completed in 2013.

Construction works at Wuhan Tiandi B13 for residential use commenced in the first half of 2013 ("1H 2013"), with a total GFA of 56,000 sq.m.. Launched for sale from the second half of 2013 ("2H 2013"), it is planned for completion in the second half of 2014 ("2H 2014").

In 2013, several rounds of sale and pre-sale new launches of residential apartments and retail spaces were conducted, resulting in total contracted sales of RMB1,895 million.

Construction of the shopping mall at Lots A1/A2/A3 is in progress, and is projected to yield 110,000 sq.m. of shopping space. Completion is expected to be in the first half of 2015 ("1H 2015"). A Grade A office building at Lot A2 is currently under construction, providing 46,000 sq.m. of GFA for office space in 1H 2015.

Development works are in progress at Lot A3 with a total GFA of 60,000 sq.m. for office space, and are scheduled for completion in 2015.

Chongqing Tiandi

The Riviera IV (Lot B20-5), with a total GFA of 83,000 sq.m., was partially launched for pre-sale from the second half of 2012 ("2H 2012") with delivery as from 2H 2012 through 2013.

Construction works at 2 Corporate Avenue (Lot B11-1/02 Phase 1) were completed in 1H 2013. All the office floors with an aggregate GFA of 119,500 sq.m., together with 815 underground car parking spaces for this property, were sold to Sunshine Life Insurance Co., Ltd. for a total consideration of RMB2,412 million, and will be delivered in 2014. Shanghai Xintiandi Management Co., Ltd., a wholly-owned subsidiary of the Group, was also engaged to be the asset manager of said property for a specific period. 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 204,000 sq.m. at 6, 7 and 8 Corporate Avenue (Lots B12-3 and B12-4) was completed in 2H 2013. The remaining of The Riviera V (Lot B18/02), with 171,000 sq.m. of apartments and 2,000 sq.m. of retail space, is under construction and is planned for completion in 2H 2014. Jialing Tiandi, the shopping mall connected to the Corporate Avenue office zone, was partially completed, with the rest under development.

Foshan Lingnan Tiandi

Construction work on the retail space at The Legendary Phase 2 Stage 2 (Lot 15 Phase 2) was completed in 1H 2013. This project was duly delivered to customers in 1H 2013. Lingnan Tiandi Phase 2 (Lot 1 Phase 2) was also completed in 1H 2013 providing a total GFA of 36,000 sq.m. of retail and entertainment space.

Development works are in progress at Lot 1 Phase 3, Lots 6, 16, 18, E and Lot 3 Phase 1, where a total GFA of 278,000 sq.m. will accommodate residential and retail space. The development is scheduled to be completed progressively from 2014 to 2015.

Dalian Tiandi

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

Hekou Bay (Site A of Dalian Tiandi) has a total GFA of 109,000 sq.m. under construction as residential property. The first pre-sale batch was launched in May 2013, netting RMB517 million in contracted sales between late May and the end of December 2013. The properties are scheduled for completion between 2014 and 2016. Another 36,000 sq.m. of office space in Huangnichuan (Site C of Dalian Tiandi) is under construction and is planned for delivery in 2014.

Investment Property

Rental and related income from investment properties rose significantly by 15% to RMB1,440 million in 2013. The sum of RMB1,151 million was generated by rental and related income from the investment properties, representing an annual growth rate of 9%. The remaining sum of RMB289 million was generated from hotel operations. The increase was mainly due to additional income contributed by the acquisition of Shanghai Shui On Plaza and Langham Xintiandi Hotel in March 2012, and rental growth from the existing completed investment property portfolio.

For 2013, a total GFA of 337,000 sq.m. of investment properties was newly completed, of which 296,000 sq.m. was held by subsidiaries of the Group and 41,000 sq.m. was held by associate companies.

The two major properties completed in 2013 were:

(1) Chongqing Tiandi, 2 Corporate Avenue, with a total GFA of 120,000 sq.m. of Grade A office space and a GFA of 11,000 sq.m. of ancillary retail space, completed in 1H 2013. The office portion of this property was contracted in November 2013 for a total consideration of RMB2,412 million. Delivery to the customer is planned for 2014.

(2) The above ground area of THE HUB D17 Showroom Offices Tower 2 and Tower 3, with a total GFA of 58,000 sq.m., completed in 2H 2013. They are yet to generate rental income for the Group. The rental and related income generated from this portfolio of investment properties will be recorded in the Group's turnover in the future.

Rental income and the related profit or loss from investment properties located in Dalian Tiandi were recorded in the share of results of associates.

The table below provides an analysis of the rental and related income from investment properties for 2013, 2012 and 2011 and the percentage of leases in GFA by property that are scheduled to expire from 2014 to 2016:

Project	Product	Leasable GFA	Rental & related income RMB'million			Year on year change		Leases expire in % of GFA		
		sq.m.	2013	2012	2011	2013	2012	2014	2015	2016
China Xintiandi Initial Portfolio in co-operation with Brookfield										
Shanghai Taipingqiao										
Xintiandi and Xintiandi Style	Offices/ Retail	79,000	353	348	342	1%	2%	23%	28%	27%
1&2 Corporate Avenue	Offices/ Retail	83,000	245	240	232	2%	3%	20%	25%	24%
Shui On Plaza	Offices/ Retail	50,000	124	101	–	23%	–	25%	17%	3%
Subtotal		212,000	722	689	574	5%	20%	22%	24%	19%
Shui On Land Portfolio										
Shanghai Taipingqiao										
Langham Xintiandi Hotel Retail Portion	Retail	1,000	15	13	–	15%	–	0%	0%	6%
Shanghai RHXC	Retail	47,000	58	54	41	7%	32%	8%	17%	9%
Shanghai KIC	Offices/ Retail	157,000	190	155	102	23%	52%	31%	34%	21%
Wuhan Tiandi	Retail	46,000	60	58	48	3%	21%	27%	27%	12%
Chongqing Tiandi[1]	Retail	71,000	21	16	17	31%	(6%)	5%	20%	16%
Foshan Lingnan Tiandi	Retail	66,000	68	53	35	28%	51%	4%	8%	26%
Hangzhou Xihu Tiandi[2]	Retail	–	17	18	18	(6%)	–	29%	22%	0%
Subtotal		388,000	429	367	261	17%	41%	21%	27%	17%
Total		600,000[3]	1,151	1,056	835	9%	26%	22%	26%	18%

1 All the office floors of 2 Corporate Avenue (Lot B11-1/02 Phase 1) with a total GFA of 120,000 sq.m. located at Chongqing Tiandi were completed and contracted for sale to Sunshine Life Insurance Co., Ltd. in 2013 and is planned to be delivered in 2014. They are not included in this table.

2 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.

3 A total GFA of 14,000 sq.m. was occupied as offices by the Group. They are located at Shanghai Shui On Plaza (8,000 sq.m.) and Shanghai KIC (6,000 sq.m.).

4 A total GFA of 129,000 sq.m. of investment property was newly completed in 2H 2013. It is not included in this table for comparison because there was no contribution to rental and related income in 2013.

The carrying value of the completed investment properties (excluding hotels and self-use properties) with a total GFA of 846,000 sq.m., was RMB29,191 million as of 31 December 2013. Of this sum, RMB874 million (representing 3% of the carrying value) arose from increased fair value during 2013. Contributing factors included an increase in rental and related income generated from the existing completed investment property portfolio, in particular for Shanghai KIC and Wuhan Tiandi, and completion of new investment properties. The properties located in Shanghai, Wuhan, Chongqing and Foshan, respectively contributed 75%, 4%, 14% and 7% of the carrying value.

The carrying value of the investment properties under development at valuation for a total GFA of 783,000 sq.m. was RMB10,574 million as of 31 December 2013. Of this sum, RMB2,038 million (representing 19% of the carrying value) arose from increased fair value during 2013. The increase was mainly due to the accelerated construction works of 3 Corporate Avenue located at Shanghai Taipingqiao and THE HUB, and the retail podium at Lots A1/A2/A3 in Wuhan Tiandi. Except for the super-high-rise office buildings in Chongqing Tiandi, the rest of the portfolio was planned for progressive completion in 2014 and 2015.

The carrying value of Shanghai Langham Xintiandi Hotel, Shanghai 88 Xintiandi Hotel and Marco Polo Lingnan Tiandi Foshan Hotel was RMB2,340 million. These projects were carried at either the original acquisition cost or the construction cost, net of accumulated depreciation.

Except for the above mentioned investment properties at valuation, the carrying value of the remaining commercial-use landbank acquired on or before 2007 was stated at cost of RMB10,508 million.

The table below summarises the carrying value of the investment properties at valuation as of 31 December 2013 together with the change in fair value for 2013:

Project	Leasable GFA	Increase/ (decrease) in fair value for 2013	Carrying value as of 31 December 2013	Carrying value per GFA	Valuation gain/(loss) to carrying value
	sq.m.	RMB'million	RMB'million	RMB per sq.m.	%
Completed investment properties at valuation					
China Xintiandi Initial Portfolio in co-operation with Brookfield					
Shanghai Taipingqiao					
Xintiandi and Xintiandi Style	79,000	108	6,119	77,500	1.8%
1&2 Corporate Avenue	83,000	110	4,591	55,300	2.4%
Shui On Plaza	50,000	81	2,832	56,600	2.9%
THE HUB	58,000	–	2,506	43,200	–
Subtotal	270,000	299	16,048	59,400	1.9%
Shui On Land Portfolio					
Shanghai Taipingqiao					
Langham Xintiandi Hotel Retail Portion	1,000	3	201	201,000	1.5%
Shanghai RHXC	47,000	36	1,047	22,300	3.4%
Shanghai KIC	157,000	233	4,686	29,800	5.0%
Wuhan Tiandi	46,000	141	1,293	28,100	10.9%
Chongqing Tiandi	259,000	99	3,935	15,200	2.5%
Foshan Lingnan Tiandi	66,000	63	1,981	30,000	3.2%
Subtotal	576,000	575	13,143	22,800	4.4%
Total	846,000	874	29,191	34,500	3.0%
Investment properties under development at valuation					
China Xintiandi Initial Portfolio in co-operation with Brookfield					
Shanghai Taipingqiao	82,000	825	3,375	41,200	24.4%
THE HUB	179,000	836	3,997	22,300	20.9%
Subtotal	261,000	1,661	7,372	28,200	22.5%
Shui On Land Portfolio					
Shanghai RHXC	19,000	59	404	21,300	14.6%
Shanghai KIC	5,000	3	29	5,800	10.3%
Wuhan Tiandi	110,000	316	1,407	12,800	22.5%
Chongqing Tiandi	388,000	(1)	1,362	3,500	(0.1%)
Subtotal	522,000	377	3,202	6,100	11.8%
Total	783,000	2,038	10,574	13,500	19.3%
Total of investment properties portfolio at valuation	1,629,000	2,912	39,765	24,400	7.3%

Note: Hotels and self-use properties are classified as property, plant and equipment in the consolidated statement of financial position.

The table below summarises the carrying value of the hotel properties as of 31 December 2013:

Project	GFA	Carrying value as of 31 December 2013	Carrying value per GFA
	sq.m.	RMB'million	RMB per sq.m.
Shanghai Taipingqiao			
Shanghai Langham Xintiandi Hotel	33,000	1,757	53,200
Shanghai 88 Xintiandi Hotel	5,000	68	13,600
Foshan Lingnan Tiandi			
Marco Polo Lingnan Tiandi Foshan Hotel	38,000	515	13,600
Total	76,000	2,340	30,800

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

	Leasable GFA (sq.m.)				Occupancy rate			
Project	Office	Retail	Hotel/ serviced apartments	Total	31 December 2013	31 December 2012	31 December 2011	Group's interest
Completed before 2013								
Shanghai Taipingqiao								
Shanghai Xintiandi	5,000	47,000	5,000	57,000	97%	100%	100%	100.0%
Shanghai Xintiandi Style	–	27,000	–	27,000	88%	100%	96%	99.0%
Shanghai 1&2 Corporate Avenue	76,000	7,000	–	83,000	94%	100%	100%	100.0%
Shanghai Shui On Plaza	30,000	28,000	–	58,000	98%	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	98%	98%	100%	79.0%
The Palette 5	–	2,000	–	2,000	89%	53%	39%	79.0%
The Palette 2	–	12,000	–	12,000	85%	86%	N/A	79.0%
Shanghai KIC								
1, 2, 3 and 10 KIC Plaza (Phase 1)	29,000	21,000	–	50,000	77%	84%	77%	86.8%
5 – 9 KIC Plaza (Phase 2)	39,000	10,000	–	49,000	96%	77%	79%	86.8%
KIC Village (R1 and R2)	15,000	11,000	–	26,000	91%	84%	75%	86.8%
11 – 12 KIC Plaza (C2)	27,000	11,000	–	38,000	78%	54%	33%	86.8%
Hangzhou Xihu Tiandi								
Xihu Tiandi	–	6,000	–	6,000	77%	100%	100%	100.0%
Wuhan Tiandi								
Wuhan Tiandi (Lot A4-1)	–	16,000	–	16,000	89%	91%	98%	75.0%
Wuhan Tiandi (Lots A4-2 and 3)	–	30,000	–	30,000	92%	84%	91%	75.0%
Chongqing Tiandi								
The Riviera I	–	1,000	–	1,000	96%	94%	100%	79.4%
The Riviera II (Stage 1)	–	1,000	–	1,000	56%	91%	96%	79.4%
The Riviera II (Stages 2 & 3)	–	4,000	–	4,000	92%	N/A	N/A	79.4%
The Riviera III	–	5,000	–	5,000	0%	N/A	N/A	79.4%
Chongqing Tiandi (Lot B3/01)								
– Phase 1	–	10,000	–	10,000	99%	97%	100%	79.4%
– Phase 2	–	39,000	–	39,000	52%	69%	59%	79.4%
Foshan Lingnan Tiandi								
Lingnan Tiandi Phase 1 (Lot 1 Phase 1)	–	16,000	–	16,000	87%	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	78%	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	73%	N/A	N/A	48.0%
Subtotal	**428,000**	**352,000**	**76,000**	**856,000**				
New completions in 2013								
THE HUB								
D17 Showroom Offices (the above ground area of Tower 2 and Tower 3)	57,000	1,000	–	58,000				100.0%
Chongqing Tiandi								
2 Corporate Avenue (Lot B11-1/02 Phase 1)	120,000	11,000	–	131,000				59.5%
6 and 7 Corporate Avenue Retail (Lot B12-3)	–	37,000	–	37,000				79.4%
8 Corporate Avenue Retail (Lot B12-4)	–	31,000	–	31,000				79.4%
The Riviera V (Stage 1)	–	3,000	–	3,000				79.4%
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	**177,000**	**160,000**	**–**	**337,000**				
Total leasable GFA	**605,000**	**512,000**	**76,000**	**1,193,000**				
Investment property held by:								
– Subsidiaries of the Group	398,000	471,000	76,000	945,000				
– Associated companies	207,000	41,000	–	248,000				
As of 31 December 2013	**605,000**	**512,000**	**76,000**	**1,193,000**				
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 consolidated statement of financial position.

The Art Deco styled lobby of Corporate Avenue at Shanghai Taipingqiao

Proposed Spin-off of China Xintiandi & Re-organisation of the Property Development and Investment Property Businesses

On 28 May 2012, Shui On Land announced its plan to spin-off Shui On Land's interest in China Xintiandi Limited ("China Xintiandi or CXTD"), a wholly owned subsidiary of Shui On Land, by way of a global offering and separate listing of the shares of China Xintiandi on the Main Board of the Hong Kong Stock Exchange (the "Proposed China Xintiandi Spin-off"), and submitted a listing application to the Hong Kong Stock Exchange for the spin-off.

Establishment of China Xintiandi

As part of the process for the Proposed China Xintiandi Spin-off, CXTD began operations as a separately managed, wholly owned subsidiary of the Group on 1 March 2013. On 1 July 2013, the Group appointed Mr. Philip Wong as the Chief Executive Officer of CXTD. Currently, CXTD has more than 400 employees.

Reorganization of the Property Development and Investment Properties Businesses

From an operational point of view, Shui On Land will become a developer focusing on property development and property sales of residential and commercial properties to increase the Group's asset turnover, while China Xintiandi will be the owner, operator and manager of the commercial property of the Group. China Xintiandi will focus principally on designing, leasing, marketing, managing and enhancing premium retail, office, entertainment and hotel properties in affluent urban areas of China. The Group believes that this arrangement will enable each of Shui On Land and China Xintiandi to focus on their respective, separate and distinct core businesses.

Pre-IPO of CXTD with Brookfield

On 31 October 2013, the Company announced that it and China Xintiandi Holding Company Limited ("CXTD Holding"), a wholly owned subsidiary of CXTD, had entered into an investment agreement (the "Brookfield Investment Agreement") with, amongst others, Brookfield Property L.P. and BSREP CXTD Holdings L.P. ("Brookfield"). Pursuant to the Brookfield Investment Agreement, Brookfield agreed to invest an initial investment in an aggregate amount of USD500 million into CXTD Holding and the Company in return for (1) convertible perpetual securities of CXTD Holding in an aggregate principal amount of USD500 million and (2) 415 million warrants ("SOL Warrants") to subscribe for ordinary shares in the capital of the Company at an exercise price of HKD2.85 per share (subject to a cap of HKD3.62 on gain per share and customary anti-dilution adjustment) (the "Initial Brookfield Investment"). Until 16 February 2016 (subject to certain limitations), upon identification of a defined use of proceeds by China Xintiandi Holding (limited to the acquisition of property), Brookfield may invest up to a further USD250 million in return for an aggregate principal amount of up to USD250 million of such convertible perpetual securities and up to an additional 27.35 million of such warrants (the "Additional Brookfield Investment").

The Initial Brookfield Investment was completed on 17 February 2014. Prior to this, the following properties were transferred to CXTD Holding: Xintiandi, Xintiandi Style, 1&2 Corporate Avenue, 3 Corporate Avenue, Shui On Plaza and THE HUB in Shanghai (the "Initial Portfolio"). The Initial Portfolio has a total GFA of 589,000 sq.m. and was valued at approximately RMB25,000 million as of 31 December 2013. The Convertible Perpetual Securities issued by China Xintiandi Holding to Brookfield representing, on a fully diluted and as converted basis, approximately 21.75% of the issued capital of China Xintiandi Holding.

On closing of the Initial Brookfield Investment, Mr. Bill Powell and Mr. Brian Kingston, two senior managing directors of Brookfield, were appointed as directors of CXTD Holding and the Group entered into certain service agreements with CXTD Holding.

Additional details of the transaction described above are set out in the official announcements of the Company, which are published and available on the websites of the Hong Kong Stock Exchange and the Company.

Next Steps for China Xintiandi

The IPO launch is the next step in the process, following the successful completion of the Pre-IPO investment from Brookfield. CXTD is focusing on achieving construction milestones and pre-leasing of both office and retail tenancies of THE HUB and 3 Corporate Avenue scheduled to open in late 2014 and early 2015, as well as completion of certain identified asset enhancement initiatives for the Initial Portfolio. Upon completion of these initiatives including the implementation of a world-class asset management platform, Management believes this will lay the foundation required for a successful IPO launch which could be as soon as second half 2015. There is no assurance that the Proposed China Xintiandi Spin-off or the Additional Brookfield Investment will occur at all or, if they do occur, when they may occur. The Proposed China Xintiandi Spin-off is subject to, among other items, the approval by the Listing Committee of the Hong Kong Stock Exchange, the final decisions of the board of directors of Shui On Land and of the board of directors of CXTD Holding, the approval of the shareholders of the Company and consents from certain of our lenders and joint venture partners.

In connection with the transactions described above, the Group may consider other equity or debt investments from third parties in CXTD Holding and/or any of its subsidiaries. The Group and CXTD Holding may also consider making strategic disposals of certain assets to third parties.

Introduction of China Xintiandi Business

CXTD Holding is positioned as a premium commercial property owner, operator and manager in the PRC. CXTD Holding engages principally in (i) the asset management of the Initial Portfolio and providing asset management services to the Group's commercial property portfolio and to third party / partners' property portfolios, (ii) sourcing and underwriting other commercial property investment opportunities in the PRC, and (iii) raising third party capital to invest in commercial properties in the PRC.

CXTD Holding product strategies

The product strategies of CXTD Holding are (i) to create a multi-faceted operating platform that enriches districts and drives business benefits while adding value to the portfolio; (ii) to create commercial communities rather than single, big box, mixed-use properties; (iii) to focus on content and experiences that add the most economic value to real estate assets; and (iv) to undertake continuous asset enhancement initiatives to grow rental yield.

CXTD Holding asset strategies

The overall asset strategies of CXTD Holding are to generate stable rental income, tradable profit and fee income. For core assets, CXTD Holding plans to fully own and hold landmark properties for the long term and to maximize returns and yield through active asset management. For leading assets, CXTD Holding envisages entering into partnerships whereby CXTD Holding retains more than a 50% interest and maintains management rights in respect of such assets. For tradable assets, CXTD Holding plans to realise value by disposing of selected assets at appropriate times, thereby potentially retaining less than 50% interest in such assets or by selling off the entire holding.

KIC is developed as an innovative knowledge hub

Portfolio Under CXTD Holding Asset Management Services

Asset management services provided by CXTD include mainly but not limited to designing, leasing, marketing, managing and enhancing of the properties. Details of services would depend on services agreements among the parties.

Initial Portfolio held by CXTD Holding

The Initial Portfolio comprises Xintiandi, Xintiandi Style, 1&2 Corporate Avenue, 3 Corporate Avenue, Shui On Plaza and THE HUB in Shanghai. The Initial Portfolio has a total leasable GFA of 589,000 sq.m..

Of the Initial Portfolio:

- Shanghai Xintiandi, Xintiandi Style, Shanghai Shui On Plaza, Shanghai 1&2 Corporate Avenue and the above ground area of the two Showroom Offices Tower 2 and Tower 3 at D17 of THE HUB (with a total leasable GFA of 283,000 sq.m. of which 59%, 39% and 2% for office, retail and hotel use respectively) have been completed; and
- 3 Corporate Avenue in Shanghai Taipingqiao and the remaining lots of THE HUB with a total leasable GFA of 306,000 sq.m. of which 34%%, 51% and 15% for office, retail and hotel use respectively remain under development.

Commercial Property Portfolio held by Shui On Land ("Shui On Land Commercial Property Portfolio")

The Shui On Land Commercial Property Portfolio has a total leasable GFA of 767,000 sq.m. under the asset management services of CXTD Holding.

Of the Shui On Land Commercial Property Portfolio:

- Shanghai Rui Hong Xin Cheng Phases 1-4 retail shops, "Xintiandi entertainment area" at Wuhan Tiandi, Chongqing Tiandi, Foshan Lingnan Tiandi and Hangzhou Xihu Tiandi, the retail portion of 6, 7 and 8 Corporate Avenue in Chongqing Tiandi as well as Shanghai Langham Xintiandi Hotel and Marco Polo Lingnan Tiandi Foshan Hotel with a total leasable GFA of 340,000 sq.m. with 79% and 21% for retail and hotel use, respectively, have been completed.
- Shanghai Rui Hong Xin Cheng with a total leasable GFA of 109,000 sq.m. with 89% and 11% for retail and hotel use respectively are currently under development. Commercial properties in Wuhan, Chongqing and Foshan, and the hotel in Shanghai KIC with a total leasable GFA of 318,000 sq.m. with 33%, 60% and 7% for office, retail and hotel use, respectively, are under development.

Third Party Portfolio

CXTD provides asset management services for a portfolio of completed commercial properties owned by third parties. The portfolio comprises 5 Corporate Avenue in Shanghai Taipingqiao owned by China Life Trustees Limited, Corporate Centre 5 in Wuhan Tiandi, 3, 4 and 5 Corporate Avenue in Chongqing Tiandi owned by Ping An Insurance Group and 2 Corporate Avenue in Chongqing Tiandi, which has been sold to Sunshine Life Insurance Co., Ltd. and is planned for delivery in 2014, for a total leasable GFA of 357,200 sq.m. with 91% and 9% of office and retail use respectively.

Other major corporate reorganisation of the Group

On 30 September 2013, the Group entered into a swap agreement (the "Swap Agreement") with Trophy Property GP Limited, as general partner of and on behalf of Trophy Property Development L.P. ("TPD") and TPD's subsidiaries (collectively, the "Investor"). Under the Swap Agreement, upon completion of the transaction, (i) the Group shall transfer to Taipingqiao 116 Development Company Limited ("Taipingqiao 116") all of its shares in Portspin Limited ("Portspin"), which holds Lot 116 of the Shanghai Taipingqiao project, and (ii) the Investors shall transfer to the Group all of their shares in the companies which hold the Wuhan Tiandi project, the Shanghai Rui Hong Xin Cheng project and the Chongqing Tiandi project. Upon completion of the Swap Agreement, the Group would beneficially own 100% equity interest in the offshore companies with respect to the Wuhan Tiandi project, the Shanghai Rui Hong Xin Cheng project, and the Chongqing Tiandi project.

Simultaneously on 30 September 2013, the Group, Taipingqiao 116 and Portspin entered into a joint venture agreement (the "JV agreement") in relation to Portspin, pursuant to which, among other things, the Group would receive shares in Portspin upon completion under the Swap Agreement and the parties would manage the business of Portspin and its subsidiaries in accordance with the terms and conditions of the JV Agreement. Based on the JV Agreement, the Company would hold approximately 18% interest in Portspin upon completion of the transaction. Pursuant to the JV Agreement, Taipingqiao 116 may within two weeks of Adjustment Date (as defined in the JV Agreement) sells its shares in Portspin of a value of USD90 million, for USD81 million, to the Group ("Sale Option"). If Taipingqiao 116 exercises the Sale Option, the Group shall have the right to buy shares in Portspin from Taipingqiao 116 equivalent to the shares acquired under the Sale Option ("Purchase Option") at USD81 million. If Taipingqiao 116 exercises the Sale Option, the Group's interest in Portspin would be approximately 28% and if the Group then exercises the Purchase Option, the Group's interest in Portspin would further increase to approximately 37%. The Group may also in certain other limited circumstances repurchase the shares in Portspin acquired by Taipingqiao 116 at a price to be determined with reference to the valuation of the fair market value of Portspin and its subsidiaries as agreed under the terms of the JV Agreement. For details of the transaction, please refer to the relevant announcement published on 30 September 2013, which is published and available on the website of the Hong Kong Stock Exchange and the Company's corporate website.

As of 31 December 2013, the Group's landbank, including the contribution of its Dalian associates, stood at a total GFA of 12.5 million sq.m. (comprising 10.3 million sq.m. of leasable and saleable area, and 2.2 million sq.m. for clubhouses, car parking spaces and other facilities) 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 10.3 million sq.m., the sum of 1.3 million sq.m. was completed, and held for sale and/or investment. Approximately 3.4 million sq.m. was under development, and the remaining 5.6 million sq.m. was held for future development.

Relocation of Shanghai Taipingqiao and Rui Hong Xin Cheng

Rui Hong Xin Cheng Lot 3 holds the distinction of being the first site to be relocated in accordance with the "New Relocation Policy". The completion of the relocation of Lot 3 marks a successful and key milestone for Shanghai's important largest city redevelopment scheme. Lot 3 is to be developed into part of a new entertainment area named "Ruihong Tiandi".

Relocation of Taipingqiao Lot 116, and Rui Hong Xin Cheng Lots 2, 9 and 10, with a total GFA of 587,000 sq.m., is scheduled to be completed and the land made available to the Company for development in 2014.

Subsequent to the relocation of Rui Hong Xin Cheng Lot 3 in October 2013, the Company came to an agreement with the relevant government departments of Hongkou District in Shanghai in late 2013, to commence relocation of Lot 1 and Lot 7 for a total GFA of 270,000 sq.m. of residential use land. The relocation consultations started in 2H 2013. Having passed the second round of consultations, more than 94% of residential relocation agreements had been signed as of 31 December 2013. The relocation cost of these two sites is estimated to be RMB8,143 million. As of 31 December 2013, a total amount of RMB2,036 million had been paid. The estimated outstanding relocation cost of RMB6,107 million is scheduled to be paid progressively in 2014 and beyond. The relocation of these two sites is planned to be completed in 2015.

Relocation plans and the timetable for the remaining 726,000 sq.m. of GFA located at Shanghai Taipingqiao and Rui Hong Xin Cheng have yet to be determined. The relocation plans of these sites are subject to final proposal and agreement terms among relevant parties.

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

Project	Percentage of relocation as of 31 December 2013	Leasable and saleable GFA	Relocation cost paid as of 31 December 2013	Relocation completion year
		sq.m.	RMB'million	
Sites cleared during 2013				
RHXC Lot 3 (Ruihong Tiandi Phase 2)	100%	90,000	1,478	2013
Total		90,000	1,478	

Project	Percentage of relocation as of 31 December 2013	Leasable and saleable GFA	Relocation cost paid as of 31 December 2013	Estimated Outstanding relocation cost as of 31 December 2013	Estimated relocation completion year
		sq.m.	RMB'million	RMB'million	
Sites to be cleared during 2014					
Taipingqiao Lot 116 (Phase 4 Residential)	97%	87,000	3,173	800	2014
RHXC Lot 9 (Phase 6 Residential)	95%	87,000	1,605	334	2014
RHXC Lot 2 (Phase 7 Residential)	93%	105,000	1,552	307	2014
RHXC Lot 10 (Ruihong Tiandi Phase 3)	78%	308,000	1,768	1,303	2014
Sites with newly started relocation in 2013					
RHXC Lot 1 (Residential)	94%	110,000	1,018	3,046	2015
RHXC Lot 7 (Residential)	94%	160,000	1,018	3,061	2015
Total	93%	857,000	10,134	8,851	

The Group's total landbank as of 31 December 2013, including that of its associates, is summarised below:

Project	Approximate/Estimated leasable and saleable GFA Residential	Office	Retail	Hotel/ serviced apartments	Subtotal	Clubhouse, carpark and other facilities	Total	Group's interest
	sq.m.	sq.m.	sq.m.	sq.m.	sq.m.	sq.m.	sq.m.	%
Completed properties:								
Shanghai Taipingqiao	–	111,000	110,000	38,000	259,000	102,000	361,000	99.0%[1]
Shanghai RHXC	–	–	47,000	–	47,000	58,000	105,000	79.0%[2]
Shanghai KIC	2,000	110,000	53,000	–	165,000	122,000	287,000	86.8%[3]
THE HUB	–	57,000	1,000	–	58,000	2,000	60,000	100.0%
Hangzhou Xihu Tiandi	–	–	6,000	–	6,000	–	6,000	100.0%
Wuhan Tiandi	–	–	46,000	–	46,000	38,000	84,000	75.0%
Chongqing Tiandi	39,000	120,000	142,000	–	301,000	215,000	516,000	79.4%[4]
Foshan Lingnan Tiandi	26,000	–	66,000	38,000	130,000	82,000	212,000	100.0%
Dalian Tiandi	64,000	207,000	41,000	–	312,000	113,000	425,000	48.0%
Subtotal	131,000	605,000	512,000	76,000	1,324,000	732,000	2,056,000	
Properties under development:								
Shanghai Taipingqiao	87,000	55,000	27,000	–	169,000	92,000	261,000	99.0%[1]
Shanghai RHXC	203,000	–	99,000	12,000	314,000	112,000	426,000	79.0%[2]
Shanghai KIC	–	94,000	6,000	23,000	123,000	46,000	169,000	99.0%[3]
THE HUB	–	49,000	130,000	45,000	224,000	114,000	338,000	100.0%
Wuhan Tiandi	144,000	232,000	110,000	61,000	547,000	186,000	733,000	75.0%
Chongqing Tiandi	171,000	411,000	189,000	25,000	796,000	211,000	1,007,000	79.4%[4]
Foshan Lingnan Tiandi	170,000	–	110,000	–	280,000	108,000	388,000	100.0%[5]
Dalian Tiandi	479,000	207,000	171,000	46,000	903,000	296,000	1,199,000	48.0%[6]
Subtotal	1,254,000	1,048,000	842,000	212,000	3,356,000	1,165,000	4,521,000	
Properties for future development:								
Shanghai Taipingqiao	166,000	174,000	118,000	38,000	496,000	44,000	540,000	99.0%
Shanghai RHXC	454,000	272,000	187,000	–	913,000	11,000	924,000	79.0%[2]
Wuhan Tiandi	283,000	34,000	92,000	10,000	419,000	4,000	423,000	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	10,000	1,042,000	100.0%
Dalian Tiandi[7]	503,000	867,000	383,000	42,000	1,795,000	–	1,795,000	48.0%[6]
Subtotal	2,563,000	1,822,000	996,000	248,000	5,629,000	287,000	5,916,000	
Total landbank GFA	3,948,000	3,475,000	2,350,000	536,000	10,309,000	2,184,000	12,493,000	

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

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

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

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

5 The Group has a 100.0% interest in Foshan Lingnan Tiandi, except for Lot 6, Lot 16, and Lot 18. For Lots 6 and 16, the Group has 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 3.4 million sq.m. in GFA. As of 31 December 2013, approximately 3.1 million sq.m. had been acquired. The remaining GFA of approximately 0.3 million sq.m. is expected to be acquired through public bidding in due course.

Ruihong Tiandi at Rui Hong Xin Cheng represents the city centre high quality lifestyle

Turnover of the Group increased significantly by 104% to RMB9,828 million (2012: RMB4,821 million), primarily due to the increase in recognised property sales in 2013.

Property sales increased by 136% to RMB8,361 million (2012: RMB3,541 million) as a result of new revenue of RMB1,864 million attributable to delivery of the Shanghai KIC residential project and *en-bloc* sales of commercial buildings 3, 4, 5, 6, 7 and 8 Corporate Avenue in the Chongqing Tiandi that amounted to RMB3,078 million. Area handed over increased to 502,100 sq.m. (2012: 199,700 sq.m.). Details of property sales during the year ended 31 December 2013 are contained in the paragraph headed "Property Sales" in the Business Review Section.

Rental and related income from investment properties of the Group rose by 15% to RMB1,440 million (2012: RMB1,249 million), principally due to additional income of RMB23 million and RMB55 million contributed through the acquisitions of Shanghai Shui On Plaza and Shanghai Langham Xintiandi Hotel. These acquisitions were completed in March 2012. Other than the revenue contributed by these newly acquired properties, rental income grew by 12% in the year 2013. Details of the business performance of investment properties are contained in the paragraph headed "Investment Property" in the Business Review Section.

Gross profit for 2013 increased to RMB3,155 million (2012: RMB2,060 million). Gross profit margin decreased to 32% (2012: 43%). 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. Gross profit margin from property sales decreased to 27% (2012: 38%) as a result of more deliveries from the Chonqqing Tiandi where the gross profit margin was lower. Chongqing Tiandi property sales accounted for 51% (2012: 34%) of the total property sales.

Other income increased by 113% to RMB602 million (2012: RMB282 million) comprising interest income of RMB229 million (2012: RMB181 million), grants received from local government and sundry income of RMB163 million (2012: RMB51 million) together with the Group's gain of RMB210 million from disposal of Shanghai Taipingqiao Lot 126 and other investment properties (2012: RMB50 million from acquisition of Shanghai Langham Xintiandi Hotel).

Selling and marketing expenses increased by 58% to RMB328 million (2012: RMB207 million) mainly due to the increase in contracted sales achieved by the Group (excluding sales by associates) of 64% to 356,700 sq.m. (2012: 218,100 sq.m. omitting *en-bloc* sales that incurred fewer marketing and promotional expenses).

General and administrative expenses increased by 27% to RMB938 million (2012: RMB738 million). The increase was principally due to the addition of a professional commercial and leasing team from Taubman TCBL in December 2012, setting up China Xintiandi Limited on 1 March 2013 and engaging more advisory firms for a range of services.

The various factors described above brought about an increase in *Operating profit* by 78% to RMB2,491 million (2012: RMB1,397 million).

Increase in fair value of investment properties reached RMB2,912 million (2012: RMB2,698 million), of which RMB749 million (2012: RMB708 million) was derived from completed investment properties and RMB2,163 million (2012: RMB1,990 million) from investment properties under construction or development. Details of the investment properties are contained in the paragraph headed "Investment Property" in the Business Review Section.

Share of results of associates represented a net loss of RMB178 million (2012: net gain of RMB82 million), which included a revaluation loss on the investment properties and properties under development for sales (net of related taxes) amounting to RMB129 million (2012: net gain of RMB88 million) attributable to the Group.

Core earnings of the Group were as follows:

	2013 RMB'million	2012 RMB'million	Change %
Profit attributable to shareholders of the Company	2,125	2,029	5%
Increase in fair value of investment properties	(2,912)	(2,698)	
Effect of corresponding deferred tax charges	728	642	
Realised fair value gains of investment properties disposed	773	18	
Share of results of associates			
Fair value gains of investment properties	(47)	(117)	
Effect of corresponding deferred tax charges	12	29	
	(1,446)	(2,126)	(32%)
Non-controlling interests	190	298	
Net effect of changes in the valuation of investment properties	(1,256)	(1,828)	(31%)
Profit attributable to shareholders of the Company before revaluation of investment properties	869	201	
Add:			
Profit attributable to owners of perpetual capital securities	314	19	1,553%
Core earnings of the Group	1,183	220	438%

Finance costs, inclusive of exchange gain amounted to RMB448 million (2012: RMB459 million). Total interest costs increased to RMB3,103 million (2012: RMB2,487 million). Of these interest costs, 81% (2012: 80%) or RMB2,500 million (2012: RMB2,002 million) were capitalised as cost of property development, with the remaining 19% (2012: 20%) interest relating to mortgage loans on completed properties and borrowings for general working capital purposes being expensed. Exchange gain of RMB363 million (2012: RMB54 million) was due to the appreciation of the RMB against the HKD and the USD in 2013.

Profit before taxation increased by 28% to RMB4,777 million (2012: RMB3,718 million), as a result of the various factors outlined above.

Taxation increased by 52% to RMB2,072 million (2012: RMB1,363 million). The effective tax rate for the year 2013 was 33.3% (2012: 29.9%), after excluding the land appreciation tax of RMB640 million (2012: RMB334 million) which was assessed based on the appreciation value of the sold properties, together with its corresponding enterprise income tax effect of RMB160 million (2012: RMB83 million). The increase in effective tax rate resulted from the increase in interest from offshore borrowings that are not deductible in the PRC.

Profit attributable to shareholders of the Company for 2013 was RMB2,125 million, an increase of 5% when compared to 2012 (2012: RMB2,029 million). Return on equity for 2013 was 6.8% (2012: 7.3%), which was calculated based on profit attributable to shareholders for the year, divided by shareholders' equity at the beginning of the year.

Earnings per share RMB0.28 (2012 restated: RMB0.32) was calculated based on a weighted average of approximately 7,491 million shares (2012 restated: 6,350 million shares) in issue during the year ended 31 December 2013.

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

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

The Board has resolved to recommend the payment of a 2013 final dividend of HKD0.04 per share (2012: HKD0.035 per share) to shareholders of the Company.

Together with the 2013 interim dividend of HKD0.022 per share (2012: HKD0.025 per share) paid in September 2013 amounting to RMB140 million, the total dividend for 2013 was RMB393 million (2012: RMB345 million). This represents a dividend payout ratio of 18% (2012 restated: 15%).

The structure of the Group's borrowings as of 31 December 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 and other borrowings – RMB	13,774	3,042	2,904	6,935	893
Bank borrowings – HKD	7,906	2,639	3,565	1,702	–
Bank borrowings – USD	2,686	634	1,820	232	–
	24,366	6,315	8,289	8,869	893
Convertible bonds – RMB	395	–	395	–	–
Notes – RMB	3,591	–	3,591	–	–
Notes – SGD	1,238	–	1,238	–	–
Notes – USD	5,501	–	5,501	–	–
Total	**35,091**	**6,315**	**19,014**	**8,869**	**893**

Capital Structure, Gearing Ratio and Funding

On 20 May 2013, the Company completed a rights issue by issuing 2,000,431,547 rights shares on the basis of one rights share for every three existing shares, at a subscription price of HKD1.84 per rights share. The rights issue netted proceeds of approximately RMB2,899 million. These new shares ranked pari passu with then existing shares in issue in all aspects of the Company.

During the year, the Group repurchased a total principal amount of RMB80 million of convertible bonds. In addition, on 29 September 2013, certain convertible bondholders exercised their rights to redeem a total principal amount of RMB2,207 million of convertible bonds. The convertible bonds in issue as of 31 December 2013 total RMB433.5 million.

On 19 February 2014, the Group issued RMB2,500 million in 6.875% senior notes with a maturity of three years.

The proceeds from this rights issue and notes issues were used to finance the land relocations of Shanghai Taipingqiao and Rui Hong Xin Cheng projects, repayment of existing indebtedness including convertible bonds, and for working capital purposes.

Total cash and bank deposits amounted to RMB10,180 million as of 31 December 2013 (31 December 2012: RMB8,633 million), which included RMB3,571 million (31 December 2012: RMB2,163 million) of deposits pledged to banks and RMB1,231 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 31 December 2013, the Group's net debt balance was RMB24,911 million (31 December 2012: RMB26,035 million) and its total equity was RMB42,174 million (31 December 2012: RMB37,268 million). The Group's net gearing ratio was 59% as of 31 December 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 were approximately RMB13,930 million as of 31 December 2013 (31 December 2012: RMB7,578 million).

Pledged Assets

As of 31 December 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 RMB60,785 million (31 December 2012: RMB43,203 million) to secure its borrowings of RMB21,857 million (31 December 2012: RMB16,692 million).

Capital and Other Development Related Commitments

As of 31 December 2013, the Group had contracted commitments for development costs and capital expenditure in the amount of RMB12,219 million (31 December 2012: RMB14,442 million).

Future Plans for Material Investments and Sources of Funding

On 31 October 2013, the Company and CXTD Holding (a wholly owned subsidiary of the Company), entered into an investment agreement with Brookfield. CXTD Holding issued to Brookfield, convertible perpetual securities in an aggregate principal amount of USD500 million. The Company also issued to Brookfield, 415 million warrants, exercisable for 415 million Company shares at an exercise price of HKD2.85 per Company share (subject to a cap of HKD3.62 on gain per Company share and customary anti-dilution adjustments).

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 plans, including different ways to acquire land development rights for the purpose of undertaking property projects or to leverage its master planning expertise towards increasing the scale of current operations.

Cash Flow Management and Liquidity Risk

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

The Group's objective is to maintain a balance between continuity of funding and flexibility through a combination of internal resources, bank borrowings, and debt or equity securities, as appropriate. The Group is comfortable with the present financial and liquidity position, and will continue to maintain a reasonable liquidity buffer to ensure 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 HKD and USD, and senior notes denominated in SGD and USD issued in 2012. As a result, to the extent that the Group may have a net currency exposure, this exposure would be subject to fluctuations in foreign exchange rates.

As at 31 December 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 at 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 of 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 USD/HKD/SGD. Nevertheless, the Group continues to monitor closely its exposure to the 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 and other borrowings consist of variable rate debt obligations with original maturities ranging from two to six years for project construction loans, and two to twelve years for mortgage loans. Increases in interest rates would raise interest expenses relating to the outstanding variable rate borrowings and cost of new debts. Fluctuations in interest rates may also lead to significant fluctuations in the fair value of the debt obligations.

At 31 December 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 interest at variable rates at HIBOR and pay interests at fixed rates ranging from 0.53% to 0.64%; receive interests at variable rates at LIBOR and pay interests at fixed rates ranging from 0.54% to 0.71%; and receive interests at 110% of the PBOC Prescribed Interest Rate and pay interests at a fixed rate of 7.52% and 7.85%, based on the notional amounts of HKD3,227 million, USD305 million and RMB456 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 31 December 2013, the Group did not hold any other derivative financial instruments which were linked to exchange 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.

We expect our project cities to benefit from urbanization and an expanding middle class, as they are strategically located in key regional economic hubs with outstanding growth prospects throughout China – Shanghai, Chongqing, Wuhan, Foshan and Dalian.

Xintiandi Style sets a communication platform for young designers from all over the world

The global economy enters a year marked by improving growth prospects in the advanced economies, while financial market volatility is heightening due to tapering of the US quantitative easing program, which commenced in January of 2014. While external demand is anticipated to strengthen as the advanced economies gradually recover, uncertainties from the tapering of the quantitative easing policy and its financial impacts are emerging as key risks factors for developing economies. There are also currently uncertainties due to geopolitical and other factors which could have negative trade or economic effects globally or locally. China's economic growth has remained stable at 7.7% in 2013, underpinned by a strong end-user driven residential market that saw nationwide transaction areas rising 17.5% to a record high of 1.16bn square meters in 2013. The new leadership unveiled a comprehensive economic reform blueprint at the conclusion of the third plenary session of the 18th Party Congress, and concrete actions are expected to be rolled out starting from this year. These reforms, which include the relaxation of the one-child policy, hukou reform, financial liberalization, and marketization of rural land, can unleash economic dividends and expedite China's economic restructuring towards a sustainable development path.

Under the new reform blueprint, market forces will play a "decisive" role in resource allocation. This means that the residential market should face less direct government intervention going forward. Future policies will focus on strengthening the responsibilities of local governments in coordinating housing supplies and stabilizing land prices, and plans are underway to introduce a national property tax system. We expect market divergence in 2014 after a year of strong sales performance, robust demand and limited supply of land in Tier one and regional hub cities will continue to support house prices and for these cities, the robust momentum of the housing market is expected to continue this year. However, residential price growth is expected to become more moderate in lower-tier cities, where the paces of sales transaction

Left
Rui Hong Xin Cheng enjoys multiple advantages in location, transportation and supporting facilities

Right
Foshan Lingnan Tiandi Phase 2 presents a bunch of well-selected F&B shops

and price growth have shown some signs of moderation in early 2014 due to relatively abundant supply.

The commercial property market should also benefit from a strengthening global economic recovery, as well as from the on-going rebalancing of China's growth from an investment-led model towards a consumption-led model. Further liberalization of the services sector could increase foreign investment in China, leading to stronger demand for commercial office property in the major cities. In view of the current reform agenda, we expect our project cities to benefit from urbanization and an expanding middle class, as they are strategically located in key regional economic hubs with outstanding growth prospects throughout China – Shanghai, Chongqing, Wuhan, Foshan and Dalian.

The role of Shanghai as China's international financial centre has been further strengthened under the market-oriented policies of the new leadership. Shanghai was the first to be granted the status to establish a Free Trade Zone to expedite trade and financial market liberalization. This policy should speed up Shanghai's tertiary sector growth and attract a significant rise in capital and talent flow into Shanghai. In 2013, 42 more multinationals moved their regional headquarters to Shanghai, bringing the total to 445. According to Colliers, Grade A office rentals gained 0.6% year-on-year to RMB8.9 per square metre per day in 4Q 2013. Commercial retail rental also increased by 4.3% quarter-on-quarter to RMB41.5 per square metre per day by the end of 2013, despite a large amount of commercial retail space coming into the market.

Chongqing's GDP registered a growth rate of 12.3% in 2013, and its foreign trade value of USD68.7 billion was ranked first among twenty Central and Western provinces, further consolidating its role as Western China's leading economic hub. Chongqing has become a more externally-oriented economy with the development of the Yu-Xin-Ou railroad. Under Chongqing's new urbanization plan, Yuzhong District, where our project is located, will be the core metropolitan function area, serving as the focal point for development of the financial and professional service sectors.

Wuhan is unleashing its potential as the leading city in the Middle Yangtze River Zone, assisted by the completion of the national high speed rail system. Wuhan's GDP registered a growth rate of 10.0% in 2013. Supported by strong industrial growth, Wuhan's GDP has topped RMB900 billion, accounting for 38% of Hubei Province's total. Meanwhile, industrial output value reached RMB1.04 trillion in 2013, rising by 18%. As one of the most attractive destinations for overseas investment, Wuhan's FDI achieved a year-on-year growth rate of 18.1% in 2013 – higher than that of both Hubei Province and the nation as a whole – to USD5.25 billion.

Foshan's economy registered 10% growth in 2013. In order to spur the city's economic growth momentum, the Foshan government has committed to accelerating 'three old' renewal and high-tech parks development projects. The plan is to develop Foshan into a "global high-end manufacturing base and national technological innovation city". From 2013 to 2017, it is planned that more than RMB10 billion will be invested with aim of industry upgrading and innovation.

Dalian, a major port city in China, holds the advantages of a coastal location and world-class infrastructure. In 2013, Dalian recorded GDP growth of 9%. It also continues to be one of the leading destinations for foreign investment, attracting more than USD13.6 billion of FDI in 2013. As the major gateway city to China's Northeastern region, Dalian is in a favourable position to attract visitors from its hinterland provinces. In 2013, Dalian's retail sales increased by 13.6% to RMB253 billion, making it one of the top-three retailing centres in China's Northeastern region.

The reaffirmation of China's development approach towards market-based reform should provide a favourable policy environment for the real estate industry going forward. The easing of the one-child policy allowing qualified urban couples to have two children should contribute towards increased demand for upgrading to larger flats for over one million urban families per year. Meanwhile, housing transactions and price growth momentum are likely to soften due to tighter liquidity environment for mortgagers and developers, rising inventory levels and the high base of 2013. We will continue to track changes in government policy and demographic profiles, and adapt our business model to suit evolving trends.

We STRENGT

Our Management Control to Accelerate Turnover and Improve Profitability

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With a sharpened focus on results delivery, these changes strengthen management control at project level which aims to enhance our efficiency, expedite turnover rate and ultimately help to improve profitability.

CORPORATE GOVERNANCE REPORT

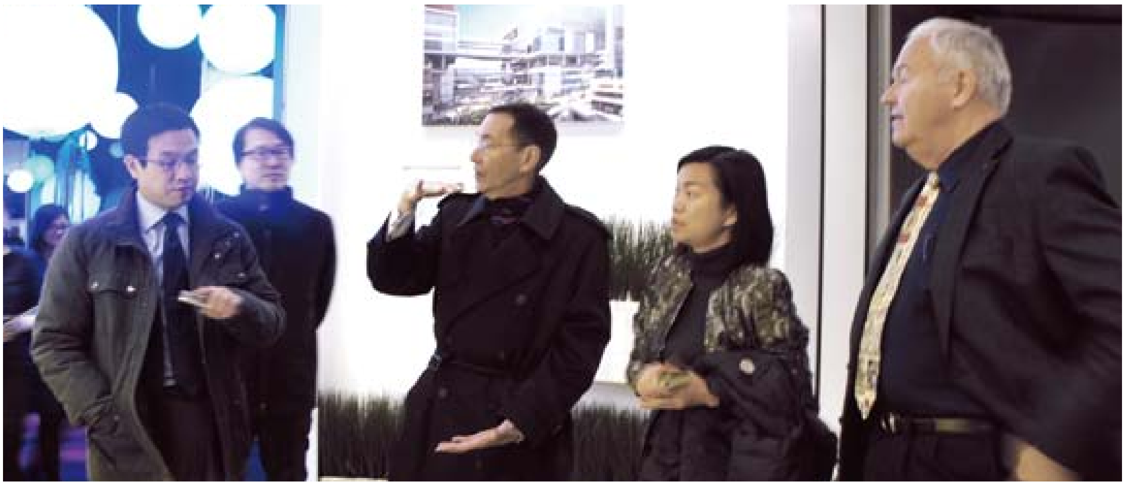
The Board of Directors of the Company (the "Board") is pleased to present the Corporate Governance Report for the year ended 31 December 2013.

The Company is committed to enhancing its corporate governance practices appropriately in the conduct and growth of its business, and to pursuing a right balance between conformance and performance in its corporate governance. From time to time, the Company reviews its corporate governance practices to ensure we 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 its latest developments. The Board believes that good corporate governance is essential to the success of the Company, the enhancement of shareholders' value, and stakeholders' confidence in the Company.

The fruitful results of good corporate governance practices have enabled the Company to leverage its competitive advantages from many perspectives. The trust and support from the Company's stakeholders have become drivers and enablers of our continuing success and growth. The Company has experienced these benefits during its on-shore and off-shore fund raisings, as well as when entering into long term strategic partnership with renowned companies. From an ethical perspective, our integrity has won the trust of the PRC Government, which has in consequence granted us more new opportunities involving large scale metropolitan development projects.

The Company pursues a right balance between conformance and performance in its corporate governance.

Shui On Land Board members visit THE HUB to keep abreast of project development



Corporate Governance Practices of the Company

The Board has reviewed the corporate governance practices of the Company along with the adoption and improvement of the various procedures and documentation, which are detailed in this report. The Company has applied the principles of and complied with all the applicable CG Code during the year ended 31 December 2013.

In order to uphold high standards of corporate governance, the Company adopted the board diversity policy in March 2013 prior to the implementation date of the same as required by the Listing Rules.

Board of Directors

The Board is responsible for the leadership and control of the Company and oversees the Company's businesses, strategic decisions and performance. The Board has reserved for its decision or consideration matters concerning principally the Company's overall strategy, annual operating budget, annual and interim results, recommendations on Directors' appointments or re-appointments, material contracts and transactions as well as other significant policies and financial matters. The Board has delegated the daily operations and administration of the Company to the management. The respective functions of the Board and management of the Company will be reviewed from time to time as appropriate and such information has been posted on the Company's website. In addition, the Board has established respective Board committees and has delegated to these Board committees various responsibilities set out in their respective terms of reference.

All Directors have full and timely access to all relevant information as well as the advice and services of the Company Secretary, with a view to ensuring that the Board procedures and all applicable rules and regulations are followed. In addition, a written procedure has been established to enable the Directors, in the discharge of their duties, to seek independent professional advice in appropriate circumstances at a reasonable cost to be borne by the Company.

The Board had the full support of the chief executive officer (the "CEO"), managing directors and the senior management in discharging its responsibilities in respect of the year ended 31 December 2013.

Board Composition

As a commitment to good corporate governance, the Company's Articles of Association stipulates that, subject to the provisions contained therein, the Board shall include a majority of Independent Non-executive Directors ("INEDs").

During the year ended 31 December 2013, there was no change to the composition of the Board and the majority of the members of the Board were INEDs.

Subsequent to the financial period of this report, Mr. Freddy C. K. LEE resigned as an Executive Director, the Chief Executive Officer, a Managing Director and a member of the Finance Committee of the Company with effect from 10 January 2014. Mr. Philip K. T. WONG has been appointed as an Executive Director, a Managing Director and a member of the Finance Committee of the Company with effect from 10 January 2014.

The Board is currently made up of nine members in total, with three Executive Directors, one Non-executive Director and five INEDs. The composition of the Board reflects the necessary balance of skills and experience desirable for effective leadership of the Company and independence in decision-making.

The Directors of the Company during the year ended 31 December 2013 and up to the date of this report were as follows:

Executive Directors

Mr. Vincent H. S. LO
(Chairman of the Board, member of Remuneration Committee, Chairman of Nomination Committee and Chairman of Finance Committee)

Mr. Daniel Y. K. WAN
(Managing Director, Chief Financial Officer and member of Finance Committee)

Mr. Philip K. T. WONG
(appointed on 10 January 2014)
(Managing Director and member of Finance Committee)

Mr. Freddy C. K. LEE
(resigned on 10 January 2014)
(Managing Director, Chief Executive Officer and member of Finance Committee)

Non-executive Director

Mr. Frankie Y. L. WONG
(member of Audit Committee and member of Finance Committee)

INEDs

Sir John R. H. BOND
(member of Nomination Committee and member of Finance Committee)

Dr. William K. L. FUNG
(Chairman of Remuneration Committee and member of Finance Committee)

Professor Gary C. BIDDLE
(Chairman of Audit Committee, and member of each of Remuneration Committee, Nomination Committee and Finance Committee)

Dr. Roger L. McCARTHY
(member of Audit Committee)

Mr. David J. SHAW

The above list of Directors and a description of their roles and functions were posted on the websites of the Company and the Stock Exchange.

The brief biographical details of the Directors are set out in the "Biographies of Directors and Senior Management" section on pages 86 to 91.

Currently, the Company has five INEDs representing more than half of the Board members. The number of INEDs who have the appropriate professional qualifications or accounting or related financial management expertise exceeds the requirement as stipulated under Rule 3.10 of the Listing Rules. The Board has received from each INED an annual confirmation of his independence and considers that all the INEDs are independent under the guidelines set out in Rule 3.13 of the Listing Rules. None of the Directors has any relationship with any other Directors.

The existing Directors, including the Non-executive Director and INEDs, bring a wide spectrum of valuable business experience, knowledge and professionalism to the Board to ensure its efficient and effective functioning. INEDs are invited to serve on the Board committees of the Company. Their active participation in Board and Board committee meetings brings independent judgment on issues relating to the Company's strategies, performance and management processes, taking into account the interests of shareholders of the Company. Site visits to the Company's projects are arranged from time to time to allow members of the Board keep abreast of the project developments.

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 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 evaluates 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.

Appointment, Re-election and Removal of Directors

The procedures and process of appointment, re-election and removal of Directors are governed by the Company's Articles of Association, a copy of which has been posted on the Company's website for public inspection. The Board, with the recommendation of the Nomination Committee, is responsible for reviewing the Board composition, developing and formulating the relevant procedures for nomination and appointment of Directors, monitoring the appointment of Directors and assessing the independence of INEDs.

The appointment of the Non-executive Directors (including INEDs) of the Company is subject to retirement by rotation and re-election of Directors pursuant to the Company's Articles of Association, the Listing Rules and any other applicable laws.

All Directors appointed to fill a casual vacancy should be subject to election by shareholders at the first annual general meeting after their appointment; and every Director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. As such, no Director has a term of appointment longer than three years.

The Board reviews its own structure, size and composition regularly to ensure that it has a balance of expertise, skills and experience appropriate for the requirements of the business of the Company.

The Company's Articles of Association also allows a qualified shareholder to propose a person, other than a retiring director of the Company or a person recommended by the Directors, for election as a director of the Company. The detailed requirements and procedure for such action have been posted on the Company's website.

Training, Induction and Continuing Development for Directors

Each newly appointed Director receives comprehensive, formal and tailored induction on the first occasion of his/her appointment, so as to ensure that he/she has appropriate understanding of the business and operations of the Company and that he/she is fully aware of his/her responsibilities and obligations under the Listing Rules and relevant regulatory requirements.

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

During the year ended 31 December 2013, the Company invited external professional advisors to provide two training sessions to the Directors.

The training session held on 27 March 2013 covered directors' fiduciary duties under the new Hong Kong Companies Ordinance and methods for complying with the new inside information disclosure regime under the Securities and Futures (Amendment) Ordinance 2012. The session facilitated interaction between the Directors and the advisor regarding new legislative developments relevant to the Directors' duties and responsibilities. Mr. Vincent H. S. 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.

Another training session was held on 28 August 2013 on the topic entitled "Review of SFC and Stock Exchange and other enforcement actions". The session facilitated the understanding and awareness of responsibilities and obligations of the Directors under the Listing Rules and relevant regulatory requirements. Mr. Vincent H. S. LO, Frankie Y. L. WONG, Professor Gary C. BIDDLE and Dr. Roger L. McCARTHY attended this training session and briefing materials were sent to all Directors for perusal.

In addition, individual Directors participated in forums and workshops organised by external professional consultants for continuous professional development. All Directors provided the Company with their training records in respect of the year ended 31 December 2013.

Board and Board Committees Meetings and Shareholders' Meetings

Number of Meetings and Directors' Attendance

The Company held an annual general meeting, an extraordinary general meeting and four Board meetings in the year 2013. The Company has already set a schedule for its regular Board meetings and Board committee meetings in the year 2014 in observance of the CG Code.

The attendance records of each Director at the Board meetings and shareholders' meetings in 2013 are set out below:

Name of Directors	Attendance/ Number of Board Meetings held during tenure	Attendance of the Annual General Meeting held on 29 May 2013	Attendance of the Extraordinary General Meeting held on 23 December 2013
Executive Directors			
Mr. Vincent H. S. LO (Chairman)	4/4	✓	✓
Mr. Freddy C. K. LEE	4/4	✓	✓
Mr. Daniel Y. K. WAN	4/4	✓	✓
Non-executive Director			
Mr. Frankie Y. L. WONG	4/4	✓	
Independent Non-executive Directors			
Sir John R. H. BOND	4/4	✓	
Dr. William K. L. FUNG	4/4	✓	
Professor Gary C. BIDDLE	4/4	✓	✓
Dr. Roger L. McCARTHY	4/4	✓	
Mr. David J. SHAW	4/4		

Practice and Conduct of Meetings

All Directors are given an opportunity to include matters in the agenda for regular Board meetings. Annual meeting schedules and the draft agenda of each meeting are made available to Directors in advance. Board and Board committee meetings are scheduled at least one year in advance to facilitate the maximum attendance of Directors.

Notices of regular Board meetings are served to all Directors at least 14 days before the meetings. For other Board committee meetings, reasonable notice is generally given. Board papers together with appropriate, complete and reliable information are sent to all Directors at least three days or such other period as specified in the terms of reference of the relevant Board committees before each Board committee meeting to keep the Directors abreast of the latest developments and financial position of the Company and to enable them to make informed decisions. The Board and each Director also have separate and independent access to the senior management whenever necessary.

Construction site of THE HUB

The senior management attends all regular Board meetings and when necessary, other Board and Board committee meetings to advise on business developments, financial and accounting matters, statutory compliance, corporate governance and other major aspects of the Company.

The Company Secretary is responsible for taking and keeping minutes of all Board and Board committee meetings. Draft minutes are normally circulated to Directors for comment within a reasonable time after each meeting and the final version is open for Directors' inspection.

According to current Board practice, any material transaction that involves a conflict of interests for a substantial shareholder or a Director will be considered and dealt with by the Board at a duly convened Board meeting. The interested Directors shall abstain from voting and shall not be counted in the quorum at meetings for approving transactions in which such Directors or any of their associates have a material interest.

Chairman and CEO

During the year ended 31 December 2013, Mr. Vincent H. S. LO was the Chairman of the Board and Mr. Freddy C. K. LEE was the CEO of the Company. The Company has complied with the code provision A.2.1 of the CG Code in respect of the separation of roles of Chairman and CEO for the year ended 31 December 2013. The division of responsibilities between the Chairman and the CEO is defined and published and available on the Company's website.

Subsequent to the financial preiod of this report, Mr. Freddy C. K. LEE resigned as the CEO of the Company with effect from 10 January 2014.

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 throughout the year ended 31 December 2013.

To comply with the code provision A.6.4 of the CG Code, the Company established and adopted a Code for Securities Transactions by Relevant Employees (as defined by the Listing Rules), on terms no less exacting than the Model Code, to regulate dealings in the securities 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 Mode Code and the above written guidelines by the Directors and relevant employees was noted by the Company.

Board Committees

During the year ended 31 December 2013, the Board had four Board committees, namely, the Remuneration Committee, the Audit Committee, the Nomination Committee and the Finance Committee, for overseeing particular aspects of the Company's affairs.

The four Board committees of the Company are established with defined written terms of reference and approved by the Board, which set out the Board committees' respective duties. The terms of reference of the Board committees have been reviewed from time to time to cope with the latest amendments of the Listing Rules and the needs of the Company.

Except for the Finance Committee, the majority of the members of each Board committee are INEDs. The list of the Chairman and members of each Board committee is set out in the "Corporate Information" section on page 196.

The Board committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances, at the Company's expense.

Remuneration Committee

During the year ended 31 December 2013, the Remuneration Committee consisted of three members. The members of the Remuneration Committee during the year were:

- Dr. William K. L. FUNG (Chairman of Remuneration Committee)
- Mr. Vincent H. S. LO
- Professor Gary C. BIDDLE

A majority of the members of Remuneration Committee are INEDs.

The primary functions of the Remuneration Committee are to make recommendations to the Board on the Company's remuneration policy, evaluate the performance and make recommendations, if any, on the remuneration packages and compensation of the Directors and senior management, and to evaluate and make recommendations on employee benefit arrangements.

The human resources department is responsible for collection and administration of the human resources data and making recommendations to the Remuneration Committee for consideration. The Remuneration Committee shall consult the Board about these recommendations on remuneration policy and structure and remuneration packages.

The Remuneration Committee normally meets to review the remuneration policy and structure and to determine the annual remuneration packages of the Executive Directors and the senior management and other related matters.

The terms of reference of the Remuneration Committee are published and available on the websites of the Company and the Stock Exchange.

The Remuneration Committee held one meeting during the year ended 31 December 2013 (with attendance rate of 100%).

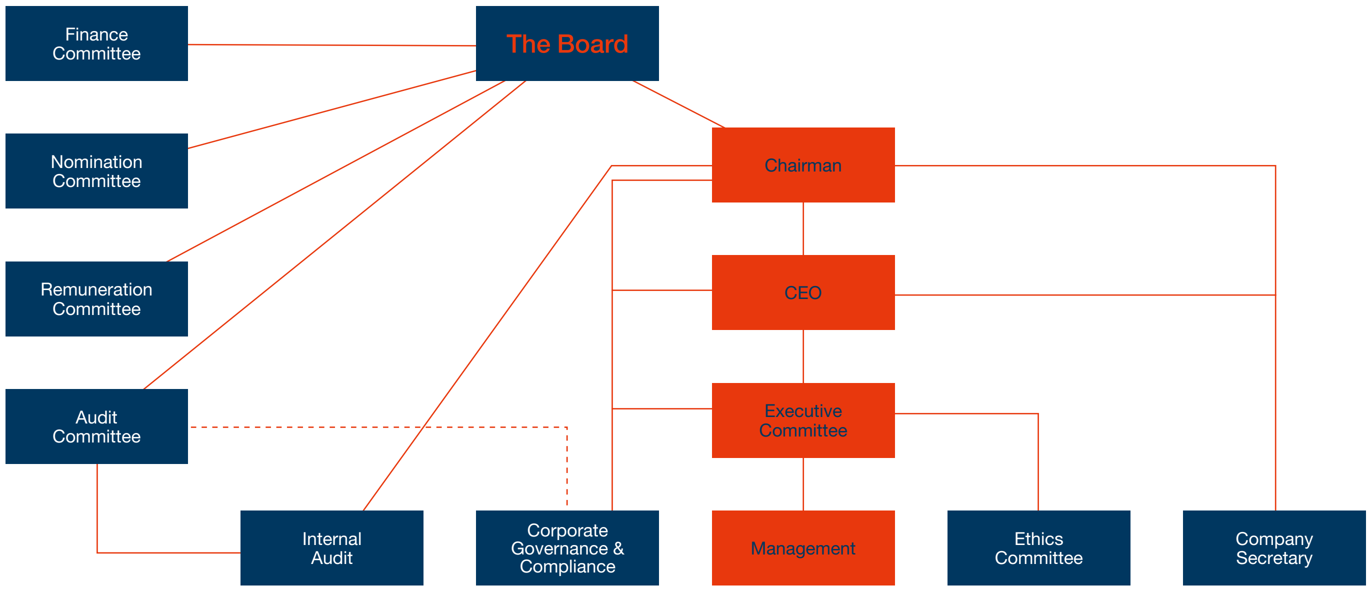
Audit Committee

During the year ended 31 December 2013, the Audit Committee consisted of three members. The members of the Audit Committee during the year were:

- Professor Gary C. BIDDLE (Chairman of Audit Committee)
- Dr. Roger L. McCARTHY
- Mr. Frankie Y. L. WONG

All members of Audit Committee are Non-executive Directors and a majority of whom are INEDs. All members of the Audit Committee have no previous relationships to the Company's existing external auditors.

Shui On Land Corporate Governance Organisation for the year ended 31 December 2013



The main duties of the Audit Committee include the following:

- To review the financial statements and reports and consider any significant or unusual items raised by the qualified accountant, compliance officer, internal auditor or external auditors before submission to the Board.
- To review and monitor the relationship with the external auditors by reference to the work performed by the auditors, their fees and terms of engagement, and make recommendations to the Board on the appointment, re-appointment and removal of external auditors.
- To review the adequacy and effectiveness of the Company's financial controls, internal control and risk management systems and associated procedures.
- To develop and review the Company's policies and practices on corporate governance and make recommendations to the Board.

The terms of reference of the Audit Committee are published and available on the websites of the Company and the Stock Exchange.

The Audit Committee has reviewed the Group's interim and annual results for the year ended 31 December 2013, including the accounting principles and practices adopted by the Company, in conjunction with the Company's external auditors.

There are no material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The Audit Committee has the same view as the Board regarding the selection, appointment, resignation or dismissal of external auditors.

The Audit Committee held two meetings during the year ended 31 December 2013 (with attendance rate of 100%).

The Audit Committee also held separate meetings with the external auditors and the internal auditor during the year to discuss on pertinent issues of the Company without the Executive Directors being present.

The Audit Committee reviewed the risk assessment conducted by the internal auditor on the Audit Committee meetings and made summary reports to the Board. It also uses a self-assessment checklist to review and enhance the performance of the Audit Committee on a semi-annual basis. Periodically, the members of the Audit Committee visit the Company's projects to keep abreast of their development.

Nomination Committee

During the year ended 31 December 2013, the Nomination Committee consisted of three members. The members of the Nomination Committee during the year were:

- Mr. Vincent H. S. LO (Chairman of Nomination Committee)
- Sir John R. H. BOND
- Professor Gary C. BIDDLE

The majority of members of the Nomination Committee are INEDs.

The primary functions of the Nomination Committee are 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 and make recommendations to the Board on appointment, re-appointment of Directors and succession planning for Directors.

In January 2013, the Company recognised the importance of diversity in the boardroom and its benefits to the Company, and the Board revised the terms of reference of Nomination Committee to incorporate the elements of Board Diversity. The revised terms of reference are published and available on the websites of the Company and the Stock Exchange.

The Nomination Committee held one meeting during the year ended 31 December 2013 (with attendance rate of 100%).

Finance Committee

During the year ended 31 December 2013, the Directors who were members of the Finance Committee were:

- Mr. Vincent H. S. LO (Chairman of Finance Committee)
- Mr. Freddy C. K. LEE (resigned on 10 January 2014)
- Mr. Daniel Y. K. WAN
- Mr. Frankie Y. L. WONG
- Sir John R. H. BOND
- Dr. William K. L. FUNG
- Professor Gary C. BIDDLE

The majority of the members of the Finance Committee are Non-executive Directors (including INEDs).

Subsequent to the financial period of this report, Mr. Philip K. T. WONG has been appointed as a member of the Finance Committee of the Company with effect from 10 January 2014.

The Finance Committee held two meetings during the year ended 31 December 2013 (with attendance rate of 100%).

The primary functions of the Finance Committee are to stipulate and monitor the financial strategies, policies and guidelines of the Company, review and monitor the Company's financial performance and performance of the Chief Financial Officer.

During the year ended 31 December 2013, major tasks of the Finance Committee included the setting and formulation of high-level financial policies and guidelines; reviews and approval of annual budgets, profit forecasts, financial planning and results, and treasury updates; evaluations of proposals on fund raising, acquisition and disposal of material assets, reduction of gearing ratios, acquisitions/mergers, spin-off plans, and making recommendations to the Board on such matters.

Left
Shui On Land Board members listen to the development plan of the project

Right
Shui On Land Board members visit the project construction site

Risk Assessment/ Management

Strategic Planning

The Company has formulated a Three-Year Strategic Plan to expedite development and hasten the harvesting of the profits of the Company in the interest of its shareholders.

During 2013, strategic action plans were developed, executed, implemented and monitored by relevant executives and management to achieve the Company's medium-term goals and objectives. The Company also developed balanced scorecards to strengthen and measure the alignment of individual performance in attaining these goals and objectives.

Resources Planning and Cost Controls

During the year ended 31 December 2013, the Company's main focus on resources planning remained the raising of funds through various means to expedite completion of the maturing projects, as well as further strengthening its capabilities in managing its retail resources to meet the future challenges. This was done successfully, enabling the Company to increase focus on the deliverables targeted in its Three-Year Plan.

Management continues to focus on managing costs in the short and long run, enhancing the Company's cost consciousness culture and behaviour, and reviewing and monitoring the Company's expenditures.

Enterprise Risk Management

Risk management efforts are led by the project directors and functional department heads. The Audit Committee has required the management to present a report on risk assessment/management at every Audit Committee meeting.

Internal Controls

During the year ended 31 December 2013, management and internal audit conducted reviews of the effectiveness of the Company's system of internal controls, including those of its subsidiaries and major associates. The Audit Committee reviewed the summary report of the internal auditors on the effectiveness of the Company's system of internal controls and reports to the Board on such summary results, covering all material controls, including financial, operational and compliance controls and risk management functions. The Board also considered the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting functions.

The Company is also in the process of updating its policies and procedures to reflect ongoing organisational changes.

Internal Audit

During the year ended 31 December 2013, the Chief Internal Auditor of the Internal Audit Department reported functionally to the Chairman, and had full and free access to the Audit Committee. The internal audit charter allows the internal auditors to have unrestricted access to all functions, records, property and personnel while maintaining appropriate confidentiality in performing their work.

The Internal Audit Department helps the Company accomplish its objectives by bringing a systematic, disciplined approach to evaluating and improving the effectiveness of risk management, control and governance processes. Risk assessments are conducted semi-annually by the Internal Audit Department to formulate a risk-based internal audit plan based on interviews and discussion with management and staff for the Audit Committee's approval.

During the year ended 31 December 2013, the Internal Audit Department issued reports to the Chairman, CEO and relevant management covering various operational and financial processes and projects of the Company. It provides summary reports to the Audit Committee together with the status of implementation of their recommendations in each Audit Committee meeting.

Construction site of Wuhan Tiandi

Ethical Corporate Culture

The Company has established various policies, including its Code of Conduct and Business Ethics, governing business ethics and best practices. The Company emphasises integrity as an important foundation of its corporate culture and a strategic choice, and leverages it as one of its competitive advantages. New staff undergo an introduction to ethics in their orientation, and are required to join an ethics training session conducted by a member of the Ethics Committee or senior management upon completion of their probation. Selected staff are designated with the duties of ethics experts. Their mission is to further enhance the ethical awareness and standards of the Company by providing coaching and training to other staff. Training is developed with the assistance of the ICAC of Hong Kong, and various training sessions were delivered to staff during 2013.

Before the end of each year, all managers and above, together with other selected staff, must complete an ethical e-course. Upon completion they are required to make an on-line declaration of their commitment to abide by the Company's Code of Conduct and Business Ethics in all their business dealings on an annual basis.

Anti-fraud Measures

An Irregularities Reporting System (a whistle-blowing system) was installed for reporting violations of the Company's Code of Conduct and Business Ethics as well as complaints about integrity related matters from staff, vendors, customers and business partners. Telephone hotlines and special e-mail and channels were set up to enable any such complaints to reach the chairman of the Audit Committee or the secretary of the Ethics Committee. At each Audit Committee meeting, a summary report of the complaints received and their follow up results are to be tabled for review.

The Ethics Committee also issued an Irregularity Report Policy. This policy clarifies the Company's treatments and procedures on handling potential violations reported, but at the same time tries to avoid abuse by disgruntled employees or ex-employees.

An Incident Reporting Procedure was formulated to enable the systematic, timely and uniform reporting of incidents such as potential fraud to the Chief Financial Officer by personnel involved in internal control activities related to financial and/or automated information systems.

An Anti-fraud Assessment Framework was used to facilitate the annual assessment of risks on potential frauds by individual projects and departments. The results were examined and appropriate control measures were established to mitigate those risks. Annual results are summarised and presented to the Audit Committee for review.

Responsibilities in respect of the Financial Statements

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended 31 December 2013.

The Board is responsible for overseeing the preparation of financial statements of the Company and reviewing the same to ensure that such financial statements give a true and fair view of the state of affairs of the Company and that relevant statutory requirements and applicable accounting standards are complied with.

The management provides such explanation and information to the Board so as to enable the Board to make an informed assessment of the financial information and position of the Company that is put to the Board for approval.

The statement of the external auditors of the Company about their reporting responsibilities in regard to the financial statements is set out in the "Independent Auditor's Report" on page 105.

External Auditors and Auditors' Remuneration

The remuneration paid/payable to the external auditors of the Company in respect of audit services and non-audit services for the year ended 31 December 2013 is set out as follows:

Services rendered for the Company		Fees paid/payable (HK$ 'M)
Audit services:		6.7
• Annual audit of the financial statements of the company and its subsidiaries		
Non-audit services:		13.4
• Review of interim report for the six months ended 30 June 2013	1.5	
• Issue of assurance report on the compilation of pro forma financial information of China Xintiandi Holding Company Limited and the audit of sub-consolidated financial statements of its subsidiaries supporting the pro forma financial information of China Xintiandi Holding Company Limited	0.8	
• Issue of accountants' reports/comfort letters in respect of major transaction/senior notes/rights issue of the Company	6.2	
• Issue of comfort letters and accounting consultation in respect of the proposed issue of convertible perpetual subordinated securities by China Xintiandi Holding Company Limited and warrants by the Company	3.2	
• Tax consultation and tax compliance review	1.4	
• Others	0.3	
Total:		20.1

Annual Remuneration of Directors and Senior Management

The remuneration of the directors and senior management of the Company is determined in accordance with the Company's remuneration policy and structure.

Pursuant to the code provision B.1.5 of the CG Code, the remuneration of the members of the senior management by band for the year ended 31 December 2013 is set out below:

Annual remuneration by band	Number of individuals
RMB1,000,000 and below	1
RMB1,000,001 – RMB2,000,000	1
RMB2,000,001 – RMB3,000,000	6
RMB3,000,001 – RMB4,000,000	3
RMB4,000,001 and above	4

Details of the remuneration of the Directors for the year ended 31 December 2013 are set out in note 10 to the financial statements.

Communications with Shareholders and Investors/ Investor Relations

The Company believes that effective communication with shareholders is essential for enhancing investor relations and investors' understanding of the Company's business performance and strategies. The Company also recognises the importance of transparency and timely disclosure of corporate information, which enables shareholders and investors to make the most informed investment decisions. The goal of our communication activities is to provide a true and fair view of the Company. A Shareholders' Communication Policy has been published and available on the Company's website.

In light of the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap. 571) and Rule 13.09(2)(a) of the Listing Rules (the "New Disclosure Regime"), the Company has considered the Guidelines on Disclosure of Inside Information issued by the Securities and Futures Commission in June 2012 and its own circumstances. In order to pursue the enhancement of transparency of corporate information and comply with the New Disclosure Regime, the Company decided to take initiative to disseminate the monthly property sales update information in the form of announcements through the publication on the websites of the Stock Exchange and the Company since January 2013. The announcements regarding the monthly property sales update were prepared on the basis of internal management records.

In addition, all the notifiable and connected transactions of the Company have to be reviewed and assessed by the Board and an independent board committee of the Board as required for such purposes before public disclosure and submission for shareholders' approval as appropriate.

The Company leverages various channels and platforms including its annual and interim results announcements, press conferences and analyst briefings, and various industry conferences to ensure the timely release of important messages.

In 2013, an "Investor Day for Corporate Avenue Groundbreaking" was held in Shanghai to further enhance investors' understanding of the development progress of the Company's projects, as well as the market sentiment in these cities. In addition, investors and analysts are also frequently invited to the Company's marketing and promotional events to gain updated information. These initiatives have been well received by the investment community.

Major Investor Relations Events in 2013/2014

2013	Events	Places
January	Nomura China Property Corporate Day	Hong Kong
	DBS Vickers Pulse of Asia Conference	Singapore
	DB Access China Conference 2013	Beijing
	UBS Greater China Conference	Shanghai
	Investor day for Corporate Avenue Groundbreaking	Shanghai
April	2012 Annual Results Roadshow	Hong Kong, Singapore, US, London, Paris, Taiwan
	JP Morgan Greater China London Forum	London
	DBS Vickers Pulse of Asia Conference	Hong Kong
	UBS HK/China Property Conference	Hong Kong
	HSBC 4th Annual Greater China Property Conference	Hong Kong
May	Macquarie Greater China Conference	Hong Kong
	Morgan Stanley 4th Annual Hong Kong Investor Summit	Hong Kong
	The 4th Annual DB Access Asia Conference 2013	Singapore
	Barclays Capital Pan-Asia Real Estate Conference	Hong Kong
June	Nomura Investment Forum Asia 2013	Singapore
	CIMB Asia Pacific Conference	Kuala Lumpur
	2012 Annual Results Roadshow	Tokyo
July	Citi Asia Pacific Property Conference	Hong Kong
August	2013 Interim Results Roadshow	Hong Kong, Singapore, London, US
October	Jefferies 3rd Annual Asia Summit	Hong Kong
November	BAML China Conference	Beijing
	Goldman Sachs Greater China CEO Summit 2013	Hong Kong
	Citi China Investor Conference 2013	Macau
	The 12th Morgan Stanley Asia Pacific Summit	Singapore
	Daiwa Investment Conference 2013	Hong Kong
December	UBS Global Real Estate Conference	London
	Non-deal Roadshow for the transaction of Brookfield's pre-IPO investment in China Xintiandi Holding Company Limited	Hong Kong, Singapore, London, Paris, US
2014	**Events**	**Places**
January	Barclays China Property Day 2014	Hong Kong
	DBSV Pulse of Asia Conference	Singapore
	BNP Paribas Property Day	Hong Kong
	2014 UBS Greater China Conference	Shanghai
	The 12th Annual dbAccess China Conference 2014	Beijing

Information released by the Company to the Stock Exchange is also posted on the Company's website, which is regularly updated with corporate developments. Key events regarding financial results, business developments and operations are also announced on a timely basis to investors through our corporate website. Upon free subscription, alert emails on the Company's public announcements and press releases will be sent automatically to registered shareholders and investors. Request forms for site visits and management meetings, and contact persons in the investor relations team can also be found on the Company's website.

To maintain and improve the visibility of the Company in the financial community, the Company held numerous road shows and participated in investor conferences during the year ended 31 December 2013. The management and the investor relations team met hundreds of investors personally, discussing the Company as well as its development and strategies in conference calls and video meetings.

The general meetings of the Company provide the best opportunity for the exchange of views between the Board and the shareholders. The Chairman of the Board as well as Chairmen of the Audit Committee, Remuneration Committee, Nomination Committee and Finance Committee or, in their absence, other members of the respective Board committees and, where applicable, the independent board committee, are available to answer questions at the shareholders' meetings. The Chairman of the independent board committee (it any) is also available to answer questions at any general meeting for approval of a connected transaction or any other transaction that is subject to independent shareholders' approval.

To enhance communications with shareholders in the Company's annual general meeting and extraordinary general meeting, the conducting language has been changed to Cantonese with simultaneous interpretation in English. Most of the Directors were present at the Annual General Meeting held on 29 May 2013. The general meetings provided the shareholders with a useful forum to exchange views with the Board.

To further enhance and provide more direct communications with the Company's shareholders, a "Networking with Shareholders" session was conducted immediately after the Annual General Meeting. During the session, shareholders were provided with a chance to discuss matters face to face with senior management of the Company. Previous sessions were well attended by shareholders. The meetings included discussion of the latest business initiatives and long-term development strategies of the Company as well as answering shareholders' questions.

The Company continues to enhance communications and relationships with its investors. Designated members of the senior management maintain regular dialogue with institutional investors and analysts to keep them abreast of the Company's development. Enquiries from investors are dealt with in an informative and timely manner.

Shareholders' Rights

To safeguard shareholders' interests and rights, separate resolutions are proposed at shareholders' meetings on each substantial issue, including the election of an individual Director.

The rights of shareholders and the procedures for demanding a poll on resolutions at shareholders' meetings are contained in the Company's Articles of Association.

Poll results are made available by way of an announcement, which is published in accordance with the Listing Rules.

Pursuant to Article No. 66 of the Company's Articles of Association, shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right to require an extraordinary general meeting of the Company ("EGM") to be called by the Board by written requisition to the Board or the Company Secretary of the Company. Shareholders should specify the business they wish to discuss at the EGM in the written requisition. Shareholders may put forward proposals at general meetings of the Company in the same manner as set out above.

The Board shall arrange to hold such EGM within two months after deposit of such requisition. If within 21 days of deposit of the written requisition the Board fails to proceed to convene such EGM, the shareholders themselves may do so in the same manner, and all reasonable expenses incurred by the shareholders shall be reimbursed to the shareholders by the Company.

Shareholders may at any time direct their enquiries about the Company to the Board by writing to the Company's place of business in Hong Kong, 34/F, Shui On Centre, 6-8 Harbour Road, Wan Chai, Hong Kong or by email to sol.ir@shuion.com.cn.

Shareholders may also put forward their enquiries to the Board at the general meetings of the Company.

Awards Received

With respect to the financial year ended 31 December 2013, the Company was awarded the "Corporate Governance Asia Recognition Award 2013 – Icon of Corporate Governance" organised by Corporate Governance Asia.

Corporate Governance Enhancement

Enhancing corporate governance is not simply a matter of applying and complying with the CG Code but also about promoting and developing an ethical and healthy corporate culture. The Company is committed to maintaining a high standard of corporate governance within a sensible framework with an emphasis on the principles of transparency, integrity, accountability, sustainable development and independence. We will continue to review and, where appropriate, improve our current practices on the basis of our experience, regulatory changes and developments. We have also experienced the trust of our shareholders, especially our minority shareholders, noting that they and the investment analyst community have lent the Company full support based on their recognition of our efforts to enhance corporate governance. All views and suggestions from our shareholders to promote our transparency are welcome.

CORPORATE SOCIAL RESPONSIBILITIES

Shui On Land is a socially responsible corporation guided by a customer-oriented business philosophy. At the project and planning levels, various aspects of corporate social responsibility are taken into account. Through its excellent services and products executed with keen attention to every small detail, Shui On Land creates comfortable living environments that manifest the harmonious co-existence of man and the environment, and the amicable progress of both businesses and society.

Community Development

We are fully aware that a well-regarded company should not only be able to generate economic benefits, but also help raise the standard of living of individuals, improve the community environment and raise the competitiveness of the cities where its projects are located. We actively design and launch diverse activities and programmes to help bring benefits to the community. We believe that Shui On Land will also benefit from the growth of these cities.

Nurturing Talent and Encouraging Innovation

Talented individuals are the fundamental driving force behind social and economic progress. To support the long-term development of society, we are committed to nurturing talented young people and encouraging innovation.

Shui On Land's cooperation with Fudan University, one of the top universities in the Chinese Mainland, is an excellent example of cross-sector integration between the corporate and education sectors. Launched in 2011, the Fudan-Shui On Youth Entrepreneurship Course aims to sow the seeds of entrepreneurship among university students through an innovative, systematic and targeted entrepreneurship course. The course, jointly designed by Shui On Land and Fudan University, will promote the emergence and development of new enterprises. Shui On Land has donated a total of RMB6.6 million to sponsor the three-year course. The Group also donated HKD750,000 towards the development of the Fudan MBA Programme in Hong Kong last year, and was the title sponsor of the Fudan-Shui On Scholarship for the MBA Programme in Hong Kong.

The InnoSpace International Camp, organised by the Shui On Land development Knowledge & Innovation Community (KIC), launched in May 2013, and kicked off its second phase in November 2013. This platform, a 16-week entrepreneurship incubation programme, aims to help Internet and mobile Internet entrepreneurs transform their ideas into reality. After a number of assessment rounds, ten projects were shortlisted for incubation. Beginning in 2010, KIC has regularly hosted a series of "Talk with the Master" seminars, covering areas such as building design, clean energy, TMT and animation games. The seminars provide a platform for direct interaction between ordinary entrepreneurs and the elites in the field.

Shui On Land donated RMB200,000 to the bursary fund of Chongqing University in June, with the aim of supporting and encouraging more outstanding architecture students to pursue careers in urban development.

Promoting Interaction for Development

We believe that a global interaction platform can provide the developing Chinese property market with a more international perspective and practical experience.

Shui On Land was the platinum sponsor of the 2nd Annual ULI Asia Pacific Summit, held in Shanghai in June 2013. Hundreds of industry leaders gathered under one roof to discuss the urban environment of Asian cities and key issues facing the property industry. In December, Shui On Land was a gold sponsor of the ULI Mainland China Annual Meeting 2013.

Shui On Land was also a gold sponsor of the 2013 RICS Asset Management Conference, organised by the Royal Institution of Chartered Surveyors. This effective communication platform brought investors, developers, contractors, property owners, economists, professional consultants and government departments together to discuss the present and future of asset improvement and management.

Shui On Land once again sponsored the China Development Forum organised by the National Development and Reform Commission. Attended by China's Prime Minister and various other ministers, the forum invited the world's biggest multinational corporations to brainstorm on China's future economic development.

Left
Rui Hong Xin Cheng holds Art At Edge 2013 together with ICS

Right
Shui On Seagull Club collaborates with Madaifu Association to visit and help orphans in Huangpi

Arts and culture are an integral part of a quality life. Through different avenues, Shui On Land has brought in high quality exhibitions to raise public interest in the arts and the level of arts appreciation.

The aim of Talk on the Bund City Culture Forum is to promote Shanghai's cultural growth through the exploration of urban culture and civic image. China Xintiandi sponsored the inaugural forum, and inked a strategic cooperation agreement with the Publicity Department of Huangpu District, Shanghai of the CPC and Fudan University's School of Management.

The year also saw Shui On Land sponsoring the Shui On-Yong Ye Cup 2013 WDSF Grand Slam Final Standard/Latin for the eighth year. The Group donated RMB1.5 million to promote International Standard Dance in the Chinese Mainland. The finalists for this year's competition were the top 12 performers with the best accumulated scores in World Latin Dance and Standard Dance.

Chongqing Tiandi hosted the Chongqing and World Cultural Carnival 2013, where exotic performances and exhibitions inspired cultural exchanges and understanding, helping to increase a sense of local belonging amongst expatriates living in Chongqing.

The 2013 America Culture and Art Festival was held in April in Rui Hong Xin Cheng • The View. The display of American culture and artwork linked New York City and Shanghai in an international dialogue of everyday lives.

The "Voices of Spring" Shanghai City-view Concert 2013 was held on 12 April at KIC Plaza. This serie of concerts is a community platform set up to promote the infusion of art and culture into the lives of people and has become popular amongst Shanghai residents.

The promotion of local traditional culture is also an important aspect of Shui On Land's support for cultural conservation.

Foshan Lingnan Tiandi invited world-class artists to engage in the "Collective Memory" series of arts activities with the people in Foshan. Guangdong's local culture was promoted through exhibitions of old photographs and a Cantonese opera interactive event. One work of art used 70,000 fingerprints to depict landmarks in Foshan's Old City, giving the people of Foshan a trace of their collective memory.

Caring for Society and Building Harmony

Shui On Land continues to work together with various organisations and partners. The Group also encourages its staff to help the less advantaged members of the community and improve their quality of life.

On 20 April, an earthquake measuring 7.0 on the Richter Scale struck the Ya'an region in Sichuan. The lives of a million compatriots were affected and the economic damage was massive. Shui On Land acted immediately and donated RMB2 million through the Shanghai Charity Foundation for reconstruction of the affected areas. Staff members from various locations also showed their care and concern for their compatriots by donating money and daily necessities through the charitable organisation the Shui On Seagull Club.

Shui On Land signed an agreement with the China Foundation for Disabled Persons, in which the Group would donate a total of RMB2 million (RMB400,000 every year) between 2013 and 2017 to the foundation. The money will go towards developing the Shui On Goodwill Training Programme, which helps the foundation nurture all-rounded talented people who can adapt to new and changing circumstances.

In November, Shanghai Xintiandi and SmileAngel Foundation jointly organised KISSMAS Charity. Donations collected from the kissing event were used to support sequential therapy for children with cleft lips and palates from poor families.

Together with charitable organisation Xingeng Workshop, Rui Hong Xin Cheng co-organised The View in Love, where handicrafts made by persons with disabilities were exhibited. The money collected was used by Xingeng Workshop to provide employment opportunities for the disadvantaged members of the community.

KIC Plaza has become a community event centre

Dalian Tiandi's IT Tiandi held a charity auction in October 2013, where all 34 items donated by its commercial tenants were auctioned off at premium prices. The money collected from the event was used to buy study desks and desk lamps, as well as winter clothing for 30 children from impoverished families in Dalian's Zhuanghe District. In December, IT Tiandi took part in the 2013 Winter Charity Ball of International Club Dalian as a platinum corporate sponsor. The ball raised over RMB300,000 in donations to support the Social Welfare Centre for Children of Dalian and the students of the Little Dolphin Kindergarten for Autistic Children.

The Staff Volunteer Organisation – Shui On Seagull Club

The Shui On Seagull Club, a volunteer organisation formed by Shui On Land employees, encourages staff members to make good use of their holidays to engage in social services through donations and support for education in rural areas.

In Shanghai, volunteers began the third series of the "Shui On Class" education support programme in Ziluolan Elementary School, a school for children of migrant workers. Through a content-rich course designed by the volunteers themselves, the students were given a lesson in "green real estate" and Shui On Land's philosophy of sustainable development. During the holidays between 1 October and 5 October, members of the Seagull Club went to an elementary school located in a township in Anqing City, Anhui. During the five-day education support activity, 102 students from Nanzhuang Elementary School in Taihu County's Xuqiao Township had fun with and learned from the volunteers.

In Wuhan in January, Seagull Club volunteers headed to Huangpi, where they threw a Spring Festival party for the orphans at Children of Madaifu and gave them presents for the holidays. Just before Children's Day, the Seagull Club donated books and stationery to the remote Baishuiyu Zhongxin Elementary School so that its students could acquire more knowledge about the world through the books. In September, the Seagull Club invited children from the Wuhan Children's Welfare Institution and Sanyanqiao Elementary School to visit the "Mysterious Mushroom Village" in Wuhan Tiandi. They were also given a free screening of the animated film Smurfs 2.

In Chongqing, the Seagull Club held education support activities in Wulong's Tukanzhen Zhongxin Elementary School and sponsored lunches for students from underprivileged families.

In September, a charity walkathon was held in Hongensi Forest Park. A total of 161 staff members took part and made donations to support kindergarten education in Chongqing's rural areas.

In Dalian, the Shui On Library Corner was set up in the Hi-Tech Industry Zone Experimental School in May, and the Seagull Club donated the first batch of books with the aim of broadening the students' horizons through reading. In November, the Seagull Club organised a clothing donation drive and collected 12 boxes of clothing for impoverished residents of rural areas in Sichuan.

In Foshan, over 70 staff members took part in a charity walkathon in May, helping to raise RMB22,831 in donations. The money will be used for visiting poor families and elderly persons who live alone, sponsoring poor children and rural education. Just before the Mid-Autumn Festival, the Seagull Club visited the Gongjilong Home for the Elderly in Chancheng District and the homes of poor families, where they gave presents and daily necessities. In November, the volunteers went to Shenjia Elementary School in Ningyuan, Hunan. Through lessons and games, the children learned about the exciting world. There, the volunteers also visited the homes of children from impoverished families and helped them as much as they could.

Employee Training and Development

The identification of high-calibre employees at an early stage, and preparing for them to take on management and leadership responsibilities through custom-made training programmes, is a major objective for the sustainable growth of the Group.

Management Cadet (MC) Programme

This fast-track development programme was established in 2002 for all internal staff with at least three years of working experience, focusing on their potential for taking up core management positions in an accelerated time frame. As of 31 December 2013, there were 24 management cadets, of which 15 had completed the programme.

Management Trainee (MT) Programme

Established in 1997, this programme aims to prepare fresh graduates to take up management positions. Under mentorship guidance, the trainees undergo a rigorous three-year training of personal development and management skills. The Group recruited four new members in 2013. As of 31 December 2013, 12 management trainees were in the programme.

Graduate Trainee (GT) Programme

Aiming to develop fresh graduates to take up relevant professional positions in the Group, this programme provides industry-specific training, as well as teaching essential management techniques. The duration of the course varies for different professional streams. Throughout the programme, job rotation arrangements are made for each

Shui On Seagull Club members volunteer themselves for the rural education in Hubei Province

Left
The carefully designed landscape using recycled bricks in Foshan Lingnan Tiandi

Right
The Regency at Foshan Lingnan Tiandi preserves the traditional architecture and extents it with modern elements

trainee, and a six to twelve months secondment to external professional institutions is also arranged where applicable. As of 31 December 2013, there were 72 graduate trainees in the programme.

Summer Internship Programme

Established in 2001, the programme provides four to eight weeks of summer internship opportunities for university students from both the Hong Kong SAR and the Chinese Mainland. A total of 12 students joined this summer internship programme in 2013, of which three applied and were given the "Green Path" to obtain fast access to the management trainee or graduate trainee recruitment process.

Sustainable Development

As a socially responsible property developer, Shui On Land believes that sustainable development is key to the long-term growth of the company and society. The Group announced its Sustainable Development Policy in 2006 and formed the Sustainable Development Committee to integrate sustainability principles into the policy-making process. In the seven years since its formation, the Committee has held regular meetings and implemented a series of sustainability measures, extending the sustainability concept to the Group's individual projects. The Group set Six Major Goals of Sustainable Development in 2012 to refine the details of promoting sustainable development. Efforts are pursued in strict accordance with these Goals so as to create green and healthy communities for our clients.

Shui On Land's Six Major Goals of Sustainable Development:

- All large-scale master-planning projects should get their LEED-Neighbourhood Development (ND) certification
- All newly-built commercial projects should be certified by LEED or by China Green Buildings(CGB)
- All newly-built residential projects should be certified by CGB
- All residential projects to provide well-decorated units when handing over
- All operating real estate developments will reduce their carbon emissions by 20% from 2011 to 2016
- All newly-built commercial projects should be equipped with energy-consumption monitoring systems

Four Major Eco-friendly Aspects for a Healthy Life

1. **Green Planning**

   We integrate green and healthy development concepts into our projects, creating sustainable communities with reasonable planning principles.

2. **Green Design**

   We take into full account sustainable principles in building design. We aim to protect the environment and reduce pollution through the conservation of energy, water, land and materials. We also integrate over 100 sustainable technologies into our products to provide clients with healthy, suitable and efficient use of space, and buildings that are in harmony with nature.

3. **Green Construction**

   We advocate green practices in the workplace. Not only do we use green materials, we also recycle materials to save resources and protect the environment. For vigorous supervision of construction work, we have adopted a number of measures with focus on recycling and reuse of waste materials during construction, strengthening the control of storm water runoff, and closely monitoring the quality of the indoor working environment. These efforts have helped to ease the impact of construction work on the environment while creating a healthy working environment for construction workers.

4. **Green Operations**

   Shanghai Feng Cheng Property Management Co. Ltd., a subsidiary of Shui On Land, provides projects with professional management and effective control to create a healthy living and working environment for clients.

Shui On Land's model of sustainability has received recognition from the government and professional organisations. The People's Government of Huangpu District in Shanghai acknowledged the energy conservation efforts of Corporate Avenue and disbursed RMB42,420 to the development as an energy conservation support fund. The Regency 2, Foshan Lingnan Tiandi received Green Community Certification of Guangdong Province from the Guangdong Real Estate Association. From professional bodies, Lot 126 of Shanghai Taipingqiao received the Chinese Green Building 3 Star rating in January. In the same month, Lot A5 of Wuhan Tiandi received the LEED-Core & Shell (CS) Certification Gold level, and Lot B20 of Wuhan Tiandi (Wuhan Tiandi Central Clubhouse) received the Chinese Green Building 3 Star rating. In May, Lot B12-1/02 of Chongqing Tiandi received the LEED-Core & Shell (CS) Certification Gold level. Two months later, Lot 6 (Blocks 1-3, 5-11) of Rui Hong Xin Cheng Phase 3 received the Chinese Green Building 2 Star rating in July. The following month in August, Lots B13/B17 of Wuhan Tiandi received the Chinese Green Building 2 Star rating. In December, Lot 127 of Shanghai Taipingqiao passed the professional assessment for the Chinese Green Building 3 Star rating, and Lot D17 of THE HUB (hotel portion) passed the professional assessment for the Chinese Green Building 2 Star rating.

Product Improvement for Sustainable Community

Shui On Land continues to innovate by applying the most advanced global planning concepts, designs, construction methods, materials and technologies in its projects. For example, Rui Hong Xin Cheng, having received the LEED-Neighbourhood Development 2009 Version Stage 2 Gold level (Pre-certification), will create a green corridor on Ruihong Road. Lots 1, 2, 3 and 4 of the project will develop one side of Ruihong Road to form a continuous "Sea of Green" and a scenic pedestrianised public space. This open public space will be connected to the commercial area in the south of the development. At the same time, the project features very eco-friendly green designs. The green, pedestrianised axis connects the different functional areas together as it strengthens the link with Heping Park.

Shui On Land has also installed an Ultra Performance Plant Control (UPPC) system in Lot A4 of Wuhan Tiandi. Based on real-time loads, the UPPC system monitors the chiller plant, cooling water pump, chiller water pump, cooling tower and water system. The system conducts proactive controls and optimises each facility to reduce energy consumption in the chiller room. The system was successfully commissioned in late June 2013 and is now being fine-tuned. It currently delivers energy savings of around 8% per month.

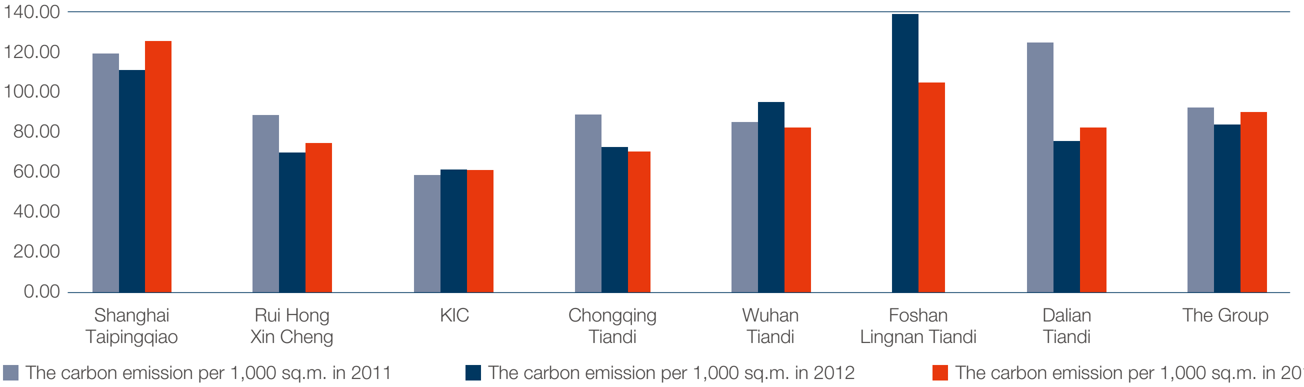
Building a Quantitative System for Scientific Measurement of Results

Carbon Audit

In recent years, climate change has been high on the Chinese Government's agenda. The reduction of carbon intensity (carbon emission per unit of output) is already on the government's list of policy targets. The State Council proposed carbon intensity reduction as a target for the first time in 2009. In 2011, the government promulgated The Outline of the 12^{th} Five Year Plan for National Economic and Social Development (Draft), stipulating a 17% reduction in

Wuhan Tiandi builds a multi-layered green system

Comparison of the Carbon Emissions Per 1,000 sq.m. of the Group's Properties (2011-2013)



* No property in the Foshan project was under normal operations in 2011.

carbon dioxide emission per unit of GDP within the period of the 12th Five Year Plan. This was the first time that a carbon index was featured in the Five Year Plan, clearly indicating the government's determination and efforts in pursuing its policy on carbon emissions.

As one of the first property developers to support environmental protection, Shui On Land engaged a third-party certification body as early as 2010 to quantify the greenhouse gas emissions of the Group's offices. The audit experience acquired led Shui On Land, in partnership with the third-party certification body, to begin to conduct carbon audits on all properties under the Group in 2011. Shui On Land became one of the few real estate companies in the Chinese Mainland to exercise carbon controls.

In 2013, Shui On Land continued to work with world-renowned product and quality certification body TUV Rheinland. As an independent carbon auditing body, TUV Rheinland conducted carbon audits on 29 projects owned and operated by Shui On Land. TUV Rheinland's independent audit indicated that Shui On Land properties under normal operations in 2013 produced 102,103 tons carbon dioxide equivalent in the course of operation. Compared to 2012, total carbon emissions increased by 35.79% year-on-year, due to Shui On Land's 8 newly added properties with an additional built area of 225,228 sq.m. (The above data were audited in strict accordance with ISO14064, with the carbon emissions data effectively assured to a level of 5%).

On a 1,000 sq.m. basis, the carbon emissions of Shui On Land's properties under normal operations amounted to 89.74 tons carbon dioxide equivalent in 2013. Compared to 2011, our carbon emissions per 1,000 sq.m. in 2013 decreased by 1.45%, achieving 7.25% of the carbon reduction target under the Six Major Goals of Sustainable Development.

Following the upgrading of equipment and operations in 2013, Shui On Land lowered the carbon emissions of most of its projects. For example, all of the Group's food and beverage and entertainment complexes saw a drop of 4.12% in carbon emissions per 1,000 sq.m. compared to 2012. Residential properties saw an overall drop of 5.36%. The 0.57% carbon reduction in office buildings reflects a steady downward trend.

Highly effective energy conservation and emissions reduction measures have been implemented to increase the operational efficiency of individual projects. Results have been positive. For example, the carbon emission per 1,000 sq.m. of Lot D22 in Dalian Tiandi in 2013 dropped 16.44% compared to 2012. The carbon emissions of the clubhouses in Lakeville and Lakeville Regency were lower by 15.15% and 13.62%, respectively. Carbon emissions of Lot A4 in Wuhan Tiandi went down by 12.23%, while Shui On Plaza's by 7.36%.

With more eco-friendly office practices being introduced every year, the carbon emissions of Shui On Land's offices in various locations have steadily declined every year. The carbon emissions per 1,000 sq.m. of 2013 were 7.11% lower compared to 2012. The Group's head office registered a 5.60% reduction while Dalian Tiandi's office fell by 11.53%

With Langham Xintiandi Hotel and Marco Polo Lingnan Tiandi Foshan Hotel becoming operational in 2013, Shui On Land's overall carbon emissions per 1,000 sq.m. saw a significant increase. The Group will work together with the hotel management to implement carbon reduction measures without compromising the comfort of hotel guests.

Shui On Land will do everything possible to achieve its declared commitment of reducing the carbon emissions per floor area by 20% for all Shui On Land properties under normal operations over the period 2011–2016.

Energy-consumption Monitoring System

In addition to conducting carbon audits on its properties, Shui On Land also collects energy consumption data of its actual operations. Through scientifically developed statistics on building energy usage, energy consumption can be controlled in real time, energy consumption of key facilities can be monitored, and abnormalities in energy consumption can be determined. This will plug any holes and reduce the energy consumption of facilities, thus saving more energy and reducing more emissions.

To this end, Shui On Land and Beijing Persagy Energy Saving Company Ltd are working together to build an energy consumption management system for the Group, and put together "Shui On Land Energy Consumption Management System Technology Specifications". All newly built commercial projects will be required to have energy consumption monitoring systems so that the projects can monitor energy consumption right from the start of operations. This will provide energy saving data for the buildings and more accurate data for energy saving designs for similar projects in the future.

For properties that are already operational, we encourage them to join the Group's energy consumption management system as much as they can. At present, Shui On Land's Shui On Plaza and Corporate Avenue have joined the energy consumption management system, through which the actual energy consumption data of both properties can be obtained.

Through the energy consumption management platform, the following can also be achieved:

- Electricity consumption can be shown in real time, including the total amount of electricity used by the building, in the area, or even by the individual tenants. Electricity consumption of specific facilities like air conditioners, lifts and lighting can also be calculated individually.
- Professional analytical tables can be obtained to help building management staff analyse energy consumption loopholes in their operations. They can then save energy through an equipment retrofit or a change of consumer behavior.
- Indoor air quality indices can be obtained in real time to enable building management staff to know the indoor air quality and adjust the air conditioning or ventilation of the building's interior. This will ensure the comfort and safety of the indoor environment.

Teamwork in Promoting Sustainability

Not only do we strive to reach the goal of sustainable development, we are also aware that sustainable development requires everyone's participation. Shui On Land has taken the initiative to share our experiences with the industry and the public, sponsoring and hosting various activities related to environmental protection. We hope to raise the environmental awareness of the public and contribute to the progress of society.

Shui On Land held the "Build a Green and Healthy Life 2013 Shui On Land Sustainable Development Forum" in Wuhan Tiandi in October, inviting experts from China and overseas to share the latest news and developments on sustainability from around the world. The event was attended by several hundred professionals, who discussed strategic approaches to sustainable development for the long-term growth of society.

At the project level, Wuhan Tiandi launched the city's first urban farm affiliated to a community in March. Residents were urged to step out of their homes and choose a green and healthy lifestyle in tune with nature. The activity was given the thumbs up by all residents. On the day the urban farm was launched, Wuhan Tiandi also held a sharing session on global green lifestyles. Among those invited to share green lifestyles from around the world were the top six contestants in the "E-ideal for sustainable communities" organised by the Cultural and Education Section of the British Embassy; Huang Ke, Master of Engineering from Tongji University's College of Architecture and Urban Planning and VROOF founder; and Mu Wei, designer of Norway's pavilion at the Shanghai World Expo. Wuhan Tiandi also held a performance art exhibition on environmentalism "I Will Be Wuhan Tiandi's Green Witkey". Through the creative exhibits and thematic interaction, participants were urged to care for the environment and pursue a low carbon lifestyle. In May, Dalian Tiandi's Seagull Club organised a tree-planting activity called "Let Us Build a Forest of Love". Not only Shui On Land employees responded enthusiastically to the activity, all the companies in Dalian Tiandi sent their staff to participate in the event. In June, Xihu Tiandi in Hangzhou and the local radio station FM107 jointly

The fine-planned open area provides a comfortable space for outdoor activities

organised "A Hundred Years of Love", an environmental protection activity that involved parents and children. The event, which promoted environmental protection through interactive games, generated an overwhelming response, and was held again in November. In the same month, Dalian Tiandi organised the "2013 I Love Dalian – Concern for the Ocean" charity riding event. Close to 300 environmental activists went out in force to raise awareness for the protection of the marine environment and a healthy, sustainable lifestyle.

With the belief that sustainable development cannot succeed without the management team and every staff member working closely together, Shui On Land organises many "Green Office" activities such as planting activities and vegetarian cooking classes. We urge our staff to apply environmental principles in their daily lives and help to create safer and more energy efficient work and living spaces. These activities were very popular with our colleagues.

Shui On Land also holds professional training courses on environmental protection to facilitate better staff understanding of environmental issues and practices. For example, the Group's Electrical and Mechanical Committee held a series of training courses on water-cooled VRV systems, light current and other topics to keep staff members informed of the latest technological developments.

Sustainable Development Initiatives

Corporate	Achieve/Target-Green Building Certification	Features
1. Shui On Land Ltd. HQ –26/F, Shui On Plaza	Achieved LEED-Commercial Interiors (CI) Certification Silver level	CO_2 sensor to increase indoor air quality; daylight sensors; addition of task lights; water conserving sanitary fixtures.
2. Shui On Land Ltd. HQ –25/F, Shui On Plaza	Achieved LEED-Commercial Interiors (CI) Certification Silver level	
3. KIC Project Office – KIC Plaza Building 10	Achieved LEED-Commercial Interiors (CI) Certification Gold level	Lighting power and lighting controls; double Low-E glazing windows with thermal break; water saving sanitary fittings; HVAC zoning controls; low emitting materials; materials reuse; thermal comfort design; long-term commitment.
4. Chongqing Project Office – Lot B12/01	Target to achieve LEED- Commercial Interiors (CI) Certification Gold level	BMS intelligent management system; demand control ventilation; water saving sanitary fittings; thermal comfort design.

Projects – Master Planning Stage	Achieve/Target-Green Building Certification	Features
1. Wuhan Tiandi	Achieved LEED-Neighborhood Development Pilot Version Stage 2 Gold level (Pre-certification)	Energy, water and waste savings by mixing land uses, connecting to public transit systems, utilising existing cultural and architectural characteristics, building at appropriate densities and orienting the development to maximise solar and wind access; district-wide infrastructure, including centralised heating and cooling, water source heat pumps, rainwater collection and recycling, and comprehensive green roof systems.
2. Chongqing Tiandi	Achieved LEED-Neighborhood Development Pilot Version Stage 2 Gold level (Pre-certification)	
3. Dalian Tiandi	Registered for LEED-Neighborhood Development (ND)	Encourage use of public transit systems and appropriate development densities to preserve the unique natural environment; orient buildings to maximise natural wind ventilation to mitigate temperature extremes; use of solar hot water system and wind turbines, non-potable rainwater system, grey water recycling and green roof; carbon assessment for master plan, encourage low carbon life style.
4. Foshan Lingnan Tiandi	Achieved LEED-Neighborhood Development 2009 Version Stage 2 Gold level (Pre-certification)	City core site selection with high existing development density and small pedestrian-friendly blocks; preservation and adaptive reuse of 22 heritage architecture sites and numerous historic buildings; integrated public transport systems; improved indoor air quality through building orientation and wind harvesting; high performance building fabric; reuse and recycling of project construction materials; use of solar energy and daylight, centralised air conditioning; green roof and green wall, rainwater recycling; carbon assessment for master plan, encourage low carbon life style.
5. Rui Hong Xin Cheng	Achieved LEED-Neighborhood Development 2009 Version Stage 2 Gold level (Pre-certification)	Located in a dense urban area; extending the street scale and the context of the original community, with a reasonable street scale and a compact development to save the rare land resources of downtown and improve the added value of the land; mixed develop land uses, creating a distinctive and multi-function integrated community; encouraging an alternative trip model by transit vehicle, walkable street and pedestrian system, all of which will be integrated into the road design and transport system; connecting the community public centre and the urban public transportation system through the pedestrian system to bring an accessible and convenient environment, and reducing the transportation carbon emissions at the same time; adopting enhanced exterior wall thermal insulation, energy-efficient municipal infrastructure and lighting equipment, at least level II energy efficient air conditioning and water heat equipment, etc. to maximise the reduction of the energy consumption; adopting grey water reuse, high-efficiency irrigation, water efficient plumbing fixtures, etc. to save and optimise the utilisation of water resources; adopting green roof, exterior landscape and open space optimisation, to improve the both indoor and outdoor environments and air quality, and minimise the heat island effect; encouraging waste separation and adopt waste recycling strategy to minimise the environment impact of waste disposal; using a carbon footprint assessment to assess and encourage a low carbon development.
6. Shanghai Taipingqiao	Registered for LEED-Neighborhood Development (ND) 2009 Version	Striving to manifest the "Total Community, mixed-use development" concept, providing a full range of modern facilities for residential, office, retail, entertainment and leisure; creating a strong and dynamic community that encourages walking, requiring a minimum of 50% of dwelling units to be within 800m walking distance of at least 10 of different use types; preserving the historical and cultural heritage of the area, such as Shi Ku Men; promoting the city's unique identity but also ushers in a modern lifestyle and facilities to the community; incorporating green technologies through the development such as water saving landscape irrigation; water saving sanitary fittings, etc.

Projects – Development Stage	Achieve/Target-Green Building Certification	Features
1. Wuhan Tiandi Lot A4, Wuhan (Entertainment & Retail)	Achieved LEED-Core & Shell (CS) Certification Gold level	Outdoor radiant cooling/heating; outdoor spot cooling/heating; rain water collection & recycling; green roof; double Low-E coated window glazing; recycling and local material utilisation; natural ventilation; low-flow plumbing fixtures and water saving sanitary fittings.
2. Wuhan Tiandi Lot A5, Wuhan (Office)	Achieved LEED-Core & Shell (CS) Certification Gold level	Increased green ratio; high performance glass curtain wall; low-flow plumbing fixtures and water saving fittings; low-emitting materials/finishes; high performance HVAC system.
3. Wuhan Tiandi Lots A1/2/3, Wuhan (Office & Hotel & Retail)	Achieved BREEAM Pre-certification "Very Good" level	Water leakage detection, food composting, energy wheel, CO_2 sensor control; day-lighting sensor for atrium, double Low-E coated window glazing, occupancy sensor in back of house area, recycling and local material utilisation.
4. Wuhan Tiandi Lot A1, Wuhan (Office & Hotel)	Registered for LEED-Core & Shell (CS) certification	
5. Wuhan Tiandi Lot B9, Wuhan (Residential)	Achieved Chinese Green Building 2 Star rating	Rainwater collection and recycling; water saving sanitary fittings; water saving landscape irrigation system; natural ventilation; underground car park; reasonable location; roof garden and water feature; permeable paving material.
6. Wuhan Tiandi Lot B11, Wuhan (Residential)	Achieved Chinese Green Building 2 Star rating	

Projects – Development Stage	Achieve/Target-Green Building Certification	Features
7. Wuhan Tiandi Lot B20 Club House, Wuhan (Residential)	Achieved Chinese Green Building 3 Star rating	Rainwater collection and recycling; water saving sanitary fittings; water saving landscape irrigation; recycling material; roof garden and water feature; CO_2 sensor; permeable paving material.
8. Wuhan Tiandi Lot B13/B17, Wuhan (Residential)	Achieved Chinese Green Building 2 Star rating	Rainwater collection and recycling; high performance envelope; underground car park; high performance lighting with low LPD; roof garden and water feature; water saving landscape irrigation; natural ventilation; recycling material utilisation; high efficiency HVAC system; double Low-E coated window glazing; recycling and local material utilisation; water saving sanitary fittings.
9. Chongqing Tiandi Lot B3/01, Chongqing (Entertainment & Retail)	Achieved LEED-Core & Shell (CS) Certification Gold level	Outdoor radiant cooling; water source heat pump; rainwater collection & recycling; double Low-E coated window glazing; recycling and local material utilisation; natural ventilation; low-flow plumbing fixtures and water saving sanitary fittings.
10. Chongqing Tiandi Lot B11, Chongqing (Office; Hotel & Retail)	Achieved LEED-Core & Shell (CS) Pre-certification Gold level	High performance glass curtain wall; high efficiency HVAC system with variable primary flow system; CO_2 sensors; daylight control; occupancy sensors; heat recovery; high performance lighting with low LPD; 40% reduction in potable water use.
11. Chongqing Tiandi Lot B12-1/02, Chongqing (Office)	Achieved LEED-Core & Shell (CS) Certification Gold level	High efficiency chillers and boilers; high efficiency pumps and fans; high performance envelop; water saving sanitary fittings; native plant species and no irrigation; rainwater collection and recycling; recyclable storage; recycling and local material utilisation; green roof; occupancy sensors; daylight sensors; low emitting material.
12. Chongqing Tiandi Lot B12-3/02, Chongqing (Retail)	Achieved LEED-Core & Shell (CS) Pre-certification Gold level	
13. Chongqing Tiandi Lot B12-4/02, Chongqing (Retail)	Achieved LEED-Core & Shell (CS) Pre-certification Gold level	
14. Chongqing Tiandi Lot B13, Chongqing (Office & Retail)	Target to achieve LEED-Core & Shell (CS) Certification Gold level	Rainwater collection and recycling; water saving fixtures; green roof; native plant species and no irrigation; recyclable storage; high performance envelop; high efficiency chillers and boilers; occupancy sensors; daylight sensors; high efficiency pumps and fans; low emitting material.
15. Shanghai Taipingqiao Lot 126, Shanghai (Office & Retail)	Achieved LEED-Core & Shell (CS) Pre-certification Gold level and Chinese Green Building 3 Star-rating. This is the first high-rise building to be qualified by using Green High-rise Building Evaluation Technical Details	High efficiency HVAC system; improved indoor air quality with CO_2 sensor; low-flow plumbing fixtures and water saving sanitary fittings; high performance curtain wall with shading devices; light pollution reduction; low-emitting material (low VOC) finishes.
16. Shanghai Taipingqiao Lot 127, Shanghai (Office & Retail)	Achieved LEED-Core & Shell (CS) Pre-certification Gold level and passed the professional assessment for the Chinese Green Building 3 Star rating	
17. Rui Hong Xin Cheng Lot 4, Shanghai (Residential & Retail)	Achieved Chinese Green Building 2 Star rating. 15 Nov 2010, awarded allowance from Shanghai Government as an energy-saving housing project	External wall insulation; grey water collection & recycling; photo voltaic for landscape lighting; water saving landscape irrigation system; double Low-E coated glazing window with thermal break; water saving sanitary fittings.
18. Rui Hong Xin Cheng Lot 6, Shanghai (Residential)	Achieved Chinese Green Building 2 Star rating	External wall insulation; grey water collection & recycling; photo voltaic for landscape lighting; water saving landscape irrigation system; double Low-E coated window glazing with thermal break and water saving sanitary fittings.
19. Rui Hong Xin Cheng Lot 3, Shanghai (Retail)	Achieved LEED-Core & Shell (CS) Pre-certification Gold level and targeting to achieve Chinese Green Building 2 Star rating	Green roof; low water saving sanitary fittings; rainwater collection and recycling; high efficiency HVAC system; LED lighting; curtain wall design with low light pollution.

Projects – Development Stage	Achieve/Target-Green Building Certification	Features
20. Rui Hong Xin Cheng Lot 10, Shanghai (Retail)	Target to achieve LEED-Core & Shell (CS) Certification Gold level; Target to achieve Chinese Green Building 2 Star rating	Green roof; low water saving sanitary fittings; rainwater collection and recycling; high efficiency HVAC system; LED lighting; curtain wall design with low light pollution.
21. KIC Plaza Phase II, Shanghai (Office)	Achieved LEED-Core & Shell (CS) Pre-certification Silver level	Double Low-E coated glazing; low-emitting materials; improved indoor air quality with CO_2 sensor; low-flow plumbing fixtures and water saving sanitary fittings.
22. KIC Lots 5-5/5-7/5-8, Shanghai (Office)	Achieved LEED Core & Shell (CS) Pre-certification Gold level	Double Low-E coated glazing; low emitting materials; low-flow plumbing fixtures and water saving sanitary fittings; hybrid ventilation; daylight control & occupancy sensor; high performance chillers; heat recovery; rain water recovery.
23. KIC Village Phase II, Lots 7-7/7-9, Shanghai (Office & Residential)	Achieved Chinese Green Building 2 Star rating	External wall insulation; rainwater collection & recycling; photo voltaic for landscape lighting; water saving landscape irrigation system; double Low-E coated glazing window with thermal break; water saving sanitary fittings.
24. KIC Lots 5-3/6-1, Shanghai (Office)	Target to achieve LEED-Core & Shell (CS) Certification Platinum level; Target to achieve Chinese Green Building 2 Star rating	Rainwater and grey-water collection and recycling; high performance envelope; water saving sanitary fittings; green roof; ice-storge system; high performance VOV system; Low-Emitting materials; environmental friendly refrigerant; green electric; regional/recycling materials; CO_2 sensor; water saving landscape irrigation; double Low-E coated glazing window; solar hot water.
25. KIC Lot C3-05, Shanghai (Office)	Target to achieve Chinese Green Building 2 Star rating	Energy saving HVAC; green roof; water saving landscape irrigation; water saving sanitary fittings; solar energy system(hot water and landscape lighting); rainwater and grey-water collection and recycling.
26. KIC Lots C3-04/3-07/3-08, Shanghai (Residential)	Target to achieve Chinese Green Building 2 Star rating	Rainwater collection and recycling; energy saving HVAC; double Low-E coated glazing window with thermal break; water saving landscape irrigation; water saving sanitary fittings; solar energy system(hot water and landscape lighting).
27. Dalian Tiandi Aspen and Maple Towers, Site D22, Dalian	Achieved LEED Core & Shell. Pre-certification Silver level	Preferred parking for Low-E and fuel-efficient vehicles; parking for bicycle; green roof; reuse rainwater and grey-water; water-saving sanitary; building commissioning; environmental friendly refrigerant; solar hot water; solar lamp; external wall insulation; Low-E tempered glass; fresh air heat recovery; recycling materials; regional materials; Low-E materials.
28. Dalian Tiandi Site D14, Dalian	Achieved LEED Core & Shell (CS) Pre-certification Gold level	Preferred parking for low-E and fuel-efficient vehicles; green roof; reuse rainwater and grey water; water-saving sanitary; building commissioning; environmental friendly refrigerant; solar hot water; solar lamp; external wall insulation; Low-E tempered glass; fresh air heat recovery; recycling materials; regional materials; Low-Emitting materials.
29. Dalian Tiandi Site B07, Dalian	Target to achieve LEED-Core & Shell (CS) Certification Gold level	Innovation transportation; grey water reuse; water-saving sanitary; high performance lighting system; high performance HVAC system; environmental friendly refrigerant; energy measurement and verification system; double Low-E glazing; high performance envelope system; low-VOC construction material; recycled content/regional construction material; indoor chemical and pollution control; take advantage of daylight; natural ventilation system.
30. THE HUB Lot D17, Shanghai (Office & Hotel & Retail)	Achieved LEED-Core & Shell (CS) Pre-certification Gold level; Achieved Chinese Green Building 3 Star rating (for Office & Retail) and passed the professional assessment for the Chinese Green Building 2 Star rating (for Hotel)	Rainwater/reclaimed water collection and recycling; façade shading system; solar hot water; green roof; water saving landscape irrigation; combined cooling heating and power; natural ventilation; natural daylight; indoor air quality sensors; high efficiency lighting; hot recovery; water saving sanitary fittings; Low-E glazing window; Low-Emitting material; recycling and local material utilisation.
31. THE HUB Lot D19, Shanghai (Office & Retail & Exhibition)	Achieved LEED-Core & Shell (CS) Pre-certification Silver level; Target to achieve Chinese Green Building 3 Star rating (for Office & Exhibition); Target to achieve Chinese Green Building 2 Star rating (for Retail)	
32. Foshan Lingnan Tiandi Lot 4, Foshan (Residential & xRetail)	Achieved Green Community Certification of Guangdong Province	Double Low-E Glazing; water saving sanitary; LED lighting; day lighting; rain water/grey water collection and recycling; water saving landscape irrigation.
33. Foshan Lingnan Tiandi Lot 5, Foshan (Residential)	Achieved Green Community Certification of Guangdong Province	

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

Board Of Directors

Executive Directors:

Mr. Vincent H. S. LO, GBS, JP
aged 65, has served as our Chairman since the inception of our Company in February 2004. Mr. Lo leads the Board of Directors in deciding on the Company's direction and to set corporate strategies. Mr. Lo was the Chief Executive Officer of our Company from 2004 to 16 March 2011. He is also the Chairman of the Shui On Group, which he founded in 1971, Chairman of SOCAM Development Limited, a Non-executive Director of Great Eagle Holdings Limited and a Non-executive Director of Hang Seng Bank Limited.

Mr. Lo was honoured with the "Ernst & Young China Entrepreneur Of The Year 2009" and also, as "Entrepreneur Of The Year 2009" in the China Real Estate Sector. He was also awarded the Gold Bauhinia Star (GBS) in 1998 and appointed Justice of the Peace in 1999 by the Government of the Hong Kong Special Administrative Region (HKSAR). Mr. Lo was made an Honorary Citizen of Shanghai in 1999 and Foshan in 2011. He was named Businessman of the Year at the Hong Kong Business Awards in 2001, and won the Director of the Year Award from The Hong Kong Institute of Directors in 2002 and Chevalier des Arts et des Lettres by the French government in 2005. In 2012, the 4th World Chinese Economic Forum honoured Mr. Lo with the Lifetime Achievement Award for Leadership in Property Sector.

In addition to his business capacity, Mr. Lo has been active in community services. He participated in the preparatory works of the establishment of the Hong Kong Special Administrative Region. He currently serves as a Member of The Twelfth National Committee of Chinese People's Political Consultative Conference, the Hong Kong's representative to the Asia Pacific Economic Cooperation (APEC) Business Advisory Council, Member of The Airport Authority Hong Kong, the President of Council for the Promotion & Development of Yangtze, an Economic Adviser of the Chongqing Municipal Government, the Honorary Life President of the Business and Professionals Federation of Hong Kong, a Vice Chairman of the Chamber of International Commerce Shanghai and the Honorary Court Chairman of The Hong Kong University of Science and Technology.

Mr. Freddy C. K. LEE
(resigned on 10 January 2014)
aged 52, was the Managing Director and Chief Executive Officer of the Company until 10 January 2014. Mr. Lee joined the Shui On Group in 1986 and has over 15 years of working experience in construction management and 13 years of working experience in property development in the People's Republic of China. During Mr. Lee's services in the Company as the Managing Director and Chief Executive Officer, he is responsible for the operations and management of the Company, including the implementation of the Company's first Three-Year Plan. Mr. Lee holds a Master's degree in Construction Management from the City University of Hong Kong and a Bachelor's degree in Quantity Surveying from Reading University, England. Mr. Lee is currently a member of the Royal Institution of Chartered Surveyors in the United Kingdom and a member of the Hong Kong Institute of Surveyors.

Mr. Daniel Y. K. WAN
aged 55, is the Managing Director and Chief Financial Officer of the Company responsible for all aspects relating to our finance and accounting, legal, company secretarial and information technology affairs. He is also responsible for the day to day management of the Company together with the other senior executives. Mr. Wan joined the Company in March 2009. He has extensive experience in the financial industry with over 20 years in senior management position. Prior to joining the Company, Mr. Wan was the General Manager and Group Chief Financial Officer of The Bank of East Asia, Ltd.

Mr. Wan holds a Bachelor of Business Administration degree from The Chinese University of Hong Kong and a Master of Business Administration degree from The University of Wales. He is a fellow member of The Association of Chartered Certified Accountants, fellow member of The Hong Kong Institute of Certified Public Accountants and a

From left to right
Mr. Vincent H. S. LO
Mr. Daniel Y. K. WAN
Mr. Philip K. T. WONG

member of The Institute of Chartered Accountants in England and Wales. Mr. Wan was a member of the Accounting Standards Advisory Panel of the Hong Kong Society of Accountants, member of the Auditing Standards Committee of the Hong Kong Society of Accountants, member of the Board of Review (Inland Revenue), member of the Small and Medium Enterprises Committee, member of the Travel Industry Compensation Fund Management Board, Chairman of the Investment Committee of the Travel Industry Compensation Fund and part-time member of the Central Policy Unit.

Mr. Philip K. T. WONG
(appointed on 10 January 2014)
aged 57, has been appointed Executive Director and Managing Director of the Company since 10 January 2014. He is currently the Chief Executive Officer of China Xintiandi Limited, a wholly-owned subsidiary of the Company. He takes full charge of the implementation of the business strategy and is responsible for the management and operation of China Xintiandi. Mr. Wong has over 25 years of experience in property development, investment and construction management. Prior to joining China Xintiandi, he was Managing Director and Chief Executive Officer of SOCAM Development Limited ("SOCAM"), also a member of the Shui On Group. Starting his career in the Shui On Group as a graduate engineer, Mr. Wong worked for the Group from 1979 to 1992 to the position of deputy general manager. He rejoined the Group in 2006 to oversee the property division of SOCAM, and successfully led a number of property acquisitions and transactions. He holds a Bachelor of Engineering degree, and is a member of the Dalian Municipal Committee of the Chinese People's Political Consultative Conference and the Hong Kong Institution of Engineers.

Non-executive Director:

Mr. Frankie Y. L. WONG
aged 65, has been appointed as a Non-executive Director of the Company since 17 August 2011 and is Non-executive Director of SOCAM. He was the Vice Chairman of SOCAM from 1997 to 2004 and from April 2010 to August 2011 and the Chief Executive Officer of SOCAM from July 2004 to March 2010. Mr. Wong joined the Shui On Group in 1981. He was a Director of the Company from May 2004 to May 2006 prior to the listing of the Company on The Stock Exchange of Hong Kong Limited in October 2006. He is also one of the Trustees of the Shui On Provident and Retirement Scheme. Prior to joining the Shui On Group, Mr. Wong had many years of banking experience with several major international banks in Hong Kong. He graduated with a Bachelor of Science degree in Economics and a Master of Arts degree from the London School of Economics and Political Science and The University of Lancaster in the United Kingdom respectively. Mr. Wong is currently an Independent Non-executive Director of Solomon Systech (International) Limited, which is listed in Hong Kong, a Non-executive Director of Walcom Group Limited, a company listed on the Alternative Investment Market of the London Stock Exchange plc. and a director of Sichuan Shuangma Cement Co., Ltd. (四川雙馬水泥股份有限公司), a company listed on the Shenzhen Stock Exchange.

Independent Non-executive Directors:

Sir John R. H. BOND
aged 72, has served as an Independent Non-executive Director of our Company since September 2006. He was previously the Group Chairman of HSBC Holdings plc and was with HSBC from 1961 until May 2006. He was the Chairman of Vodafone Group Plc until 26 July 2011 and the Chairman of Xstrata plc until May 2013. He is currently a Non-executive Director of A. P. Moller Maersk and an Advisory Director of Northern Trust Corporation. He is also a member of the Mayor of Shanghai's International Business Leaders' Advisory Council, a participant in the China Development Forum, a member of the International Advisory Board to the Tsinghua University School of Economics and Management and a member of the Mitsubishi International Advisory Committee.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT




Dr. William K. L. FUNG, SBS, JP
aged 65, has served as an Independent Non-executive Director of our Company since May 2006. Dr. Fung has been the Group Chairman of Li & Fung Limited since 14 May 2012 and before that, was the Executive Deputy Chairman (2011 – May 2012) and the Group Managing Director (1986 – 2011) of Li & Fung Limited. He has held key positions in major trade associations. He is past Chairman of the Hong Kong General Chamber of Commerce (1994 – 1996), Hong Kong Exporters' Association (1989 – 1991) and the Pacific Economic Cooperation Committee (1993 – 2002). He has been awarded the Silver Bauhinia Star by the Hong Kong Special Administrative Region Government in 2008. Dr. Fung graduated from Princeton University with a Bachelor of Science degree in Engineering and also holds an MBA degree from the Harvard Graduate School of Business. He was conferred Honorary Doctorate degrees of Business Administration by the Hong Kong University of Science and Technology and by the Hong Kong Polytechnic University. Dr. Fung is an Independent Non-executive Director of VTech Holdings Limited, Sun Hung Kai Properties Limited and The Hongkong and Shanghai Hotels, Limited and an Independent Director of Singapore Airlines Limited. He is also a Non-executive Director of other listed Fung Group companies including Convenience Retail Asia Limited and Trinity Limited. He is a director of the Fung Global Institute, an independent non-profit think-tank based in Hong Kong.

Professor Gary C. BIDDLE
aged 62, has served as an Independent Non-executive Director of our Company since May 2006. He is PCCW Professor and Chair of Accounting at the University of Hong Kong. He also teaches at Columbia Business School, London Business School and Fudan University. Professor Biddle earned his MBA and PhD degrees at University of Chicago. He has previously served as professor at University of Chicago, University of Washington, Hong Kong University of Science and Technology (HKUST), and as visiting professor at premier business schools globally, including China Europe International Business School (China), University of Glasgow (UK) and IMD (Switzerland). In academic leadership, Professor Biddle served as Dean of the Faculty of Business and Economics of the University of Hong Kong, and as Associate Dean and Department Head of the Business School of HKUST, where he also served as Council member, Court member, Senate member and Synergis-Geoffrey Yeh Chair Professor. Professor Biddle is a Council Member of the Hong Kong Institute of Certified Public Accountants and member of the Financial Reporting Review Panel of the Financial Reporting Council of the Hong Kong Special Administrative Region. He is also a member of the American Accounting Association (International Accounting Section Advisory Board), American Institute of Certified Public Accountants, Contemporary Accounting Research Editorial Board, Hong Kong Business and Professionals Federation, Hong Kong Institute of Directors (Training Committee), Washington Society of Certified Public Accountants, and he is past President and co-founding Council Member of the Hong Kong Academic Accounting Association. Professor Biddle first visited China in 1984 and has made Hong Kong home since 1996. He is expert in financial accounting, economic forecasting, value creation, valuation, corporate governance and performance metrics, including EVA®, and his research appears in the leading academic journals globally and the financial press including CNN, The Economist and Wall Street Journal. He has won 22 teaching awards. Professor Biddle further proudly serves as Independent Non-Executive Director and Audit Committee Chair of leading listed companies including Kingdee International Software Group Company Limited, and has chaired the remuneration committee of closely held Chinachem Group.

Dr. Roger L. McCARTHY
aged 65, has served as an Independent Non-executive Director of our Company since May 2006. Dr. McCarthy is currently the principal of McCarthy

From left to right
Mr. Frankie Y. L. WONG
Sir John R. H. BOND
Dr. William K. L. FUNG
Professor Gary C. BIDDLE
Dr. Roger L. McCARTHY
Mr. David J. SHAW

Engineering. He was formerly Chairman Emeritus of Exponent, Inc. (NASDAQ symbol "EXPO"). He was also Chairman of Exponent Science and Technology Consulting Co., Ltd. (Hangzhou)(毅博科技諮詢(杭州)有限公司), a wholly owned subsidiary of Exponent, Inc., which he founded in 2005 to expand Exponent Inc.'s services to the PRC. Dr. McCarthy holds five academic degrees: an Arts Bachelor (A.B.) in Philosophy and a Bachelor of Science in Mechanical Engineering (B.S.E.M.E.) from the University of Michigan; and an S.M. degree in Mechanical Engineering, the professional degree of Mechanical Engineer (Mech.E.), and a Ph.D. in Mechanical Engineering all from the Massachusetts Institute of Technology ("MIT"). He graduated from the University of Michigan Phi Beta Kappa, summa cum laude, the Outstanding Undergraduate in Mechanical Engineering in 1972. He was a National Science Foundation fellow. In 1992, Dr. McCarthy was appointed by the first President Bush to the President's Commission on the National Medal of Science. Dr. McCarthy is one of approximately 165 US Mechanical Engineers elected to the National Academy of Engineering. He currently serves on MIT's Material Science and Engineering Visiting Committee, External Advisory Board of the Mechanical Engineering Department at the University of Michigan, and the Stanford Materials Science & Engineering Advisory Board. Dr. McCarthy delivered the 2008 commencement address for the University of Michigan's College of Engineering. He is currently a member of the US National Academies Panel on Mechanical Science and Engineering at the Army Research Laboratory (2013-2014 Term) and a member of the National Academy of Engineering/National Research Council/ Transportation Research Board (TRB) Evaluation of the Federal Railroad Administration (FRA) Research and Development Program.

Mr. David J. SHAW
aged 67, has served as an Independent Non-executive Director of our Company since May 2006. Mr. Shaw acted as the Group Adviser to the Board of HSBC Holdings plc from June 1998 until 30 September 2013; he continues to act on a part-time basis as adviser to HSBC's Group Chairman and Group Chief Executive. Mr. Shaw is a solicitor, admitted in England and Wales and in Hong Kong. He was a partner of Norton Rose from 1973 until 1998 and during that period spent approximately 20 years working in Hong Kong. Mr. Shaw obtained a law degree from Cambridge University. He is a Non-executive Director of HSBC Bank Bermuda Limited which is part of the HSBC Group. He is also an Independent Non-executive Director of Kowloon Development Company Limited.

Senior Management

Mr. TANG Ka Wah
aged 54, is Director – Chongqing and is also an Executive Director of Shui On Development Limited. He is responsible for all aspects of our project in Chongqing. He joined the Shui On Group in 1985 and has over 28 years of working experience in the construction industry. He is a member of the Institution of Structural Engineers and a member of the Hong Kong Institution of Engineers. Mr. Tang is a chartered engineer. He holds a Bachelor's degree in Engineering from The University of Hong Kong and a Master's degree in Business Administration – E-Commerce from the West Coast Institute of Management & Technology, West Australia.

Mr. Charles W. M. CHAN
aged 58, is an Executive Director of Shui On Development Limited ("SOD"), Project Director – KIC Project as well as the Executive Director of Dalian Software Park Shui On Development Ltd. Mr. Chan leads the Shanghai KIC project and works closely with other directors of SOD on the overall management and development of SOD. He also takes the role of Chairman of Dalian Tiandi Executive Committee and is responsible for the development of Dalian Tiandi project. He joined the Shui On Group in January 2004. Prior to joining our Company, Mr. Chan was Deputy Managing Director of Frasers Property (China) Limited, Executive Director of SunCorp Technologies Limited, Vice President of Citibank N.A. and Manager of PricewaterhouseCoopers. He is a fellow of the Hong Kong Institute of Certified

Public Accountants and an associate of the Institute of Chartered Accountants in Australia. Mr. Chan holds a Bachelor's degree in Economics from the University of Sydney.

Mr. Albert K. B. CHAN
aged 54, is the Director of Development Planning and Design. Mr. Chan joined Shui On in 1997, and has more than 25 years of experience in planning, design and real estate development. Mr. Chan manages the conceptualization, site feasibility studies, masterplanning and design of developments for the Company. From 1997 to 2001, he led the planning and design effort for the Shanghai Xintiandi development. He also focuses on mixed-use development, product standardization efforts, and chairs the Sustainable Development Committee of the Company.

Prior to joining Shui On, Mr. Chan worked at the New York City Department of Design and Construction and at Cooper, Robertson + Partners. Mr. Chan holds a Bachelor of Architecture degree from the University of Minnesota, a Master of Architecture degree from the University of California, Berkeley, and a Master of Science degree in Architecture and Urban Design from Columbia University. He also holds an MBA from New York University. He is a Registered Architect of New York State, a member of the American Planning Association, a member of the Urban Land Institute ("ULI") and a member of its Shanghai Management Committee.

Mr. UY Kim Lun
aged 50, is Director of Legal Affairs and Company Secretary of our Company. He joined our Company in 2005 and is responsible for the legal, company secretarial and compliance issues of our Company. Mr. Uy holds a Bachelor's degree, with honours, in Laws and a Postgraduate Certificate in Laws from The University of Hong Kong. He was admitted as a solicitor in Hong Kong in 1991 and in England and Wales in 1994. He has over 22 years of post-qualification experience and has worked in the legal departments of several blue-chip companies in Hong Kong before joining our Company.

Mr. Timmy T. M. LEUNG
aged 55, is the Director of Finance of SOD. He is responsible for the finance, accounting and treasury functions of SOD. He joined SOD in 2009 and has over 30 years of working experience in financial institutions. Prior to joining SOD, Mr. Leung was the Chief Marketing Officer of Temasek's wholly owned subsidiary, Fullerton Investment Guarantee Company. Mr. Leung completed his Business studies in East China University of Science and Technology in Shanghai. He is a Committee member for Shanghai Huangpu District Committee of The Chinese People's Political Consultative Conference. Mr. Leung was also a Committee member for Hangzhou Committee of The Chinese People's Political Consultative Conference and Vice President and Head of Finance Group of Hong Kong Chamber of Commerce in China, Shanghai.

Mr. Bryan K. W. CHAN
aged 39, is currently the Project Director for THE HUB. He is fully in charge of the Group's mixed used development project adjacent to the Hongqiao Transportation Hub in Hongqiao, Shanghai. Mr. Chan joined the Company in February 2009 as Director of Corporate Development. Prior to joining our Company, Mr. Chan had been an adviser to the Commercial Division of the Company and has extensive experience in both retail and real estate industries. Mr. Chan received a Bachelor of Arts degree in Economics from Northwestern University and a Master's of Accounting degree from the University of Southern California. He is a member of the Urban Land Institute (ULI), International Council of Shopping Centers (ICSC), Shanghai Youth Federation, Shanghai Youth Entrepreneurs Association and Ming Hang District Political Consultative Committee.

Ms. Jessica Y. WANG
aged 39, is the Project Director for the Rui Hong Xin Cheng project and an Executive Director of SOD. She is responsible for all aspects of our project in Rui Hong Xin Cheng, Shanghai and also certain functions of SOD including branding, corporate communications and public relations, marketing and sales, product development and land acquisition. Ms. Wang joined the Group in August 1997 and has over 19 years of working experience in the property development industry in PRC. Prior to joining the Group, Ms. Wang was engaged in sales & marketing in one of the well-known real estate company. Ms. Wang received a Bachelor of Engineering degree in Shanghai University of Technology. Ms. Wang has completed the courses of Executive Master of Business Administration of Real Estate (EMBA) jointly organized by Shanghai Fudan University and Hong Kong University and the China New Entrepreneur Development Program in Center for Sustainable Development and Global Competitiveness in Stanford University. Ms. Wang is a member of Hong Kou District Political Consultative Committee, Chairman of Hong Kou District Association of Enterprises with Foreign Investment, Director of Shanghai Federation of Industry & Commerce Real Estate Chamber of Commerce, Vice Chairman of Hong Kou District non-Party Intellectuals Association, Chairman of Hong Kou District Overseas Returned Entrepreneurs Association, Director of Hong Kou District Overseas Chinese Friendship Association and a member of Hong Kou District Youth Entrepreneurs Association.

Mr. Matthew Q. GUO
aged 39, is currently the Managing Director of Feng Cheng Property Management and an Executive Director of SOD. He is responsible for all aspects of the property management of Feng Cheng and the human resources, information technology and administrative functions of SOD. Mr. Guo joined the Group in 1997 and he

has over 16 years of working experience in the property development industry in the PRC. Mr. Guo was the Project Director of the Wuhan Tiandi project during the year ended 31 December 2013 and he was also involved in other projects of the Group including Shanghai Xintiandi, Taipingqiao Park, The Lakeville Phase I and the Yangpu Knowledge and Innovation Community project in Shanghai. Mr. Guo holds a Bachelor's degree in urban planning from the Tongji University.

Mr. Raphael S. P. PUI
aged 51, is Director - Commercial. He is currently responsible for the sales and marketing functions of Dalian Tiandi project and Foshan Lingnan Tiandi project. During the year 2013, Mr. Pui was also in charge of the sales and marketing aspects of the Chongqing Tiandi project and the Wuhan Tiandi project. Mr. Pui joined our Company in 2004 and has over 25 years of working experience in the real estate industry. Prior to joining our Company, Mr. Pui took the management role in the asset management function at the American International Assurance Co. Ltd., and The HongKong and Shanghai Hotels, Ltd. Mr. Pui holds a Bachelor's degree in Business Administration at the University of Texas at Austin.

Mr. Charles K. M. LEE
aged 57, is the Director of Human Resources. He joined Shui On Land in May 2012 and is responsible for Human Resources and Shui On Academy of the Company. Mr. Lee has over 25 years of solid experience in human resources management and has worked in various well-known multi-national corporations in different industries. Mr. Lee holds a Master's degree of Science from The University of Leeds and a Bachelor's degree of Science from the Chinese University of Hong Kong. He also holds a MBA from the City Polytechnic of Hong Kong. Mr. Lee is the Executive Council Member of Huang Pu District Association of Labor Relations and member of Hong Kong Institute of Human Resources.

Miss Stephanie B. Y. LO
aged 31, is Director – Product Development for China Xintiandi Limited, a wholly owned subsidiary of the Company. She takes lead in product conceptualization and product positioning for new commercial projects, driving asset enhancement schemes for existing projects with a view to maximizing the value of the Company's asset portfolio. She is the daughter of Mr. Lo. Miss Lo joined our Group in August 2012 and has over 10 years of working experience in architecture and interior design as well as other art enterprises. Prior to joining our Group, Miss Lo was working for various architecture and design firms in New York City, amongst which was Studio Sofield, a firm well-known for its capability in retail design. She holds a Bachelor of Arts degree in architecture from Wellesley College in Massachusetts.

Mr. Thomas Y. W. TAM
aged 52, is currently the Executive Director – Commercial of China Xintiandi. He is responsible the leasing, branding and marketing of China Xintiandi's office and retails portfolios. He joined our Group in 2012. Prior to joining the Group, he was the founder of TCBL Consulting Limited and served as its Joint Managing Director. He has more than 28 years of experience working for major Hong Kong developers and conglomerates, including Cheung Kong Group, CITIC Pacific, and Hongkong Land. Mr. Tam has become involved in China real estate industry since 1993. He holds a Professional Diploma in Estate Management from the Hong Kong Polytechnic University. He is a Member of Hong Kong Institute of Surveyors and Royal Institution of Chartered Surveyors.

Mr. Alan W. K. TIN
aged 56, is currently the Director – Corporate Services of China Xintiandi responsible for the human resources, administration and IT matters. He joined the Shui On Group in 1989 and has over 25 years of working experience in human resource management. He holds a Master's degree in Business Administration and is a Fellow Member of the Hong Kong Institute of Human Resource Management.

Mr. George W. K. CHAN
aged 56, is currently the Executive Director – Finance of China Xintiandi. He is responsible for the overall finance and accounting functions of China Xintiandi. Mr. Chan initially joined the Group in 2007, left in 2009 and rejoined the Group in August 2013. Immediately prior to rejoining, Mr. Chan was the Chief Financial Officer of Tishman Speyer in China. Previously, he had held senior management positions with various enterprises, including listed companies, across different industries including the real estate, children's toys and magazine publishing. Mr. Chan is a member of the Institute of Chartered Accountants in England and Wales and holds a Bachelor of Science degree in Economics & Accountancy from The City University, London, United Kingdom and an MBA from The Chinese University of Hong Kong.

Mr. Mario B. YEUNG
aged 51, is currently the Director of Corporate Development of China Xintiandi. He is responsible for the disposal and acquisition strategy, development of investment funds and management of strategic partners for existing and new commercial projects. He joined the Group in July 2010 and has over 15 years of working experience in legal and corporate finance with listed conglomerates and investment banks in Hong Kong prior to joining the Group. He holds a Bachelor's degree of Engineering and Postgraduate Certificate in Laws from Newcastle Upon Tyne Polytechnic and The University of Hong Kong respectively. He is a qualified lawyer in Hong Kong and is a member of The Law Society of Hong Kong since 1999.

DIRECTORS' REPORT

The Directors present their annual report and the audited consolidated financial statements for the year ended 31 December 2013.

Principal Activities

The Company acts as an investment holding company. The activities of its subsidiaries, associates and joint ventures are set out in notes 45, 17 and 18 respectively to the consolidated financial statements.

Results and Appropriations

The results of the Group for the year ended 31 December 2013 are set out in the consolidated income statement on page 106.

An interim dividend of HK$0.022 per share was paid to the shareholders on 23 September 2013.

The Board has resolved to recommend the payment of a final dividend of HK$0.04 per share for the year ended 31 December 2013 (2012: HK$0.035), amounting to approximately RMB253 million (2012: RMB223 million) in aggregate. Subject to shareholders' approval of the final dividend at the forthcoming annual general meeting to be held on 28 May 2014 (the "AGM"), the final dividend is expected to be paid on or about 18 June 2014 to shareholders whose names appear on the register of members of the Company on 5 June 2014.

Investment Properties

Details of the movements in the investment properties of the Group during the year are set out in note 13 to the consolidated financial statements.

Property, Plant and Equipment

Details of the movements in the property, plant and equipment of the Group during the year are set out in note 14 to the consolidated financial statements.

Share Capital

Details of share capital of the Company during the year ended 31 December 2013 are set out in note 27 to the consolidated financial statements.

Distributable Reserves of the Company

The Company's reserves available for distribution to shareholders as of 31 December 2013 were RMB15,589 million (2012: RMB12,019 million).

Directors

The Directors of the Company during the year ended 31 December 2013 and up to the date of this report were:

Executive Directors
Mr. Vincent H. S. LO
Mr. Freddy C. K. LEE (resigned on 10 January 2014)
Mr. Daniel Y. K. WAN
Mr. Philip K. T. WONG (appointed on 10 January 2014)

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

In accordance with the provisions of the Company's Articles of Association, Mr. Vincent H. S. LO, Sir John R. H. BOND and Dr. William K. L. FUNG will retire by rotation at the AGM and being eligible, will offer themselves for re-election and Mr. Philip K. T. WONG, appointed as an Executive Director of the Company on 10 January 2014, will retire at the AGM and being eligible, will offer himself for re-election.

Directors' Interests in Securities

At 31 December 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 ("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 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)	Total	Approximate percentage of interests to the issued share capital of the Company (Note 5)
Mr. Vincent H. S. LO	–	1,849,521 (Note 1)	4,571,850,984 (Note 2)	–	4,573,700,505	57.15%
Mr. Freddy C. K. LEE	381,333	244,666 (Note 3)	–	8,290,078 (Note 3)	8,916,077	0.11%
Mr. Daniel Y. K. WAN	–	–	–	7,363,231	7,363,231	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 shares were beneficially owned by Ms. Loletta CHU ("Mrs. Lo"), the spouse of Mr. Vincent H. S. LO ("Mr. Lo"). Mr. Lo was deemed to be interested in 1,849,521 shares under Part XV of the SFO.

(2) These shares were held by Shui On Company Limited ("SOCL") through its controlled corporations, comprising 1,198,103,792 shares, 1,907,173,267 shares, 183,503,493 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 were all wholly-owned subsidiaries of SOI. NRI was a wholly-owned subsidiary of SOCAM which in turn was held by SOCL as to 48.42%. SOCL was held under the Bosrich Unit Trust, the trustee of which was Bosrich Holdings (PTC) Inc. ("Bosrich"). The units of the Bosrich Unit Trust were the property of a discretionary trust, of which Mr. Lo was a discretionary beneficiary and HSBC International Trustee Limited ("HSBC Trustee") was 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, a director of the Company for the year ended 31 December 2013, was deemed to be interested in 244,666 shares and 1,011,393 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 respective associate(s) under the share option scheme adopted by the Company on 8 June 2007 to subscribe for shares.

(5) These percentages have been compiled based on the total number of issued shares (i.e. 8,001,726,189 shares) at 31 December 2013.

(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 31 December 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 Securities

At 31 December 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 (Note 4)
Mrs. Lo	Family and Personal	4,573,700,505 (Notes 1 & 3)	57.15%
HSBC Trustee	Trustee	4,571,850,984 (Notes 2 & 3)	57.13%
Bosrich	Trustee	4,571,850,984 (Notes 2 & 3)	57.13%
SOCL	Interests of Controlled Corporation	4,571,850,984 (Notes 2 & 3)	57.13%

Notes:

(1) These shares comprised 1,849,521 shares beneficially owned by Mrs. Lo and 4,571,850,984 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 4,571,850,984 shares under Part XV of the SFO.

(2) These shares were held by SOCL through its controlled corporations, comprising 1,198,103,792 shares, 1,907,173,267 shares, 183,503,493 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 were all wholly-owned subsidiaries of SOI. NRI was a wholly-owned subsidiary of SOCAM which in turn was held by SOCL as to 48.42%. SOCL was held under the Bosrich Unit Trust, the trustee of which was Bosrich. The units of the Bosrich Unit Trust were the property of a discretionary trust, of which Mr. Lo was a discretionary beneficiary and HSBC Trustee was 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) All the interests stated above represent long positions.

(4) These percentages have been compiled based on the total number of issued shares (i.e. 8,001,726,189 shares) at 31 December 2013.

Save as disclosed above, at 31 December 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 36 to the consolidated financial statements.

The following table sets out the movement of the Company's share options during the year under review:

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 31 December 2013	Period during which the share options are exercisable
Directors									
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	–	(253,505)	6,337,614	3 October 2012 – 28 October 2018
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	–	(289,718)	1,593,453	3 October 2012 – 28 October 2018
Sub-total				**22,209,652**	**1,879,535**	**–**	**(9,447,271)**	**14,641,916**	
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	–	(5,991,546)	56,148,821	20 June 2009 – 19 June 2016
	1 August 2007	8.18	7.54	784,457	64,847	–	(69,160)	780,144	1 August 2009 – 31 July 2016
	2 October 2007	10.00	9.22	1,574,269	130,093	–	(655,330)	1,049,032	2 October 2009 – 1 October 2016
	1 November 2007	11.78	10.86	448,212	38,069	–	(73,881)	412,400	1 November 2009 – 31 October 2016
	3 December 2007	9.88	9.11	101,481	8,609	–	(3,725)	106,365	3 December 2009 – 2 December 2016
	2 January 2008	8.97	8.27	2,724,178	226,486	–	(218,524)	2,732,140	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	–	(57,651)	427,852	3 March 2010 – 2 March 2017
	2 May 2008	7.93	7.31	3,761,937	306,484	–	(271,944)	3,796,477	2 May 2010 – 1 May 2017
	2 June 2008	7.34	6.77	9,116,971	686,452	–	(1,325,005)	8,478,418	2 June 2010 – 1 June 2017
	2 July 2008	6.46	5.95	445,679	32,997	–	(78,742)	399,934	2 July 2010 – 1 July 2017
	4 September 2009	4.90	4.52	14,531,719	1,131,994	–	(2,969,614)	12,694,099	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	–	(4,425,515)	10,708,710	3 October 2012 – 28 October 2018
	3 September 2012	5.35	4.93	14,547,326	1,236,303	–	(3,412,789)	12,370,840	5 November 2012 – 4 November 2019
Sub-total				**150,124,536**	**12,172,545**	**–**	**(41,059,286)**	**121,237,795**	
Total				173,134,188	14,120,080	-	(50,723,557)	136,530,711	

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.

Summary of the Share Option Scheme are as follows:

(i) Purpose

The purpose of the Share Option Scheme is to provide a strategic driver to enhance shareholder value of the Company through achieving excellent business results and rapid growth; and to build a high performing organization with loyal staff and other key contributors who are committed to achieving the vision and goals of the Company.

(ii) Qualifying participants

The Board may offer to grant an option to any employee including employee who has been newly promoted or recruited by the Company and/or its subsidiaries and non-executive director, consultant or other contributor of the Company or its subsidiaries as recommended by the Chairman.

(iii) Maximum number of shares

The total number of shares which may be issued upon exercise of all options to be granted under the Share Option Scheme must not in aggregate exceed 10% of the issued share capital of the Company at the date of approval of the Share Option Scheme or 30% of the issued share capital of the Company from time to time. No options may be granted under the Share Option Scheme if this will result in such limit exceeded. At 31 December 2013, the number of shares available for issue in respect thereof is 418,009,717 shares.

(iv) Limit for each participant

The total number of shares of the Company issued and to be issued upon exercise of options (whether exercised or outstanding) granted in any 12-month period to each participant must not exceed 1% of the shares of the Company in issue.

(v) Option period

The period within which the shares must be taken up under an option for an employee shall be for such period as the Board may from time to time determine, and initially as at the Adoption Date, shall be a period ranging from 5 years for the first to the third tranch to 1 year for the seventh tranch of the option unless otherwise adjusted by the Board in its absolute discretion in certain circumstances set out in the Share Option Scheme. In the case of an option granted to a qualifying participant recommended by the Chairman, the option period shall be for such period as the Board may from time to time determine in accordance with the recommendations of the Chairman, which initially at the Adoption Date, shall not be more than 5 years from the date of the relevant grant. In all cases, the option period shall not exceed 10 years from the date of grant of the relevant option.

(vi) Acceptance and payment on acceptance

An offer shall remain open for acceptance by the qualifying participant concerned for a period of 30 days from the date of the offer (or such longer period as the Board may specify in writing). HK$1.00 is payable by the grantee to the Company on acceptance of the offer of the option.

(vii) Subscription price

The subscription price in respect of any particular option shall be at least the higher of (i) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date of grant; (ii) the average closing prices of the shares as stated in the Stock Exchange's daily quotation sheets for the 5 business days immediately preceding the date of grant; and (iii) the nominal value of a share.

(viii) Remaining life of the Share Option Scheme

The Board shall be entitled at any time within 10 years commencing on 8 June 2007 to make an offer for the grant of an option to any qualifying participants.

Arrangement to Purchase Shares or Debentures

Other than the share option holdings disclosed above, at no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Purchase, Sale or Redemption of Securities

In September 2010, the Company issued RMB2,720 million USD settled 4.5% convertible bonds due 2015 (the "CB"). During the year under review, the Company repurchased some of the CB with an aggregate principal amount of RMB80 million on 18 July 2013. The repurchased bonds had been cancelled in accordance with the terms of the CB. Following the cancellation of the repurchased bonds, the aggregate principal amount of the CB remaining outstanding was RMB2,640 million. Details of the transaction are set out in the announcement of the Company dated 18 July 2013.

In addition, on 29 September 2013, the Company redeemed an aggregate principal amount of RMB2,206.5 million of the CB as a result of certain holders of the CB exercised their options to require the Company to redeem the CB in accordance with the terms of the CB. Details of the transaction are set out in the announcement of the Company dated 2 September 2013. Immediately after the redemption and as at 31 December 2013, the aggregate principal amount of the CB remaining outstanding was RMB433.5 million.

Saved as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's securities during the year ended 31 December 2013.

Corporate Governance

The Company is committed to maintaining a high standard of corporate governance practices. Information on the corporate governance practices adopted by the Company is set out in the "Corporate Governance Report" on pages 62 to 73.

Connected Transactions

Certain related party transactions as disclosed in note 40 to the consolidated financial statements also constituted non-exempt connected transactions of the Company and are required to be disclosed in accordance with Chapter 14A of the Listing Rules. The following transactions are the connected transactions of the Company and its subsidiaries during the year under review, certain of which are ongoing.

(1) Provision of construction services by SOCAM Development Limited ("SOCAM") to the Group

In the ordinary course of the Group's business, the Group entered into a number of construction contracts with Shui On Construction Co., Ltd. ("SOCC"), and Pat Davie (China) Limited (together, the "SOCAM Contractors"), which are the subsidiaries of SOCAM, as the contractors for construction works in relation to the Group's projects in the PRC. The construction contracts include renovation works, building decoration works, mechanical and electrical system materials procurement and building materials procurement. Mr. Lo and his associates are together currently holding more than 30% equity interest in SOCAM. Therefore, SOCAM and its subsidiaries, including the SOCAM Contractors, are the associates of a connected person of the Company.

On 4 June 2006, the Company entered into a construction services framework agreement with SOCC in respect of the provision of construction services as supplemented by a supplemental agreement dated 15 December 2008 to extend the term for three financial years to 31 December 2011. On 9 December 2011, the Company and Shui On Contractors Limited ("SOC"), a wholly-owned subsidiary of SOCAM, entered into a new framework agreement (the "New Construction Services Framework Agreement") to provide new guidelines and basis of annual caps on the provision of construction services by SOC and its subsidiaries (which form part of SOCAM group and include SOCC as one of its members) to the Group for a further term of three financial years ending on 31 December 2014.

Under the New Construction Services Framework Agreement, for contracts with a contract sum of RMB5 million or more, construction contracts were generally put out to tender and contractors selected through a bidding process under which each potential contractor was assessed on its qualifications, reputation for reliability, quality and price. The construction contracts with SOCAM Contractors of over RMB5 million were entered into pursuant to and on the basis of bids tendered. For contracts of less than RMB5 million, the price was agreed with SOCAM Contractors with reference to the prevailing market rates.

The Group expected that the maximum annual fees for the construction services provided by SOC and its subsidiaries to the Group under the New Construction Services Framework Agreement would not exceed RMB1,060 million for the financial year ended 31 December 2013 and RMB1,250 million for the financial year ending on 31 December 2014.

An amount of RMB464 million was paid and/or is payable by the Group to SOC and its subsidiaries for the construction services during the year under review.

(2) Provision of management services by Shui On Development Limited ("Shanghai SOD") to Richcoast Group Limited ("Richcoast") and its subsidiaries (collectively as the "Dalian Group")

On 28 April 2008, Shanghai SOD, a wholly-owned subsidiary of the Company, Max Clear Holdings Limited ("Max Clear"), a wholly-owned subsidiary of SOCAM, Yida Group Company Limited ("Yida") and certain onshore companies of the Dalian Group entered into a management services agreement (the "Management Services Agreement") pursuant to which each of Shanghai SOD, Max Clear and Yida agreed to provide management services to the onshore companies of the Dalian Group for a term of three years commencing from 1 January 2008 to 31 December 2010. On 28 December 2010, Shanghai SOD, Max Clear, Yida and the then onshore companies of the Dalian Group (the "Dalian Onshore Group") entered into a renewed management services agreement to extend the term of the Management Services Agreement for the three financial years ended 31 December 2013.

In accordance with the Management Services Agreement as supplemented by the renewed management services agreement dated 28 December 2010, each of Shanghai SOD, Max Clear and Yida is entitled to receive an annual management services fee from the Dalian Onshore Group to be calculated at 1%, 1.5% and 1% respectively of the annual total budgeted construction cost for the Dalian project with respect to the provision of management services.

On 29 October 2012, Shanghai SOD, Max Clear, Yida and the Dalian Onshore Group entered into a further renewed management services agreement to, among other things, (a) further extend the term of the Management Services Agreement so that it will end on 31 December 2014 instead of 31 December 2013; (b) revise the scope of management services to be provided by Shanghai SOD and Max Clear to the Dalian Onshore Group; and (c) revise the relevant percentage ratios for calculating the annual management services fees payable by the Dalian Onshore Group (i) from 1% to 1.5% as to Shanghai SOD and (ii) from 1.5% to 1% as to Max Clear, in each case of the annual total budgeted construction cost for the Dalian project. The revisions in (b) and (c) above are effective from 29 October 2012.

The companies constituting the Dalian Group are the subsidiaries of the Company for the purposes of the Listing Rules, and Max Clear and Yida are connected persons of the Company by virtue of being the substantial shareholders of Richcoast.

The annual caps for the management services fees paid or payable by the Dalian Group to each of Shanghai SOD, Max Clear and Yida for the financial year ended 31 December 2013 should not exceed RMB30 million, RMB20 million and RMB20 million respectively. Whereas for the financial year ending on 31 December 2014, the annual caps for the management services fees paid or payable by the Dalian Group to each of Shanghai SOD, Max Clear and Yida are set at RMB38 million, RMB25 million and RMB25 million respectively.

The amounts of RMB15 million, RMB10 million and RMB10 million were paid and/or are payable to Shanghai SOD, Max Clear and Yida respectively for the management services fees during the year under review.

(3) Provision of construction services by Yida and its subsidiaries (the "Yida Group") for Dalian Tiandi

On 7 August 2008, Richcoast and Yida entered into a framework construction agreement, pursuant to which the Yida Group may enter into contracts with the Dalian Group to perform site formation and construction works, which include excavation and/or back filling, clearance of the construction site, removal of the construction garbage, setting up a drainage system and construction of the main structures on the land area constituting Dalian Tiandi for a term expiring no later than 31 December 2010. The term of the agreement was subsequently extended to 31 December 2011 by a supplemental agreement dated 17 July 2009 and further extended to 31 December 2012 by a second supplemental agreement dated 26 August 2010. On 23 November 2012, Richcoast and Yida entered into the third supplemental agreement to the framework construction agreement to provide guidelines and basis of annual caps for the provision of construction services by the Yida Group to the Dalian Group for a further term of three financial years ending on 31 December 2015.

Yida, through its wholly-owned subsidiary, is a substantial shareholder of Richcoast, a subsidiary of the Company for the purposes of the Listing Rules. Therefore, the Yida Group is a connected person of the Company under the Listing Rules.

The Group expected that the maximum annual fees for the construction services provided by the Yida Group to the Group for each of the three years ending on 31 December 2015 would not exceed RMB1,000 million.

An amount of RMB510 million was paid and/or is payable by the Dalian Group to the Yida Group for the construction services fees during the year under review.

(4) Use of aircraft owned by a subsidiary of SOCL

On 4 September 2009, the Company entered into an agreement with Top Dynasty Investment Limited ("Top Dynasty") pursuant to which the Group may use an aircraft owned by Top Dynasty for the purpose of transporting passengers for business of the Group. As Top Dynasty is a subsidiary of SOCL, the transactions contemplated under the agreement constitute continuing connected transactions of the Company under the Listing Rules.

The term of the agreement was extended to 31 December 2013 by a supplemental agreement dated 2 November 2010 and further extended to 31 December 2016 by a second supplemental agreement dated 18 September 2013. The fees payable under the agreement are calculated based on the actual travelling schedules of the passengers.

It was expected that the maximum annual fees payable by the Group to Top Dynasty and its affiliates under the agreement for the financial year ended 31 December 2013 would not exceed RMB21.1 million. The annual caps for the fees payable under the agreement in respect of the three financial years ending on 31 December 2016 are set out in the announcement of the Company dated 18 September 2013.

An amount of RMB8.1 million was paid and/or is payable by the Group to Top Dynasty and its affiliates for the use of aircraft during the year under review.

(5) Continuing connected transactions with respect to the Super High Rise Project of Chongqing Shui On Tiandi Property Development Company Limited ("Chongqing Tiandi Development")

On 24 May 2011, Winnington Land Limited ("WLL") and Chongqing Tiandi Development entered into a project services framework agreement (the "CQ(SHR) Agreement") pursuant to which Chongqing Tiandi Development may enter into separate service contracts with WLL and its associates (the "WLL Group") to perform services with respect to the Super High Rise project of Chongqing Tiandi Development, from time to time in accordance with the terms of the CQ(SHR) Agreement for the three financial years ended 31 December 2013.

At the date of the relevant announcement, the ultimate controlling shareholder of WLL was an associate of Mr. Lo pursuant to Rule 14A.11(4)(c) of the Listing Rules, and was therefore an associate of a connected person of the Company. Accordingly, WLL, together with the WLL Group, were connected persons of the Company and the services fees payable by Chongqing Tiandi Development to the WLL Group under the CQ(SHR) Agreement constituted continuing connected transactions of the Company under the Listing Rules.

The annual cap for the services fees payable by Chongqing Tiandi Development to the WLL Group under the CQ(SHR) Agreement for the financial year ended 31 December 2013 should not exceed RMB21.88 million.

An amount of RMB2.4 million was paid and/or is payable by Chongqing Tiandi Development to the WLL Group for the project services fees during the year under review.

On 1 February 2013, WLL and Chongqing Tiandi Development entered into a deed of termination pursuant to which the parties mutually agreed to terminate the CQ(SHR) Agreement with effect from 1 February 2013.

(6) Continuing connected transactions with respect to the projects of Shanghai Rui Hong Xin Cheng Co., Ltd ("RHXC")

On 27 October 2009, SODH, WLL and RHXC entered into a project services framework agreement pursuant to which RHXC may enter into separate service contracts with the Group and/or the WLL Group to perform services with respect to the property development projects of RHXC, from time to time in accordance with the terms of the framework agreement for the three years ended 31 December 2011. On 23 February 2012, RHXC and WLL entered into a new framework agreement (the "RHXC Agreement") to provide guidelines and basis of annual caps on the provision of services by the WLL Group to RHXC for a further term of three financial years ending on 31 December 2014.

At the date of the relevant announcement, the ultimate controlling shareholder of WLL was an associate of Mr. Lo pursuant to Rule 14A.11(4)(c) of the Listing Rules, and was therefore an associate of a connected person of the Company. Accordingly, WLL, together with the WLL Group, were connected persons of the Company and the services fees payable by RHXC to the WLL Group under the RHXC Agreement constituted continuing connected transactions of the Company under the Listing Rules.

The annual caps for the services fees payable by RHXC to the WLL Group for the financial year ended 31 December 2013 and for the financial year ending on 31 December 2014 should not exceed RMB20.58 million and RMB30 million respectively.

An amount of RMB0.2 million was paid and/or is payable by RHXC to the WLL Group for the project services fees during the year under review.

On 1 February 2013, WLL and RHXC entered into a deed of termination pursuant to which the parties mutually agreed to terminate the RHXC Agreement with effect from 1 February 2013.

(7) Continuing connected transactions with the Langham Hospitality Group with respect to 88 Xintiandi project

On 22 August 2011, SODH entered into a joint venture arrangement with Langham Hospitality Group Limited and its subsidiaries (the "Langham Hospitality Group") in relation to the 88 Xintiandi project for the purposes of owning and holding the 88 Xintiandi brand and trademarks for use by hotels and branded residences in the PRC as contemplated under the shareholders' deed dated 22 August 2011 and the related agreements.

Pursuant to the shareholders' deed and in furtherance of the 88 Xintiandi project, SODH and the Langham Hospitality Group further entered into the master agreement on 22 August 2011 pursuant to which the members of the Langham Hospitality Group may enter into separate services contracts with the Group for the provision of fitting-out, centralized services, marketing and management services, and the granting of licenses to the hotels and branded residences developed and/or owned by the Group or third parties under the 88 Xintiandi brand.

The Langham Hospitality Group is owned by Great Eagle Holdings Limited ("Great Eagle") which is an associate of Mr. Lo for the purposes of the Listing Rules. Accordingly, the transactions contemplated under the shareholders' deed and the master agreement constitute continuing connected transactions of the Company under the Listing Rules.

The annual caps for the services payable by the Group to the Langham Hospitality Group under the master agreement for each of the financial years ending on 31 December 2025 shall not exceed RMB80 million.

An amount of RMB1.1 million was paid and/or is payable by the Group to the Langham Hospitality Group for the services during the year under review.

(8) Continuing connected transactions with Langham Hotels International Limited ("Langham International") and Langham Hotels (Shanghai) Company Limited ("Langham Shanghai") with respect to Langham Xintiandi Hotel

On 1 April 2010, Shanghai Li Xing Hotel Company Limited ("Li Xing") entered into a hotel management agreement with Langham Shanghai and a license agreement with Langham International (collectively "Langham Xintiandi Hotel Related Agreements"). Under the hotel management agreement, Langham Shanghai shall have the exclusive right to manage and operate Langham Xintiandi Hotel for a term of 20 years from the opening of Langham Xintiandi Hotel and renewable by Langham Shanghai for multiple 10-year periods subject to the terms therein. In addition, pursuant to the license agreement, Langham International has agreed to grant to Li Xing a non-exclusive and non-transferable license to use the "Langham" and other marks for the operation of Langham Xintiandi Hotel during the term of the hotel management agreement.

Langham Shanghai and Langham International are owned by Great Eagle which is an associate of Mr. Lo for the purposes of the Listing Rules. With effect from 16 March 2012 upon the completion of Rimmer Acquisition and MGI Acquisition (as defined in the announcement of the Company dated 9 September 2011 and the circular of the Company dated 6 October 2011), Li Xing became a subsidiary of the Company. Accordingly, the transactions contemplated under the Langham Xintiandi Hotel Related Agreements become continuing connected transactions of the Company under the Listing Rules.

The annual caps for the services payable by the Group to Langham Shanghai and Langham International under the Langham Xintiandi Hotel Related Agreements for the financial year ended 31 December 2013 shall not exceed HK$98.959 million.

An aggregate amount of RMB13.8 million was paid and/or is payable by the Group to Langham Shanghai and Langham International during the year under review.

On 28 January 2014, the Company and Great Eagle renewed the annual caps of the Langham Xintiandi Hotel Related Agreements for each of the three financial years ending on 31 December 2016. Additional details of the transaction are set out in the announcement of the Company dated 28 January 2014.

(9) Asset swap and joint venture agreement with Trophy Property GP Limited and subsidiaries of TPD

On 30 September 2013, SODH entered into a swap agreement (the "Swap Agreement") with Trophy Property GP Limited, as general partner of and on behalf of Trophy Property Development L.P. ("TPD") and TPD's subsidiaries (collectively, the "Investor"). Under the Swap Agreement, (i) SODH shall transfer to Taipingqiao 116 Development Company Limited ("Taipingqiao 116") all of its shares in Portspin Limited ("Portspin") (and any related shareholders' loans and any receivables owed to SODH or its affiliates by Portspin or its subsidiaries) and (ii) the Investor shall transfer to SODH all of their shares in Fieldcity Investments Limited, Foresight Profits Limited, Score High Limited and Rightchina Limited (collectively, the "Group Companies") (and any related shareholders' loans and any receivables owed to the Investor or its affiliates by the Group Companies and any of their respective subsidiaries). Upon completion of the Swap Agreement, SODH will beneficially own 100% equity interest in the offshore parent companies with respect to Wuhan Tiandi, Rui Hong Xin Cheng and Chongqing Tiandi.

Simultaneously on 30 September 2013, SODH, Taipingqiao 116 and Portspin entered into a joint venture agreement (the "JV Agreement") in relation to Portspin, pursuant to which, inter alia, SODH would receive shares in Portspin upon completion under the Swap Agreement and the parties thereunder had agreed to manage the business of Portspin and its subsidiaries in accordance with the terms and conditions of the JV Agreement. Pursuant to the JV Agreement, Taipingqiao 116 may within two weeks of Adjustment Date (as defined in the JV Agreement) sell its shares in Portspin of a value of US$90 million to SODH ("Sale Option"). If Taipingqiao 116 exercises the Sale Option, SODH shall have the right to buy shares in Portspin from Taipingqiao 116 equivalent to the shares acquired under the Sale Option ("Purchase Option"). If Taipingqiao 116 exercises the Sale Option in full, SODH's interest in Portspin would be approximately 28% and if SODH then exercises the Purchase Option, SODH's interest in Portspin will further increase to approximately 37%. SODH may also in certain other limited circumstances repurchase the shares in Portspin acquired by Taipingqiao 116 at a price to be determined with reference to the valuation of the fair market value of Portspin and its subsidiaries as agreed under the terms of the JV Agreement.

Details of the Swap Agreement and the JV Agreement are set out in the announcement of the Company dated 30 September 2013 and the circular of the Company dated 30 November 2013.

Since the Investor holds, directly or indirectly, more than 10% interest in one or more of the Group Companies, which are indirect non-wholly owned subsidiaries of the Company, therefore, the Investor is a connected person of the Company. Accordingly, each of the Swap Agreement and the JV Agreement constituted a connected transaction of the Company under the Listing Rules.

Pursuant to Rule 14A.37 of the Listing Rules, the INEDs of the Company have reviewed the above continuing connected transactions referred to in items (1) to (8) and are of the opinion that the continuing connected transactions as stated in items (1) to (8) above have been:

(i) carried out in the usual and ordinary course of business of the Group;

(ii) conducted on normal commercial terms; and

(iii) entered into in accordance with the terms of the respective agreements.

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued his unqualified letter containing his findings and conclusions in respect of the continuing connected transactions referred to in items (1) to (8) disclosed by the Group in the Annual Report in accordance with Main Board Listing Rule 14A.38. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

Directors' Service Contracts

No Director proposed for re-election at the AGM has a service contract which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

Directors' Interests in Contracts of Significance

Save for the related party transactions disclosed in note 40 to the consolidated financial statements, no contract to which the Company, or any of the subsidiaries of the Company was a party, and in which a Director of the Company had, at any time during the year, whether directly or indirectly, an interest, (being, in either case, in the opinion of the Directors, a contract of significance in relation to the Company's business and in which the Director's interest is or was material), subsisted at the end of the year or at any time during the year.

Directors' Interests in Competing Business

At 31 December 2013, the following Director or his associates is considered to have interests in the businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Group pursuant to the Listing Rules as set out below:

Name of Director	Name of businesses which entity are considered to compete of likely to compete with the businesses of the Group	Description of the businesses of the entity which are considered to compete with the businesses of the Group	Nature of interest of the Director in the entity
Mr. Lo	SOCL	Property investment in the PRC	Director and controlling shareholder
Mr. Lo	SOCAM	Property investment in the PRC	Director and controlling shareholder

There is a deed of non-competition dated 30 May 2006 (the "Deed") and entered into between Mr. Lo, SOCL and the Company pursuant to which Mr. Lo and SOCL have given certain undertakings to the Company, among others, that the Company is to be the flagship company of the Shui On Group (that is, SOCL and its subsidiaries and for the purpose of this section "Directors' Interests in Competing Business", excluding SOCAM and its subsidiaries) for the Shui On Group's property development and investment business in the PRC and concerning the Shui On Group's investment in future property development projects in the PRC. Such information has been disclosed in the Company's prospectus dated 20 September 2006. In respect of the year ended 31 December 2013, the Company has received from each of Mr. Lo and SOCL a confirmation on compliance with the non-competition undertakings as contemplated under the Deed.

Save as aforesaid, as of the date of this report, none of the Directors of the Company has an interest in any business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group.

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. During the year under review, SODH had fully repaid the principal amount of the outstanding 2013 Notes and accrued and unpaid interest upon its maturity on 23 December 2013.

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.

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 RMB 1,500 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 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 RMB9,634 million at 31 December 2013.

Subsequent to the year ended 31 December 2013, on 26 February 2014, a written agreement (the "2017 CNH Indenture") was entered into between the Company as guarantor, SODH as issuer and DB as trustee of the RMB2,500 million 6.875% senior notes due 2017 issued by SODH (the "2017 CNH Notes"), pursuant to which the 2017 CNH Notes were issued. The 2017 CNH Indenture provides that upon the occurrence of a Change of Control (as defined in the 2017 CNH Indenture), the Company or SODH will make an offer to repurchase all outstanding 2017 CNH 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 27 February 2014.

Remuneration Policy

The remuneration policy of the Group to reward its employees is based on individual performance, qualifications and competence displayed.

The emoluments of the Directors of the Company are decided by the Remuneration Committee, having regard to the Company's operating results, individual performance and comparable market statistics.

Provident and Retirement Fund Schemes

Details of the Group's provident and retirement fund schemes are shown in note 34 to the consolidated financial statements.

Pre-Emptive Rights

There are no provisions for pre-emptive rights under the Company's Articles of Association, or the laws of Cayman Islands, which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

Sufficiency of Public Float

The Company has maintained a sufficient public float during the year ended 31 December 2013, as required under the Listing Rules.

Charitable Donations

During the year, the Group made charitable donations amounting to RMB6 million (2012: RMB4 million).

Major Customers and Suppliers

For the year ended 31 December 2013, a customer contributed approximately 16% to the turnover of the Group. Our five largest customers contributed approximately 32% to the turnover of the Group. For the year ended 31 December 2013, payments to our single largest construction contractor, SOC, accounted for approximately 9% of our total payments for construction services. Details of the transactions with SOC are set out under the caption Connected Transactions point (1) "Provision of construction services by SOCAM Development Limited ("SOCAM") to the Group" on page 97. Our five largest construction contractors accounted for approximately 47% of our total payments for construction services. Except for the construction payments to SOC, none of our Directors, their associates or any shareholders holding more than 5% of the share capital of the Company holds any interest in our five largest customers or construction contractors.

Auditor

A resolution will be submitted to the AGM to re-appoint Messrs. Deloitte Touche Tohmatsu as auditor of the Company.

On behalf of the Board

Vincent H. S. LO
Chairman

19 March 2014

Deloitte.
德勤

To the Shareholders of Shui On Land Limited

(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Shui On Land Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 106 to 194, which comprise the consolidated statement of financial position as at 31 December 2013, and the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Consolidated Financial Statements

The Directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion 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. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31 December 2013, and of the Group's profit and cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

19 March 2014

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2013

	Notes	2013 RMB'million	2012 RMB'million
Turnover			
– The Company and its subsidiaries ("the Group")		9,828	4,821
– Share of associates		261	271
		10,089	5,092
Turnover of the Group	5	9,828	4,821
Cost of sales		(6,673)	(2,761)
Gross profit		3,155	2,060
Other income	6	602	282
Selling and marketing expenses		(328)	(207)
General and administrative expenses		(938)	(738)
Operating profit	7	2,491	1,397
Increase in fair value of investment properties	13	2,912	2,698
Share of results of associates		(178)	82
Finance costs, inclusive of exchange differences	8	(448)	(459)
Profit before taxation		4,777	3,718
Taxation	9	(2,072)	(1,363)
Profit for the year		2,705	2,355
Attributable to:			
Shareholders of the Company		2,125	2,029
Owners of perpetual capital securities		314	19
Other non-controlling shareholders of subsidiaries		266	307
		580	326
		2,705	2,355
			(Restated)
Earnings per share	12		
– Basic		RMB0.28	RMB0.32
– Diluted		RMB0.28	RMB0.29

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2013

	Notes	2013 RMB'million	2012 RMB'million
Profit for the year		2,705	2,355
Other comprehensive income (expense)			
Items that may be subsequently reclassified to profit or loss:			
Exchange difference arising on translation of foreign operations		(14)	(52)
Fair value adjustments on interest rate swaps designated as cash flow hedges	32	14	54
Net adjustment of hedge reserve reclassified to profit or loss upon early termination of interest rate swaps	32	–	(47)
Fair value adjustments on cross currency swaps designated as cash flow hedges	32	(98)	–
Reclassification from hedge reserve to profit or loss	32	75	–
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement of defined benefit obligations	34	(38)	–
Revaluaton increase upon transfer from property, plant and equipment and prepaid lease payments to investment properties		31	–
Other comprehensive expense for the year		(30)	(45)
Total comprehensive income for the year		2,675	2,310
Total comprehensive income attributable to:			
Shareholders of the Company		2,095	1,984
Owners of perpetual capital securities		314	19
Other non-controlling shareholders of subsidiaries		266	307
		580	326
		2,675	2,310

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As of 31 December 2013

	Notes	2013 RMB'million	2012 RMB'million
Non-current assets			
Investment properties	13	50,273	46,624
Property, plant and equipment	14	3,577	3,782
Prepaid lease payments	15	586	671
Interests in associates	17	1,086	1,264
Interests in joint ventures	18	25	–
Loans to associates	17	1,654	1,659
Accounts receivable	19	171	102
Loan to a joint venture	18	675	–
Pledged bank deposits	20	2,747	1,720
Deferred tax assets	33	100	93
		60,894	55,915
Current assets			
Properties under development for sale	16	22,711	20,150
Properties held for sale	21	1,536	3,274
Accounts receivable, deposits and prepayments	19	5,066	2,606
Amounts due from associates	17	564	484
Amounts due from related companies	22	347	210
Amounts due from non-controlling shareholders of subsidiaries	23	51	65
Pledged bank deposits	20	824	443
Restricted bank deposits	20	1,231	183
Bank balances and cash	20	5,378	6,287
		37,708	33,702
Current liabilities			
Accounts payable, deposits received and accrued charges	24	11,046	7,903
Amounts due to related companies	22	411	782
Amounts due to associates	17	–	11
Amounts due to non-controlling shareholders of subsidiaries	23	634	530
Tax liabilities		823	908
Bank and other borrowings – due within one year	26	6,315	5,103
Convertible bonds	29	–	2,346
Notes	30	–	2,980
		19,229	20,563
Net current assets		18,479	13,139
Total assets less current liabilities		79,373	69,054

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As of 31 December 2013

	Notes	2013 RMB'million	2012 RMB'million
Capital and reserves			
Share capital	27	145	114
Reserves		36,010	31,367
Equity attributable to shareholders of the Company		36,155	31,481
Perpetual capital securities	31	3,094	3,093
Other non-controlling shareholders of subsidiaries		2,925	2,694
		6,019	5,787
Total equity		42,174	37,268
Non-current liabilities			
Bank and other borrowings – due after one year	26	18,051	13,700
Convertible bonds	29	395	–
Notes	30	10,330	10,539
Derivative financial instruments designated as hedging instruments	32	105	23
Loans from non-controlling shareholders of subsidiaries	25	2,605	2,484
Deferred tax liabilities	33	5,662	5,028
Defined benefit liabilities	34	51	12
		37,199	31,786
Total equity and non-current liabilities		79,373	69,054

The consolidated financial statements on pages 106 to 194 were approved and authorised for issue by the Board of Directors on 19 March 2014 and are signed on its behalf by:

Vincent H. S. LO
DIRECTOR

Daniel Y. K. WAN
DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 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	Property revaluation reserve	Retained earnings	Sub-total	Perpetual capital securities	Other non-controlling shareholders of subsidiaries	Sub-total	Total
	RMB' million	RMB' million	RMB' million (note 28(a))	RMB' million (note 28(b))	RMB' million	RMB' million	RMB' million	RMB' million	RMB' million (note 28(c))	RMB' million	RMB' million	RMB' million	RMB' million (note 31)	RMB' million	RMB' million	RMB' million
At 1 January 2012	102	12,985	122	(135)	170	20	605	(30)	637	–	13,469	27,945	–	1,526	1,526	29,471
Profit for the year	–	–	–	–	–	–	–	–	–	–	2,029	2,029	19	307	326	2,355
Exchange difference arising on translation of foreign operations	–	–	–	–	–	(52)	–	–	–	–	–	(52)	–	–	–	(52)
Fair value adjustments on interest rate swaps designated as cash flow hedges (note 32)	–	–	–	–	–	–	–	54	–	–	–	54	–	–	–	54
Net adjustment of hedge reserve reclassified to profit or loss upon early termination of interest rate swaps (note 32)	–	–	–	–	–	–	–	(47)	–	–	–	(47)	–	–	–	(47)
Total comprehensive income for the year	–	–	–	–	–	(52)	–	7	–	–	2,029	1,984	19	307	326	2,310
Recognition of equity-settled share-based payment expenses	–	–	–	–	18	–	–	–	–	–	–	18	–	–	–	18
Issue of new shares	10	1,756	–	–	–	–	–	–	–	–	–	1,766	–	–	–	1,766
Capital injection	–	–	–	–	–	–	–	–	–	–	–	–	–	32	32	32
Acquisition of subsidiaries (note 35(a))	–	–	–	–	–	–	–	–	–	–	–	–	–	661	661	661
Acquisition of additional interests in a subsidiary (note 35(b)(ii))	–	–	–	–	–	–	–	–	(188)	–	–	(188)	–	188	188	–
Partial disposal of equity interests in subsidiaries (note 35(c)(ii))	–	–	–	–	–	–	–	–	138	–	–	138	–	–	–	138
Issue of perpetual capital securities	–	–	–	–	–	–	–	–	–	–	–	–	3,137	–	3,137	3,137
Expenses on issue of perpetual capital securities	–	–	–	–	–	–	–	–	–	–	–	–	(63)	–	(63)	(63)
Dividend paid to a non-controlling shareholder of a subsidiary	–	–	–	–	–	–	–	–	–	–	–	–	–	(20)	(20)	(20)
Total dividends of HK$0.125 paid, comprising 2011 final dividend of HK$0.10 per share and 2012 interim dividend of HK$0.025 per share	–	–	–	–	–	–	–	–	–	–	(595)	(595)	–	–	–	(595)
Shares issued in lieu of cash dividend	2	411	–	–	–	–	–	–	–	–	–	413	–	–	–	413
At 31 December 2012	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 year	–	–	–	–	–	–	–	–	–	–	2,125	2,125	314	266	580	2,705
Exchange difference arising on translation of foreign operations	–	–	–	–	–	(14)	–	–	–	–	–	(14)	–	–	–	(14)
Fair value adjustments on interest rate swaps designated as cash flow hedges (note 32)	–	–	–	–	–	–	–	14	–	–	–	14	–	–	–	14
Reclassification from hedge reserve to profit or loss (note 32)	–	–	–	–	–	–	–	75	–	–	–	75	–	–	–	75
Fair value adjustments on cross currency swaps designated as cash flow hedges (note 32)	–	–	–	–	–	–	–	(98)	–	–	–	(98)	–	–	–	(98)
Remeasurement of defined benefit obligations (note 34)	–	–	–	–	–	–	–	–	–	–	(38)	(38)	–	–	–	(38)
Revaluation increase upon transfer of property, plant and equipment and prepaid lease payments to investment properties	–	–	–	–	–	–	–	–	–	31	–	31	–	–	–	31
Total comprehensive income for the year	–	–	–	–	–	(14)	–	(9)	–	31	2,087	2,095	314	266	580	2,675
Recognition of equity-settled share-based payment expenses	–	–	–	–	11	–	–	–	–	–	–	11	–	–	–	11
Issue of new shares under rights issue	31	2,906	–	–	–	–	–	–	–	–	–	2,937	–	–	–	2,937
Share issue expenses	–	(38)	–	–	–	–	–	–	–	–	–	(38)	–	–	–	(38)
Capital injection	–	–	–	–	–	–	–	–	–	–	–	–	–	25	25	25
Acquisition of additional interests in subsidiaries (note 35(b)(i))	–	–	–	–	–	–	–	–	(52)	–	–	(52)	–	(125)	(125)	(177)
Partial disposal of equity interests in subsidiaries (note 35(c)(i))	–	–	–	–	–	–	–	–	84	–	–	84	–	9	9	93
Dividend paid to a non-controlling shareholder of a subsidiary	–	–	–	–	–	–	–	–	–	–	–	–	–	(18)	(18)	(18)
Total dividends of HK$0.057 paid, comprising 2012 final dividend of HK$0.035 per share and 2013 interim dividend of HK$0.022 per share	–	–	–	–	–	–	–	–	–	–	(363)	(363)	–	–	–	(363)
Distribution to owners of perpetual capital securities	–	–	–	–	–	–	–	–	–	–	–	–	(313)	–	(313)	(313)
Disposal of subsidiaries (note 35(d))	–	–	–	–	–	–	–	–	–	–	–	–	–	(21)	(21)	(21)
Repurchase and redemption of convertible bonds (note 29)	–	–	–	–	–	–	(509)	–	–	–	509	–	–	–	–	–
Fair value adjustment at the initial recognition in respect of interest free loans advanced from a non-controlling shareholder of a subsidiary	–	–	–	–	–	–	–	–	–	–	–	–	–	95	95	95
At 31 December 2013	145	18,020	122	(135)	199	(46)	96	(32)	619	31	17,136	36,155	3,094	2,925	6,019	42,174

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2013

	2013 RMB'million	2012 RMB'million
Operating activities		
Profit before taxation	4,777	3,718
Adjustments for:		
Depreciation of property, plant and equipment	192	176
Release of prepaid lease payments	2	2
Net foreign exchange loss (gain)	22	(11)
Share of results of associates	178	(82)
Loss on disposal of property, plant and equipment	–	1
Gain on disposal of investment properties	(51)	–
Finance costs, inclusive of exchange differences	448	459
Interest income	(229)	(181)
Increase in fair value of investment properties	(2,912)	(2,698)
Increase in defined benefit liabilities	–	5
Equity-settled share-based payment expenses	11	18
Gain on disposal of subsidiaries	(159)	–
Gain on acquisition of subsidiaries	–	(50)
Operating cash flows before movements in working capital	2,279	1,357
Increase in accounts receivable, deposits and prepayments	(2,529)	(87)
Increase in properties under development for sale	(5,043)	(6,712)
Decrease in properties held for sale	6,049	2,178
(Increase) decrease in restricted bank deposits	(1,048)	152
(Increase) decrease in amounts due from related companies	(137)	79
Decrease in amounts due to related companies	(213)	(41)
(Decrease) increase in amounts due to associates	(11)	6
Increase in accounts payable, deposits received and accrued charges	3,663	2,587
Cash generated from (used in) operations	3,010	(481)
Tax paid	(1,184)	(1,704)
Net cash from (used in) operating activities	1,826	(2,185)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2013

	Notes	2013 RMB'million	2012 RMB'million
Investing activities			
Interest received		178	137
Purchase of property, plant and equipment		(186)	(464)
Proceeds from disposal of property, plant and equipment		2	–
Additions to investment properties		(4,450)	(3,617)
Proceeds from disposal of investment properties		444	24
Advances to associates		(80)	(412)
Cash inflow from acquisition of subsidiaries	35(a)	–	111
Net cash inflow on disposal of subsidiaries	35(d)	3,178	–
Withdrawal of pledged bank deposits		1,005	1,895
Placement of pledged bank deposits		(2,413)	(1,546)
Repayment of loans receivable		–	152
Advances of loans to a joint venture		(675)	–
Investment in a joint venture		(25)	–
Repayment from non-controlling shareholders of subsidiaries		14	–
Net cash used in investing activities		(3,008)	(3,720)
Financing activities			
Advance from non-controlling shareholders of subsidiaries		104	193
Repayment of loans advanced by non-controlling shareholders of subsidiaries		(102)	(15)
Capital injected by non-controlling shareholders of subsidiaries		25	32
Cash outflow from acquisition of additional interests in subsidiaries	35(b)(i)	(177)	–
Proceeds received in respect of partial disposal of equity interests in subsidiaries	35(c)	39	138
New bank and other borrowings raised		12,230	10,001
Repayment of bank and other borrowings		(5,776)	(9,066)
Issue of notes	30	–	6,952
Expenses on issue of notes	30	–	(137)
Issue of perpetual capital securities		–	3,137
Expenses on issue of perpetual capital securities		–	(63)
Issue of new shares under rights issue	27	2,937	–
Share issue expenses	27	(38)	–
Repayment of notes	30	(3,000)	–
Repurchase and redemption of convertible bonds	29	(2,287)	–
Settlement of interest rate swaps designated as cash flow hedges		–	(73)
Interest paid		(2,838)	(2,220)
Payment of dividends		(363)	(182)
Distribution to owners of perpetual capital securities		(313)	–
Dividend payment to a non-controlling shareholder of a subsidiary		(18)	(20)
Net cash from financing activities		423	8,677
Net (decrease) increase in cash and cash equivalents		(759)	2,772
Cash and cash equivalents at the beginning of the year		6,287	3,523
Effect of foreign exchange rate changes		(150)	(8)
Cash and cash equivalents at the end of the year		5,378	6,287
Analysis of the balances of cash and cash equivalents			
Bank balances and cash		5,378	6,287

1. General

Shui On Land Limited (the "Company") was incorporated on 12 February 2004 as an exempted company with limited liability in the Cayman Islands under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The shares of the Company have been listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") with effect from 4 October 2006. The Directors of the Company consider that its ultimate holding company is Shui On Company Limited ("SOCL"), a private limited liability company incorporated in the British Virgin Islands ("BVI"). Its ultimate controlling party is Mr. Vincent H.S. Lo, who is also the Chairman and Executive Director of the Company.

The addresses of the registered office and principal place of business of the Company are disclosed in the Corporate Information section of the annual report.

The Company acts as an investment holding company. The principal activities of the Company's subsidiaries are set out in note 45. The Company and its subsidiaries are hereinafter collectively referred to as the Group.

The consolidated financial statements are presented in Renminbi ("RMB"), which is also the functional currency of the Company.

2. Application of New and Revised International Financial Reporting Standards ("IFRSs")

In the current year, the Group has applied the following new and revised IFRSs, which are effective for the Group's financial year 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 11 and IFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests 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

Except as described below, the application of the new and revised IFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

IFRS 12 Disclosure of Interests in Other Entities

The Group has applied IFRS 12 for the first time in the current year. IFRS 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the application of IFRS 12 has resulted in more extensive disclosures in the consolidated financial statements (please see note 45 for details).

2. Application of New and Revised International Financial Reporting Standards ("IFRSs") (Continued)

IFRS 13 Fair Value Measurement

The Group has applied IFRS 13 for the first time in the current year. IFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements. The scope of IFRS 13 is broad: the fair value measurement requirements of IFRS 13 apply 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, except for share-based payment transactions that are within the scope of IFRS 2 Share-based Payment, leasing transactions that are within the scope of IAS 17 Leases, and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

IFRS 13 defines the fair value of an asset as the price that would be received to sell an asset (or paid to transfer a liability, in the case of determining the fair value of 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.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

IFRS 13 requires prospective application. In accordance with the transitional provisions of IFRS 13, the Group has not made any new disclosures required by IFRS 13 for the 2012 comparative period (please see notes 13, 34 and 43 for the 2013 disclosures). Other than the additional disclosures, the application of IFRS 13 has not had any material impact on the amounts recognised in the consolidated financial statements.

Amendments to IAS 1 Presentation of Items of Other Comprehensive Income

The Group has applied the amendments to IAS 1 Presentation of Items of Other Comprehensive Income. Upon the adoption of the amendments to IAS 1, the Group's statement of comprehensive income is renamed as the statement of profit or loss and other comprehensive income and the income statement is renamed as the 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. Furthermore, the amendments to IAS 1 require additional disclosures to be made in the other comprehensive income 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 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. Other than the above mentioned presentation changes, the application of the amendments to IAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

IAS 19 Employee Benefits (as revised in 2011)

In the current year, 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 years. Accordingly, no adjustment is presented on the Group's basic and diluted earnings per share for the current and prior years.

2. Application of New and Revised International Financial Reporting Standards ("IFRSs") (Continued)

The Group has not early applied the following new and revised IFRSs that have been issued but are not yet effective:

Amendments to IFRSs	Annual Improvements to IFRSs 2010-2012 Cycle[2]
Amendments to IFRSs	Annual Improvements to IFRSs 2011-2013 Cycle[2]
IFRS 9	Financial Instruments[3]
Amendments to IFRS 9 and IFRS 7	Mandatory Effective Date of IFRS 9 and Transition Disclosures[3]
Amendments to IFRS 10, IFRS 12 and IAS 27	Investment Entities[1]
Amendments to IAS 19	Defined Benefit Plans: Employee Contributions[2]
Amendments to IAS 32	Offsetting Financial Assets and Financial Liabilities[1]
Amendments to IAS 36	Recoverable Amount Disclosures for Non-Financial Assets[1]
Amendments to IAS 39	Novation of Derivatives and Continuation of Hedge Accounting[1]
IFRIC 21	Levies[1]

1 Effective for annual periods beginning on or after 1 January 2014, with earlier application permitted.
2 Effective for annual periods beginning on or after 1 July 2014, with certain exceptions. Early application is permitted.
3 Available for application – the mandatory effective date will be determined when the outstanding phases of IFRS 9 are finalised.

IFRS 9 Financial Instruments

IFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in 2010 to include the requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for hedge accounting.

Key requirements of IFRS 9 are described as follows:

- All recognised financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement are subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The Directors of the Company anticipate that the application of IFRS 9 will not have a significant impact on amounts reported in respect of the Group's financial assets and financial liabilities.

3. Significant Accounting Policies

The consolidated financial statements have been prepared on the historical cost basis except for investment properties and derivative financial instruments which are measured at fair values as explained in the accounting policies set out below.

The consolidated financial statements have been prepared in accordance with IFRSs. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The significant accounting policies adopted are set out as follows:

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

3. Significant Accounting Policies (Continued)

Basis of consolidation (Continued)

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Merger accounting for common control combinations

The consolidated financial statements incorporate the financial statements items of the combining entities in which the common control combination occurs as if they had been combined from the date when the combining entities first came under the control of the controlling party.

The net assets of the combining entities are combined using the existing book values from the controlling parties' perspective. No amount is recognised in respect of goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The consolidated statement of profit or loss includes the results of each of the combining entities from the earliest date presented or since the date when the combining entities first came under the common control, where there is a shorter period, regardless of the date of the common control combination.

The comparative amounts in the consolidated financial statements are presented as if the entities had been combined at the end of the previous reporting period or when they first came under common control, whichever is shorter.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in existing subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted, based on the carrying amount of the net assets attributable to the change in interests, and the fair value of the consideration paid or received is recognised directly in equity and attributed to shareholders of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Business combinations

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

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

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

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

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

3. Significant Accounting Policies (Continued)

Business combinations (Continued)

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

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

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties include land held for undetermined future use, which is regarded as held for capital appreciation purpose.

Investment properties are initially measured at cost, including any directly attributable expenditure. Cost incurred for investment properties under construction or development comprises development expenditure including professional charges directly attributable to the development and borrowing cost, and these costs are capitalised as part of the carrying amount of the investment properties under construction of development during the development period.

Subsequent to initial recognition, investment properties, including completed investment properties and certain investment properties under construction or development, are measured at their fair values. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

In circumstances where the fair values of investment properties under construction or development are not reliably determinable, such investment properties under construction or development are measured at cost less impairment, if any, until when their fair values become reliably determinable, which occur upon finalisation of the development plan, at which point in time the land and relocation cost and construction costs attributable to the investment property portion is reliably determinable.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the period in which the property is derecognised.

Property, plant and equipment

Property, plant and equipment, other than hotels under development, are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Hotels under development held for owner's operation are stated at cost less subsequent accumulated impairment losses, if any. Cost comprises development expenditure including professional charges directly attributable to the development and borrowing cost capitalised during the development period. No depreciation is provided on the cost of hotels under development until hotels commence operation.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment, other than hotels under development, over their estimated useful lives and after taking into account their estimated residual value, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

If an item of property, plant and equipment becomes an investment property because its use has changed as evidenced by end of owner-occupation, any difference between the carrying amount and the fair value of that item at the date of transfer is recognised in other comprehensive income and accumulated in property revaluation reserve. On the subsequent sale or retirement of the asset, the relevant revaluation reserve will be transferred directly to retained earnings.

3. Significant Accounting Policies (Continued)

Property, plant and equipment (Continued)

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Prepaid lease payments

Prepaid lease payments for leasehold land classified as operating leases are charged to the profit or loss on a straight-line basis over the period of the land use rights.

Properties under development for sale

Properties under development which are intended to be held for sale are carried at lower of cost and net realisable value and are shown as current assets. Cost includes the costs of land, development expenditure incurred and, where appropriate, borrowing costs capitalised during construction period.

Properties under development for sales are transferred to properties held for sale when the relevant completion certificates are issued by the respective government authorities.

Properties held for sale

Properties held for sale are stated at the lower of cost and net realisable value. Cost is determined by apportionment of the total land and development costs attributable to the properties held for sale. Net realised value is determined based on prevailing market conditions.

Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates and joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates and joint ventures used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture.

The requirements of IAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When a group entity transacts with an associate or a joint venture of the Group (such as a sale or contribution of assets), profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

3. Significant Accounting Policies (Continued)

Impairment on tangible assets

At the end of the reporting period, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

The Group's financial assets are classified as loans and receivables.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including accounts receivable, loans to associates, loan to a joint venture, amounts due from associates, amounts due from related companies, amounts due from non-controlling shareholders of subsidiaries, pledged bank deposits, restricted bank deposits, bank balances and cash) are measured at amortised cost using the effective interest method, less any impairment.

Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

3. Significant Accounting Policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of loans and receivables

Loans and receivables are assessed for indicators of impairment at the end of each reporting period. Loans and receivables are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the loans and receivables, the estimated future cash flows of loans and receivables have been affected.

The objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest and principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of loans and receivables, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

The amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

The carrying amount of loans and receivables is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When the trade receivables are considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

If, in a subsequent period, the amount of impairment loss of loans and receivables decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Perpetual capital securities issued by the Group, which includes no contractual obligation for the Group to deliver cash or another financial asset to the holders or to exchange financial assets or financial liabilities with the holders under conditions that are potentially unfavourable to the Group, are classified as equity instruments and are initially recorded at the proceeds received.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

3. Significant Accounting Policies (Continued)

Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Convertible bonds

The component parts of the convertible bonds issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. Conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognised in equity will be transferred to share premium. Where the conversion option remains unexercised at the maturity date of the convertible note, the balance recognised in equity will be transferred to retained earnings. No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option.

Transaction costs that relate to the issue of the convertible bonds are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are charged directly to equity. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortised over the period of the convertible bonds using the effective interest method.

Notes

Notes issued by the Group are measured at amortised cost, using the effective interest method. Transaction costs are included in the carrying amount of the notes and amortised over the period of the notes using the effective interest method.

Other financial liabilities

The Group's other financial liabilities (including accounts payable, amounts due to related companies, amounts due to associates, amounts due to non-controlling shareholders of subsidiaries, loans from non-controlling shareholders of subsidiaries, and bank and other borrowings) are subsequently measured at amortised cost, using the effective interest method.

Derivative financial instruments and hedging

Derivatives are initially recognised at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which case the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Embedded derivatives

Derivatives embedded in non-derivative host contracts are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at fair value through profit or loss.

3. Significant Accounting Policies (Continued)

Financial instruments (Continued)

Derivative financial instruments and hedging (Continued)

Hedge accounting

The Group designates certain derivatives as hedging instruments for cash flow hedges.

At the inception of the hedging relationship the Group documents the relationship between the hedging instrument and hedging item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is highly effective in offsetting changes in cash flows of the hedged item attributable to the hedged risk.

The effective portion of changes in the fair value of derivatives that are designated and qualified as cash flow hedges are recognised in other comprehensive income and accumulated under the heading of hedge reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss and is included in finance costs. Amounts previously recognised in other comprehensive income and accumulated in hedge reserve are reclassified to profit or loss in the periods when the hedged item is recognised in profit or loss, in the same line of the consolidated statement of profit or loss as the recognised hedged item.

Hedge accounting is discontinued when the Group revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income and accumulated in hedge reserve at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with terms of a debt instrument.

Financial guarantee contracts issued by the Group are initially measured at their fair values and, if designated as at fair value through profit or loss, are subsequently measured at the higher of:

(i) the amount of obligation under the contract, as determined in accordance with IAS 37 “Provisions, Contingent Liabilities and Contingent Assets”; and

(ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group continues to recognise the asset to the extent of its continuing involvement and recognises an associated liability.

On derecognition of a financial asset in its entirety, the difference between the asset’s carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

The Group derecognises financial liabilities when, and only when, the Group’s obligations are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

3. Significant Accounting Policies (Continued)

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease.

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Taxation

Taxation represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the consolidated statement of profit or loss because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint arrangements, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3. Significant Accounting Policies (Continued)

Taxation (Continued)

For the purposes of measuring deferred tax liabilities or deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

Current and deferred tax is recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax is also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings; and

- exchange differences on transactions entered into in order to hedge certain foreign currency risks (see the accounting policies under “Hedge accounting” above).

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group’s foreign operations are translated into the presentation currency of the Group (i.e. RMB) using exchange rates prevailing at the end of each reporting period. Income and expenses are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of exchange reserve (attributed to non-controlling interests as appropriate).

In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Equity-settled share-based payment transactions

Share options granted to employees (including Directors)

For grants of share options that are conditional upon satisfying specified vesting conditions, the fair value of services received is determined by reference to the fair value of share options granted at the date of grant and is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (share option reserve).

At the end of the reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the estimates, if any, is recognised in profit or loss, such that the cumulative expenses reflects the revised estimates, with a corresponding adjustment to share option reserve.

For share options that vest immediately at the date of grant, the fair value of the share options granted is expensed immediately to profit or loss.

When share options are exercised, the amount previously recognised in share option reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share option reserve will be transferred to retained earnings.

3. Significant Accounting Policies (Continued)

Equity-settled share-based payment transactions (Continued)

Share options granted to consultants

Share options issued in exchange for services are measured at the fair values of the services received, unless that fair value cannot be reliably measured, in which case the goods or services received are measured by reference to the fair value of the share options granted. The fair values of the goods or services received are recognised as expenses, with a corresponding increase in equity (share option reserve), when the Group obtains the goods or when the counterparties render services, unless the goods or services qualify for recognition as assets.

Retirement benefit costs

Payments to state-managed retirement benefit schemes and the Mandatory Provident Fund Scheme are charged as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- service cost (including current service cost);
- net interest expense or income; and
- remeasurement.

The Group presents the first two components of defined benefit costs in profit or loss in the line item retirement benefits costs.

The retirement benefit obligation recognised in the consolidated statement of financial position represents the actual deficit or surplus in the Group's defined benefit plans.

A liability for a termination benefit is recognised at the earlier of when the Group entity can no longer withdraw the offer of the termination benefit and when it recognises any related restructuring costs.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

3. Significant Accounting Policies (Continued)

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold and services provided in the normal course of business, net of discounts and sales related taxes.

Revenue from properties developed for sale in the ordinary course of business is recognised upon delivery of properties to the purchasers pursuant to the sales agreements. Deposits and instalments received from purchasers prior to meeting the above criteria for revenue recognition are included in the consolidated statement of financial position under current liabilities.

Revenue from hotel operation is recognised when the relevant services are provided.

Property management fee income and rental related income are recognised in profit or loss when the services are rendered.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

The Group's accounting policy for recognition of revenue from operating leases is described in the accounting policy for leasing above.

4. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In the application of the Group's accounting policies, which are described in note 3, the Directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that the Directors of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Deferred taxation on investment properties

During the year ended 31 December 2012, for the purposes of measuring deferred tax liabilities or deferred tax assets arising from investment properties that are measured using the fair value model, the Directors have reviewed the Group's investment property portfolios and concluded that the Group's investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, in measuring the Group's deferred taxation on investment properties, the Directors have determined that the presumption that the carrying amounts of investment properties measured using the fair value model are recovered entirely through sale is rebutted. As at 31 December 2012, the Group has recognised deferred tax liabilities of RMB3,728 million in respect of the revaluation of investment properties.

During the year ended 31 December 2013, the Directors have revisited the investment strategies of the Group and concluded that certain of the Group's investment properties are no longer held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time. Therefore, in measuring the Group's deferred taxation on such investment properties, the Directors have determined that the presumption that the carrying amounts of these investment properties measured using the fair value model are recovered entirely through sales is not rebutted. As a result, the Group has recognised additional deferred tax liabilities of RMB135 million as at 31 December 2013 in respect of the land appreciation tax ("Land Appreciation Tax") on the cumulative revaluation gains of such investment properties as they are subject to Land Appreciation Tax and enterprise income tax ("Enterprise Income Tax") in the People's Republic of China ("PRC") upon disposal.

4. Critical Accounting Judgements and Key Sources of Estimation Uncertainty (Continued)

Critical judgements in applying accounting policies (Continued)

Perpetual capital securities

Pursuant to the terms of the Perpetual Capital Securities (as defined in note 31), a subsidiary of the Company, as an issuer of the Perpetual Capital Securities, can at its option redeem the Perpetual Capital Securities and at its discretion defer distributions on the Perpetual Capital Securities. However, the Company and the issuer will not be able to declare or pay any dividends if any distributions on the Perpetual Capital Securities are unpaid or deferred. In the opinion of the Directors of the Company, this restriction does not result in the subsidiary having the obligation to redeem the Perpetual Capital Securities or pay distributions on the Perpetual Capital Securities. Accordingly, the Perpetual Capital Securities are classified as equity instruments. The carrying amount of the Perpetual Capital Securities is RMB3,094 million (2012: RMB3,093 million). Details of which are set out in note 31.

Significant influence over Richcoast Group Limited ("Richcoast") and its subsidiaries (the "Richcoast Group")

Note 17 describes that Richcoast Group are considered as associates of the Group although the Group owns 61.54% equity interest in Richcoast Group. The Group has significant influence over Richcoast Group by virtue of its contractual right to appoint four out of ten Directors to the Board of Directors of Richcoast. For more information on Richcoast, please refer to note 17.

Key sources of estimation uncertainty

The following and those disclosed in note 39(b) are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Fair value measurements and valuation processes

The Group's certain assets and liabilities are measured at fair value for financial reporting purposes. In estimating the fair value of an asset or a liability, the management of the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation. At the end of each reporting period, the management of the Group works closely with the qualified external valuers to establish and determine the appropriate valuation techniques and inputs for Level 2 and Level 3 fair value measurements. The management of the Group will first consider and adopt Level 2 inputs where inputs can be derived from observable quoted prices in the active market. When Level 2 inputs are not available, the management of the Group will adopt valuation techniques that include Level 3 inputs. Where there is a material change in the fair value of the assets, the causes of the fluctuations will be reported to the Directors of the Company.

Information about the valuation techniques, inputs and key assumptions used in the determination of the fair value of various assets and liabilities are disclosed in notes 13, 34 and 43.

Land Appreciation Tax

The Group is subject to Land Appreciation Tax in the PRC. However, the implementation and settlement of the tax varies amongst different tax jurisdictions in various cities of the PRC and the Group has not finalised its Land Appreciation Tax calculation and payments with local tax authorities for all land lots in the PRC. Accordingly, significant judgement is required in determining the amount of the Land Appreciation Tax and its related income tax provisions. The Group recognised the Land Appreciation Tax based on management's best estimates. The final tax outcome could be different from the amounts that were initially recorded, and these differences will impact the income tax provisions in the periods in which such tax is finalised with local tax authorities.

5. Turnover and Segmental Information

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

	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	8,361	230	8,591	3,541	244	3,785
Property investment:						
Rental income received from investment properties	1,048	31	1,079	952	27	979
Income from hotel operations	289	–	289	193	–	193
Property management fee income	25	–	25	36	–	36
Rental related income	78	–	78	68	–	68
	1,440	31	1,471	1,249	27	1,276
Others	27	–	27	31	–	31
Total	9,828	261	10,089	4,821	271	5,092

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

Property investment – offices and retail shops letting, property management and hotel operations

Included in the Group's property sales of RMB8,361 million (2012: RMB3,541 million) is revenue arising from sales of residential properties of RMB4,897 million (2012: RMB3,177 million), commercial properties of RMB3,086 million (2012: RMB70 million) and others of RMB378 million (2012: RMB294 million).

5. Turnover and Segmental Information (Continued)

For the year ended 31 December 2013

	Reportable segment				
	Property development RMB'million	Property investment RMB'million	Total RMB'million	Others RMB'million	Consolidated RMB'million
Segment Revenue					
Turnover of the Group	8,361	1,440	9,801	27	9,828
Share of turnover of associates	230	31	261	–	261
Total segment revenue	8,591	1,471	10,062	27	10,089
Segment Results					
Segment results of the Group	1,747	3,631	5,378	9	5,387
Interest income					229
Share of results of associates					(178)
Gain on disposal of subsidiaries					159
Finance costs, inclusive of exchange differences					(448)
Net unallocated expenses					(372)
Profit before taxation					4,777
Taxation					(2,072)
Profit for the year					2,705
Other Information					
Amounts included in the measure of segment profit or loss or segment assets:					
Capital additions of completed investment properties and property, plant and equipment	18	194	212	14	226
Development costs for investment properties under construction or development	–	5,629	5,629	–	5,629
Development costs for properties under development for sale	6,337	–	6,337	–	6,337
Depreciation of property, plant and equipment	66	111	177	15	192
Release of prepaid lease payments charged to profit or loss	–	2	2	–	2
Increase in fair value of investment properties	–	2,912	2,912	–	2,912
Financial Position					
Assets					
Segment assets	29,165	54,228	83,393	5	83,398
Interests in associates					1,086
Interests in joint ventures					25
Loans to associates					1,654
Loan to a joint venture					675
Amounts due from associates					564
Unallocated corporate assets					11,200
Consolidated total assets					98,602
Liabilities					
Segment liabilities	(9,721)	(1,167)	(10,888)	(2)	(10,890)
Unallocated corporate liabilities					(45,538)
Consolidated total liabilities					(56,428)

5. Turnover and Segmental Information (Continued)

For the year ended 31 December 2012

	Reportable segment				
	Property development RMB'million	Property investment RMB'million	Total RMB'million	Others RMB'million	Consolidated RMB'million
Segment Revenue					
Turnover of the Group	3,541	1,249	4,790	31	4,821
Share of turnover of associates	244	27	271	–	271
Total segment revenue	3,785	1,276	5,061	31	5,092
Segment Results					
Segment results of the Group	928	3,301	4,229	19	4,248
Interest income					181
Gain on acquisition of subsidiaries					50
Share of results of associates					82
Finance costs, inclusive of exchange differences					(459)
Net unallocated expenses					(384)
Profit before taxation					3,718
Taxation					(1,363)
Profit for the year					2,355
Other Information					
Amounts included in the measure of segment profit or loss or segment assets:					
Capital additions of completed investment properties and property, plant and equipment	58	4,918	4,976	495	5,471
Development costs for investment properties under construction or development and prepaid lease payments	–	4,904	4,904	–	4,904
Development costs for properties under development for sale	7,614	–	7,614	–	7,614
Depreciation of property, plant and equipment	63	100	163	13	176
Release of prepaid lease payments charged to profit or loss	–	2	2	–	2
Increase in fair value of investment properties	–	2,698	2,698	–	2,698
Financial Position					
Assets					
Segment assets	25,981	50,200	76,181	5	76,186
Interests in associates					1,264
Loans to associates					1,659
Amounts due from associates					484
Unallocated corporate assets					10,024
Consolidated total assets					89,617
Liabilities					
Segment liabilities	(6,900)	(736)	(7,636)	(2)	(7,638)
Amounts due to associates					(11)
Unallocated corporate liabilities					(44,700)
Consolidated total liabilities					(52,349)

5. Turnover and Segmental Information (Continued)

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

Segment results represent the profit earned by each segment without allocation of central administration costs, Directors' salaries, interest income, gain on acquisition of subsidiaries, gain on disposal 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.

For the purpose of monitoring segment performances and allocating resources between segments:

- all assets are allocated to reportable segments other than interests in associates, interests in joint ventures, loans to associates, loan to a joint venture, amounts due from associates, amounts due from related companies, amounts due from non-controlling shareholders of subsidiaries, deferred tax assets, pledged bank deposits, restricted bank deposits, bank balances and cash and other unallocated corporate assets; and

- all liabilities are allocated to reportable segments other than amounts due to related companies, amounts due to associates, amounts due to non-controlling shareholders of subsidiaries, loans from non-controlling shareholders of subsidiaries, tax liabilities, deferred tax liabilities, derivative financial instruments designated as hedging instruments, defined benefit liabilities, bank and other borrowings, convertible bonds, notes and other unallocated corporate liabilities.

Over 90% of the Group's turnover and contribution to operating profit is attributable to customers in the PRC. Accordingly, no analysis of geographical segment is presented.

No geographical segment information of the Group's non-current assets is shown as the assets are substantially located in the PRC.

During the year ended 31 December 2013, a customer contributed RMB1,680 million to the turnover of the Group in respect of the property development segment. No major customer contributed over 10% to the turnover of the Group during the year ended 31 December 2012.

6. Other Income

	2013 RMB'million	2012 RMB'million
Interest income from banks	93	78
Interest income from amounts due from associates (notes 17 and 40)	15	17
Interest income from loans to associates (notes 17 and 40)	50	38
Interest income from a related company (notes 22 and 40)	–	4
Imputed interest income from loans to associates (notes 17 and 40)	51	44
Interest income from loan to a joint venture (notes 18 and 40)	20	–
Sundry income	14	14
Grants received from local government	149	37
Gain on acquisition of subsidiaries (note 35(a))	–	50
Gain on disposal of subsidiaries (note 35(d))	159	–
Gain on disposal of investment properties	51	–
	602	282

7. Operating Profit

	2013 RMB'million	2012 RMB'million
Operating profit has been arrived at after charging (crediting):		
Auditor's remuneration	5	5
Depreciation of property, plant and equipment	193	177
Less: Amount capitalised to properties under development for sale	(1)	(1)
	192	176
Release of prepaid lease payments	13	14
Less: Amount capitalised to property, plant and equipment	(11)	(12)
	2	2
Loss on disposal of property, plant and equipment	–	1
Employee benefits expenses		
Directors' emoluments		
Fees	2	2
Salaries, bonuses and allowances	19	29
Retirement benefits costs	1	2
Share-based payment expenses	2	6
	24	39
Other staff costs		
Salaries, bonuses and allowances	463	404
Retirement benefits costs	36	27
Share-based payment expenses	9	12
	508	443
Total employee benefits expenses	532	482
Less: Amount capitalised to investment properties under construction or development, properties under development for sale and hotels under development	(149)	(146)
	383	336
Cost of properties sold recognised as an expense	6,049	2,178
Minimum lease payment under operating leases	43	43

8. Finance Costs, Inclusive of Exchange Differences

	2013 RMB'million	2012 RMB'million
Interest on bank and other borrowings		
– wholly repayable within five years	1,309	910
– not wholly repayable within five years	117	153
Interest on loans from non-controlling shareholders of subsidiaries wholly repayable within five years (note 25)	141	151
Imputed interest on loans from non-controlling shareholders of subsidiaries (note 25)	41	15
Interest on amount due to a related company (notes 22 and 40)	1	5
Interest on convertible bonds (note 29)	292	243
Interest on notes (note 30)	1,162	972
Net interest expense from cross currency swaps designated as cash flow hedges	23	–
Net interest expense from interest rate swaps designated as cash flow hedges	17	38
Total interest costs	3,103	2,487
Less: Amount capitalised to investment properties under construction or development, properties under development for sale and hotels under development	(2,500)	(2,002)
Interest expense charged to profit or loss	603	485
Net exchange gain on bank borrowings and other financing activities	(363)	(54)
Others	208	28
	448	459

Borrowing costs capitalised during the year which arose on the general borrowing pool of the Group were calculated by applying a capitalisation rate of approximately 8.5% (2012: 7.6%) per annum to expenditure on the qualifying assets.

9. Taxation

	2013 RMB'million	2012 RMB'million
PRC Enterprise Income Tax		
– Current provision	459	419
Deferred taxation (note 33)		
– Provision for the year	973	610
PRC Land Appreciation Tax		
– Provision for the year	640	334
	2,072	1,363

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

PRC Enterprise Income Tax has been provided for at the applicable income tax rate of 25% (2012: 25%) on the assessable profits of the companies in the Group during the year.

9. Taxation (Continued)

The PRC Enterprise Income Tax Law requires withholding tax to be levied on distribution of profits earned by PRC entities for profits generated after 1 January 2008 at rate of 5% for Hong Kong resident companies, and at rate of 10% for companies incorporated in BVI and Mauritius, which are the beneficial owners of the dividend received. As at 31 December 2013 and 31 December 2012, deferred tax was provided for in full in respect of the temporary differences attributable to such profits.

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

The tax charge for the year can be reconciled to the profit before taxation per the consolidated statement of profit or loss as follows:

	2013 RMB'million	2012 RMB'million
Profit before taxation	4,777	3,718
PRC Enterprise Income Tax at 25% (2012: 25%)	1,194	930
PRC Land Appreciation Tax	640	334
Tax effect of PRC Land Appreciation Tax	(160)	(83)
Deferred tax provided for withholding tax on income derived in the PRC	43	(1)
Deferred tax provided for PRC Land Appreciation Tax in respect of investment properties	135	–
Tax effect of share of results of associates	45	(20)
Tax effect of expenses not deductible for tax purposes	338	293
Tax effect of income not taxable for tax purposes	(188)	(77)
Tax effect of tax losses not recognised	36	14
Tax effect of utilisation of tax losses previously not recognised	(11)	(27)
Tax charge for the year	2,072	1,363

10. Directors' and Chief Executive's Emoluments and Five Highest Paid Employees

The emoluments paid or payable to the Directors of the Company were as follows:

Name of Director	notes	Fees RMB'000	Salaries RMB'000	Other benefits RMB'000	Performance related incentive payments RMB'000	Retirement benefit costs RMB'000	Share-based payment expenses RMB'000	2013 Total RMB'000	2012 Total RMB'000
Mr. Vincent H.S. LO	(a)	–	–	–	–	–	–	–	–
Mr. Freddy C.K. LEE	(b)	–	4,360	4,289	523	1,256	843	11,271	20,263
Mr. Daniel Y.K. WAN	(a)	–	3,997	3,824	2,118	–	791	10,730	16,581
Mr. Frankie Y.L. WONG	(c)	359	–	–	–	–	–	359	366
Sir John R.H. BOND	(d)	319	–	–	–	–	–	319	325
Dr. William K.L. FUNG	(d)	359	–	–	–	–	–	359	366
Professor Gary C. BIDDLE	(d)	479	–	–	–	–	–	479	488
Dr. Roger L. McCARTHY	(d)	319	–	–	–	–	–	319	325
Mr. David J. SHAW	(d)	240	–	–	–	–	–	240	244
Total for 2013		2,075	8,357	8,113	2,641	1,256	1,634	24,076	38,958
Total for 2012		2,114	9,068	11,913	7,731	1,872	6,260	38,958	

Notes:
(a) Executive Directors
(b) Executive Director resigned on 10 January 2014
(c) Non-executive Director
(d) Independent Non-executive Directors

Mr. Freddy C.K. Lee was the Chief Executive of the Company before 10 January 2014 and his emoluments disclosed above included those for services rendered by him as the Chief Executive.

Of the five highest paid individuals in the Group, two (2012: two) are Executive Directors of the Company whose emoluments are set out above. The emoluments of the remaining three (2012: three) individuals are as follows:

	2013 RMB'million	2012 RMB'million
Salaries	8	6
Other benefits	7	8
Performance related incentive payments	1	3
Retirement benefit costs	1	2
Share-based payment expenses	1	4
	18	23

The emoluments of the remaining highest paid employees were within the following bands:

	2013 Number of employees	2012 Number of employees
Emolument bands		
HK$7,000,001 – HK$7,500,000	2	–
HK$7,500,001 – HK$8,000,000	1	–
HK$8,000,001 – HK$8,500,000	–	1
HK$9,500,001 – HK$10,000,000	–	1
HK$10,500,001 – HK$11,000,000	–	1
	3	3

No Directors waived any emoluments in the years ended 31 December 2013 and 31 December 2012.

11. Dividends

	2013 RMB'million	2012 RMB'million
Interim dividend paid in respect of 2013 of HK$0.022 per share (2012: HK$0.025 per share)	140	122
Final dividend proposed in respect of 2013 of HK$0.04 per share (2012: HK$0.035 per share)	253	223
	393	345

A final dividend for the year ended 31 December 2013 of HK$0.04 (equivalent to RMB0.03) per share, amounting to HK$320 million (equivalent to RMB253 million) in aggregate, was proposed by the Directors on 19 March 2014 and is subject to the approval of the shareholders at the forthcoming annual general meeting.

In September 2013, an interim dividend in respect of 2013 of HK$0.022 (equivalent to RMB0.017) per share, amounting to HK$176 million (equivalent to RMB140 million) in aggregate, was paid to the shareholders of the Company.

In May 2013, a final dividend in respect of 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 in respect of 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 existing shares of the Company.

In June 2012, a final dividend in respect of 2011 of HK$0.10 (equivalent to RMB0.08) per share was approved by the shareholders of the Company at the annual general meeting on 7 June 2012. The 2011 final dividend was paid in July 2012 in the form of cash and/or shares of the Company as the shareholders were given option 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 existing shares of the Company.

162,797,018 ordinary shares of the Company in aggregate were issued during the year ended 31 Decemeber 2012 on the shareholders' election to receive shares. Details of these shares issuance are set out in note 27.

12. Earnings Per Share

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

Earnings

	2013 RMB'million	2012 RMB'million
Earnings for the purposes of basic earnings per share and diluted earnings per share, being profit for the year attributable to shareholders of the Company	**2,125**	2,029

Number of shares

	2013 RMB'million	2012 RMB'million (Restated)
Weighted average number of ordinary shares for the purpose of basic earnings per share	**7,491**	6,350
Effect of dilutive potential shares:		
Convertible bonds	**128**	766
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**7,619**	7,116
Basic earnings per share (note (c))	**RMB0.28**	RMB0.32
	HK$0.35	HK$0.39
Diluted earnings per share (note (c))	**RMB0.28**	RMB0.29
	HK$0.35	HK$0.36

Notes:

(a) The weighted average number of ordinary shares for the purpose of basic earnings per share for 2013 and 2012 have been adjusted for the bonus element of the rights issue completed on 20 May 2013.

(b) There are no dilution effects for share options granted as the exercise prices of these share options granted were higher than the average market price for 2013 and 2012.

(c) The Hong Kong dollar figures presented above are shown for reference only and have been arrived at based on the exchange rate of RMB1.000 to HK$1.253 for 2013 and RMB1.000 to HK$1.229 for 2012, being the average exchange rates that prevailed during the respective years.

13. Investment Properties

	Completed investment properties RMB'million	Investment properties under construction or development at fair value RMB'million	Investment properties under construction or development at cost RMB'million	Total RMB'million
At 1 January 2012	17,981	9,927	8,487	36,395
Additions	3	1,981	2,734	4,718
Acquisition of subsidiaries (note 35(a))	2,676	189	–	2,865
Eliminated upon disposal	(24)	–	–	(24)
Transfers	–	1,432	(1,432)	–
Transfer upon completion	773	(773)	–	–
Transfer to property, plant and equipment (note 14)	(28)	–	–	(28)
Increase in fair value recognised in profit or loss	708	1,990	–	2,698
At 31 December 2012	22,089	14,746	9,789	46,624
At 31 December 2012				
– Stated at fair value	22,089	14,746	–	36,835
– Stated at cost	–	–	9,789	9,789
At 1 January 2013	22,089	14,746	9,789	46,624
Additions	29	3,764	1,865	5,658
Disposal of subsidiaries (note 35(d))	(4,300)	–	–	(4,300)
Eliminated upon disposal	(393)	–	–	(393)
Transfers	–	654	(654)	–
Transfer upon completion	10,753	(10,753)	–	–
Transfer from property, plant and equipment and prepaid lease payments	286	–	–	286
Transfer to property, plant and equipment (note 14)	(22)	–	–	(22)
Transfer to properties under development for sale (note 16)	–	–	(492)	(492)
Increase in fair value recognised in profit or loss	749	2,163	–	2,912
At 31 December 2013	29,191	10,574	10,508	50,273
At 31 December 2013				
– Stated at fair value	29,191	10,574	–	39,765
– Stated at cost	–	–	10,508	10,508

The investment properties are all situated in the PRC and held under long term leases of RMB6,588 million (2012: RMB5,786 million) and medium term leases of RMB43,685 million (2012: RMB40,838 million). All the completed investment properties are rented out under operating leases or are held for capital appreciation purposes.

During the year ended 31 December 2013, investment properties under construction or development with a carrying amount of RMB492 million are transferred to properties under development for sale upon the finalisation of development plan, where upon the Group has determined that the properties would be developed with a view to sale.

13. Investment Properties (Continued)

The fair values of the Group's investment properties at 31 December 2013 and 31 December 2012, and at the 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 and prepaid lease payments, have been arrived at on the basis of valuations carried out on those dates by Knight Frank Petty Limited, an independent qualified professional valuers not connected to the Group.

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

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

There has been no change from the valuation technique used in the prior year.

In estimating the fair value of the properties, the management has taken into consideration the highest and best use of the properties.

The major inputs used in the fair value measurement of the Group's major investment properties as at 31 December 2013 are set out below:

Investment properties held by the Group in the consolidated statements of financial position	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value	Sensitivity
Completed investment properties located in Shanghai					
Completed investment property – Property I-1	Level 3	Income Capitalisation Approach The key inputs are: (1) Capitalisation rate; and (2) Daily market rent.	Capitalisation rate, taking into account the capitalisation of rental income potential, nature of the property, and prevailing market condition, of 6.00% and 6.50% for retail and office portion, respectively.	The higher the capitalisation rate, the lower the fair value.	A slight increase in the capitalisation rate used would result in a significant decrease in fair value, and vice versa.
			Daily market rent, taking into account the time, location, and individual factors, such as frontage and size, between the comparables and the property, at an average of RMB15.5 per square metre ("sqm") per day on gross floor area basis.	The higher the daily market rent, the higher the fair value.	A significant increase in the daily market rent used would result in a significant increase in fair value, and vice versa.

13. Investment Properties (Continued)

Investment properties held by the Group in the consolidated statements of financial position	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value	Sensitivity
Completed investment properties located in Shanghai (Continued)					
Completed investment property – Property I-2	Level 3	Income Capitalisation Approach The key inputs are: (1) Capitalisation rate; and (2) Daily Market rent.	Capitalisation rate, taking into account the capitalisation of rental income potential, nature of the property, and prevailing market condition, of 6.25% and 8.25% for office and retail portion, respectively.	The higher the capitalisation rate, the lower the fair value.	A slight increase in the capitalisation rate used would result in a significant decrease in fair value, and vice versa.
			Daily market rent, taking into account the time, location, and individual factors, such as frontage and size, between the comparables and the property, at an average of RMB11.6 per sqm per day on lettable area basis.	The higher the daily market rent, the higher the fair value.	A significant increase in the daily market rent used would result in a significant increase in fair value, and vice versa.
Completed investment property – Property I-3	Level 3	Income Capitalisation Approach The key inputs are: (1) Capitalisation rate; and (2) Daily market rent.	Capitalisation rate, taking into account of the capitalisation of rental income potential, nature of the property, and prevailing market condition, of 6.50% and 8.00% for office and retail portion, respectively.	The higher the capitalisation rate, the lower the fair value.	A slight increase in the capitalisation rate used would result in a significant decrease in fair value, and vice versa.
			Daily market rent, taking into account the time, location, and individual factors, such as frontage and size, between the comparables and the property, at an average of RMB11.8 per sqm per day on gross floor area basis.	The higher the daily market rent, the higher the fair value.	A significant increase in the daily market rent used would result in a significant increase in fair value, and vice versa.
Completed investment property – Property I-4	Level 3	Income Capitalisation Approach The key inputs are: (1) Capitalisation rate; and (2) Daily market rent.	Capitalisation rate, taking into account the capitalisation of rental income potential, nature of the property, and prevailing market condition, of 4.75% for retail area.	The higher the capitalisation rate, the lower the fair value.	A slight increase in the capitalisation rate used would result in a significant decrease in fair value, and vice versa.
			Daily market rent, taking into account the time, location, and individual factors, such as frontage and size, between the comparables and the property, at an average of RMB18.0 per sqm per day on lettable area basis.	The higher the daily market rent, the higher the fair value.	A significant increase in the daily market rent used would result in a significant increase in fair value, and vice versa.
Completed investment properties – Property I-5, I-6 and I-7	Level 3	Income Capitalisation Approach The key inputs are: (1) Capitalisation rate; and (2) Daily market rent.	Capitalisation rate, taking into account the capitalisation of rental income potential, nature of the property, and prevailing market condition, ranging from 4.75% to 5.00% for office portion, and ranging from 7.25% to 7.50% for retail portion, respectively.	The higher the capitalisation rate, the lower the fair value.	A slight increase in the capitalisation rate used would result in a significant decrease in fair value, and vice versa.
			Daily market rent, taking into account the time, location, and individual factors, such as frontage and size, between the comparables and the property, ranging from RMB3.7 to RMB4.4 per sqm per day on gross floor area basis.	The higher the daily market rent, the higher the fair value.	A significant increase in the daily market rent used would result in a significant increase in fair value, and vice versa.
Completed investment property – Property I-8	Level 3	Comparison Approach The key input is: Market unit rate	Market unit rate, taking into account the time, location, and individual factors, such as frontage, levels and size, between the comparables and the property, of RMB43,500 per sqm and RMB32,000 per sqm for office and retail portion, respectively, both are on gross floor area basis.	The higher the market unit rate, the higher the fair value.	A significant increase in the market unit rate used would result in a significant increase in fair value, and vice versa.

13. Investment Properties (Continued)

Investment properties held by the Group in the consolidated statements of financial position	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value	Sensitivity
Completed investment property located in Wuhan					
Completed investment property – Property II-1	Level 3	Income Capitalisation Approach The key inputs are: (1) Capitalisation rate; and (2) Daily market rent.	Capitalisation rate, taking into account the capitalisation of rental income potential, nature of the property, and prevailing market condition, of 6.25% for retail area.	The higher the capitalisation rate, the lower the fair value.	A slight increase in the capitalisation rate used would result in a significant decrease in fair value, and vice versa.
			Daily market rent, taking into account the time, location, and individual factors, such as frontage and size, between the comparables and the property, at an average of RMB4.6 per sqm per day on lettable area basis.	The higher the daily market rent, the higher the fair value.	A significant increase in the daily market rent used would result in a significant increase in fair value, and vice versa.
Completed investment property located in Foshan					
Completed investment property – Property III-1, comprising Phases 1 and 2	Level 3	Income Capitalisation Approach The key inputs are: (1) Capitalisation rate; and (2) Daily market rent.	Capitalisation rate, taking into account the capitalisation of rental income potential, nature of the property, and prevailing market condition, of 4.50% for retail area.	The higher the capitalisation rate, the lower the fair value.	A slight increase in the capitalisation rate used would result in a significant decrease in fair value, and vice versa.
			Daily market rent, taking into account the time, location, and individual factors, such as frontage and size, between the comparables and the property, at an average ranging from RMB3.3 to RMB4.3 per sqm per day on gross floor area basis.	The higher the daily market rent, the higher the fair value.	A significant increase in the daily market rent used would result in a significant increase in fair value, and vice versa.
Completed investment properties located in Chongqing					
Completed investment property – Property IV-1	Level 3	Income Capitalisation Approach The key inputs are: (1) Capitalisation rate; and (2) Daily market rent.	Capitalisation rate, taking into account the capitalisation of rental income potential, nature of the property, and prevailing market condition, of 4.75% for retail area.	The higher the capitalisation rate, the lower the fair value.	A slight increase in the capitalisation rate used would result in a significant decrease in fair value, and vice versa.
			Daily market rent, taking into account the time, location, and individual factors, such as frontage and size, between the comparables and the property, at an average of RMB2.7 per sqm per day on lettable area basis.	The higher the daily market rent, the higher the fair value.	A significant increase in the daily market rent used would result in a significant increase in fair value, and vice versa.
Completed investment property – Property IV-2	Level 3	Comparison Approach The key input is: Market unit rate	Market unit rate, taking into account the time, location, and individual factors, such as frontage, levels and size, between the comparables and the property, of RMB17,000 per sqm for office portion, and RMB15,000 per sqm for retail portion, both are on gross floor area basis, and RMB100,000 per unit for car park portion.	The higher the market unit rate, the higher the fair value.	A significant increase in the market unit rate used would result in a significant increase in fair value, and vice versa.

13. Investment Properties (Continued)

Investment properties held by the Group in the consolidated statements of financial position	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value	Sensitivity
Investment properties under construction or development that are measured at fair value located in Shanghai					
Investment property under construction or development that is measured at fair value – Property A-1	Level 3	Market-based Approach The key inputs are: (1) Gross development value; (2) Level adjustment; and (3) Developer's profit.	Gross development value on completion basis, taking into account the time, location, and individual factors, such as frontage and size, between the comparables and the property, of RMB5,002 million.	The higher the gross development value, the higher the fair value.	A significant increase in gross development value used would result in a significant increase in fair value, and vice versa.
			Level adjustment on individual floor of retail portion of the property ranging from 50% to 70% on specific levels.	The higher the level adjustment, the lower the fair value.	A significant increase in level adjustment used would result in a significant decrease in fair value, and vice versa.
			Developer's profit, taking into account the comparable land transactions and progress of the property, of 4%.	The higher the developer's profit, the lower the fair value.	A significant increase in developer's profit used would result in a significant decrease in fair value, and vice versa.
Investment property under construction or development that is measured at fair value – Property A-2	Level 3	Market-based Approach The key inputs are: (1) Gross development value; (2) Level adjustment; and (3) Developer's profit.	Gross development value on completion basis, taking into account the time, location, and individual factors, such as frontage and size, between the comparables and the property, of RMB5,954 million.	The higher the gross development value, the higher the fair value.	A significant increase in gross development value used would result in a significant increase in fair value, and vice versa.
			Level adjustment on individual floor of retail portion of the property ranging from 60% to 90% on specific levels.	The higher the level adjustment, the lower the fair value.	A significant increase in level adjustment used would result in a significant decrease in fair value, and vice versa.
			Developer's profit, taking into account the comparable land transactions and progress of the property, of 4%.	The higher the developer's profit, the lower the fair value.	A significant increase in developer's profit used would result in a significant decrease in fair value, and vice versa.

13. Investment Properties (Continued)

Investment properties held by the Group in the consolidated statements of financial position	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value	Sensitivity
Investment property under construction or development that is measured at fair value located in Wuhan					
Investment property under construction or development that is measured at fair value – Property B-1	Level 3	Market-based Approach The key inputs are: (1) Gross development value; (2) Level adjustment; and (3) Developer's profit.	Gross development value on completion basis, taking into account the time, location, and individual factors, such as frontage and size, between the comparables and the property, of RMB2,889 million and RMB182 million for commercial portion and car park portion, respectively.	The higher the gross development value, the higher the fair value.	A significant increase in gross development value used would result in a significant increase in fair value, and vice versa.
			Level adjustment on individual floor of retail portion of the property ranging from 50% to 90% on specific levels.	The higher the level adjustment, the lower the fair value.	A significant increase in level adjustment used would result in a significant decrease in fair value, and vice versa.
			Developer's profit, taking into account the comparable land transactions and progress of the property, of 10%.	The higher the developer's profit, the lower the fair value.	A significant increase in developer's profit used would result in a significant decrease in fair value, and vice versa.
Investment property under construction or development that is measured at fair value located in Chongqing					
Investment property under construction or development that is measured at fair value – Property C-1	Level 3	Market-based Approach The key inputs are: (1) Gross development value; (2) Level adjustment; and (3) Developer's profit.	Gross development value on completion basis, taking into account the time, location, and individual factors, such as frontage and size, between the comparables and the property, of RMB9,026 million.	The higher the gross development value, the higher the fair value.	A significant increase in gross development value used would result in a significant increase in fair value, and vice versa.
			Level adjustment on individual floor of retail portion of the property ranging from 75% to 95% on specific levels.	The higher the level adjustment, the lower the fair value.	A significant increase in level adjustment used would result in a significant decrease in fair value, and vice versa.
			Developer's profit, taking into account the comparable land transactions and progress of the property, of 13%.	The higher the developer's profit, the lower the fair value.	A significant increase in developer's profit used would result in a significant decrease in fair value, and vice versa.

14. Property, Plant and Equipment

	Land and buildings RMB'million	Hotel properties RMB'million	Hotels under development RMB'million	Furniture, fixtures, equipment and motor vehicles RMB'million	Total RMB'million
At Cost					
At 1 January 2012	465	91	533	283	1,372
Acquisition of subsidiaries (note 35(a))	456	1,826	–	34	2,316
Transfer from investment properties (note 13)	28	–	–	–	28
Transfer from properties under development for sales (note 16)	–	–	46	–	46
Transfer from properties held for sale	15	–	–	–	15
Transfer upon completion	–	623	(623)	–	–
Additions	34	–	343	99	476
Disposals	–	–	–	(11)	(11)
At 31 December 2012	998	2,540	299	405	4,242
Disposal of subsidiaries (note 35(d))	–	–	–	(6)	(6)
Transfer to investment properties	(245)	–	–	–	(245)
Transfer from investment properties (note 13)	22	–	–	–	22
Additions	–	–	159	38	197
Disposals	–	–	–	(3)	(3)
At 31 December 2013	775	2,540	458	434	4,207
Accumulated Depreciation					
At 1 January 2012	62	20	–	211	293
Charge for the year	31	85	–	61	177
Eliminated on disposals	–	–	–	(10)	(10)
At 31 December 2012	93	105	–	262	460
Disposal of subsidiaries (note 35(d))	–	–	–	(3)	(3)
Charge for the year	24	95	–	74	193
Eliminated on disposals	–	–	–	(1)	(1)
Transfer to investment properties	(19)	–	–	–	(19)
At 31 December 2013	98	200	–	332	630
Carrying Values					
At 31 December 2013	677	2,340	458	102	3,577
At 31 December 2012	905	2,435	299	143	3,782

The carrying amounts of owner-occupied leasehold land and buildings of RMB627 million (2012: RMB628 million), hotel properties of RMB2,273 million (2012: RMB2,367 million) and hotels under development of RMB44 million (2012: RMB41 million) at the end of the reporting period included both the leasehold land and building elements in property, plant and equipment, as in the opinion of the Directors, allocations of the carrying amounts between the leasehold land and buildings elements could not be made reliably.

The land and buildings, hotel properties and hotels under development are all situated in the PRC and held under long term leases of RMB51 million (2012: RMB54 million) and medium term leases of RMB3,424 million (2012: RMB3,585 million).

14. Property, Plant and Equipment (Continued)

The above items of property, plant and equipment, except for hotels under development, are depreciated on a straight-line basis at the following rates per annum:

Land and buildings	Over the shorter of the term of the lease, or 50 years
Hotel properties	Over the shorter of the term of the lease, or 50 years
Furniture, fixtures, equipment and motor vehicles	20% to 33-1/3%

15. Prepaid Lease Payments

	2013 RMB'million	2012 RMB'million
At beginning of the year	671	500
Transfer (to) from properties under development for sale (note 16)	(43)	185
Transfer to investment properties	(29)	–
Release for the year (note 7)	(13)	(14)
At end of the year	586	671

The cost of prepaid lease payments represents the amount paid to the government of the PRC in respect of the land use rights held under medium term leases.

16. Properties Under Development for Sale

	2013 RMB'million	2012 RMB'million
At beginning of the year	20,150	17,247
Additions	6,337	7,614
Transfer to property, plant and equipment (note 14)	–	(46)
Transfer from (to) prepaid lease payments (note 15)	43	(185)
Transfer from investment properties (note 13)	492	–
Transfer to properties held for sale	(4,311)	(4,480)
At end of the year	22,711	20,150

The properties under development are all situated in the PRC and held under long term leases of RMB21,517 million (2012: RMB18,734 million) and medium term leases of RMB1,194 million (RMB1,416 million).

Included in the properties under development for sale as at 31 December 2013 is carrying value of RMB14,839 million (2012: RMB16,936 million) which represents the carrying value of the properties expected to be completed after twelve months from the end of the reporting period.

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

	Notes	2013 RMB'million	2012 RMB'million
Cost of investments, unlisted		482	482
Share of post-acquisition profits		604	782
		1,086	1,264
Loans to associates			
– Interest free	(a)	743	727
– Interest bearing ranging from 5% to 6.15% (2012: 5% to 6.15%) per annum	(b)	911	932
		1,654	1,659
Amounts due from associates	(c)	564	484
Amounts due to associates	(d)	–	11

Notes:

(a) These loans to associates represent the loans to subsidiaries of Richcoast, an associate of the Group, for financing the development and operation of Dalian Tiandi project in Dalian, the PRC. The Dalian Tiandi project is an integrated mixed-use development in Dalian and it comprises office, retail, residential and hotel/service apartment. The principal activities of Richcoast are strategic to the Group's activities as the Group has determined to conduct its property development activities in Dalian through its strategic investment in Richcoast. Pursuant to the joint venture agreement ("Joint Venture Agreement") dated 25 May 2007 entered into among the three shareholders of Richcoast, being Innovate Zone Group Limited ("Innovate Zone"), an indirect subsidiary of the Company, Main Zone Group Limited ("Main Zone"), a direct wholly-owned subsidiary of SOCAM Development Limited ("SOCAM", an associate of SOCL) 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 rate of 7.29% (2012: 7.29%) per annum.

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

(c) The amounts due from associates are unsecured, interest free and repayable on demand, except for an amount of RMB310 million (2012: RMB238 million), which carries interest at rate of 6.6% (2012: 6.1%) per annum.

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

Particulars of the Group's principal associates at 31 December 2013 and 31 December 2012 are as follows:

Name of associate	Form of legal entity	Proportion of nominal value of issued ordinary share capital/ registered capital held by the Group	Place of incorporation/ registration and operations	Principal activities
Richcoast (notes 1 and 2)	Sino-Foreign Joint Venture	61.54%	British Virgin Islands ("BVI")	Investment holding
Dalian Qiantong Science & Technology Development Co., Ltd. (note 3)	Sino-Foreign Joint Venture	48%	PRC	Software park development
Dalian Ruisheng Software Development Co., Ltd. (note 3)	Sino-Foreign Joint Venture	48%	PRC	Software park development
Dalian Delan Software Development Co., Ltd. (note 3)	Sino-Foreign Joint Venture	48%	PRC	Software park development
Dalian Jiadao Science & Technology Development Co., Ltd. (note 3)	Sino-Foreign Joint Venture	48%	PRC	Software park development
Dalian Software Park Shuion Fazhan Co., Ltd. (note 3)	Sino-Foreign Joint Venture	48%	PRC	Software park development
Dalian Software Park Shuion Kaifa Co., Ltd. (note 3)	Sino-Foreign Joint Venture	48%	PRC	Software park development

Notes:

1. Pursuant to the terms of the Joint Venture Agreement, the Board of Directors of Richcoast consists of four representatives designated by Innovate Zone, three representatives designated by Main Zone, and three representatives by Many Gain. The Board is responsible for managing the business and affairs of the Richcoast Group, establishing the strategic direction, policies of, and operating procedures of the Richcoast Group, and shall decide on matters by a simple majority vote. Accordingly, the Group has significant influence over Richcoast by virtue of its contractual right to appoint four out of ten Directors to the Board of Richcoast.
2. Pursuant to the Joint Venture Agreement dated 25 May 2007 entered into among Innovate Zone, Main Zone and Many Gain, whereby the parties agreed to form a joint venture company, Richcoast, which is owned 61.54%, 28.20% and 10.26% by Innovate Zone, Main Zone and Many Gain, respectively, for the development and operation of Dalian Tiandi project.
3. These companies are non-wholly owned subsidiaries of Richcoast.

17. Interests in Associates/Loans to Associates/Amounts Due from Associates/Amounts Due to Associates (Continued)

The summarised consolidated financial information of Richcoast, which is prepared in accordance with IFRSs, is set out below:

	2013 RMB'million	2012 RMB'million
Current assets	5,102	4,949
Non-current assets	7,761	7,441
Current liabilities	4,678	4,589
Non-current liabilities	5,671	4,904

The above amounts of assets and liabilities include the following:

	2013 RMB'million	2012 RMB'million
Current assets		
Properties under development for sales	3,837	3,573
Properties held for sales	357	540
Bank balances and cash	307	280
Non-current assets		
Investment properties	7,127	6,921
Current liabilities		
Bank borrowings – due within one year	1,162	1,543
Non-current liabilities		
Bank borrowings – due after one year	2,272	1,375
Loans from shareholders	2,630	2,699

	2013 RMB'million	2012 RMB'million
Revenue	543	565
(Loss) profit and total comprehensive (expense) income for the year	(383)	170
Attributable to:		
Shareholders of Richcoast	(289)	133
Non-controlling interests	(94)	37
	(383)	170

The above (loss) profit and total comprehensive (expense) income for the year include the following:

	2013 RMB'million	2012 RMB'million
Increase in fair value of investment properties	97	245
Impairment loss on properties under development for sales	(342)	–

17. Interests in Associates/Loans to Associates/Amounts Due from Associates/Amounts Due to Associates (Continued)

Reconciliation of the above summarised consolidated financial information to the carrying amount of the interests in associates recognised in the consolidated financial statements:

	2013 RMB'million	2012 RMB'million
Total assets and liabilities of Richcoast	2,514	2,897
Less: Non-controlling interests in Richcoast	(749)	(843)
Equity attributable to shareholders of Richcoast	1,765	2,054
Proportion of the Group's ownership interest in Richcoast	61.54%	61.54%
Carrying amount of the Group's interest in Richcoast	1,086	1,264

18. Interests in Joint Ventures/Amount Due from a Joint Venture/Loan to a Joint Venture

	Notes	2013 RMB'million	2012 RMB'million
Cost of investment, unlisted		25	–
Share of post-acquisition results		–	–
		25	–
Loan to a joint venture	(a)	675	–
Amount due from a joint venture	(b)	11	11
Less: Allowance		(11)	(11)
		–	–

Notes:
(a) The loan to a joint venture represents a loan to Shanghai Yong Lin Investment Management Limited ("Shanghai Yong Lin"), and 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 31 December 2013 and 31 December 2012 are as follows:

Name of joint venture	Form of legal entity	Proportion of nominal value of issued ordinary share capital/registered capital held by the Group 2013	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#	Sino-Foreign Joint Venture	19.8%*	–	PRC	Property management

* 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 certain major decisions require unanimous consent of the Group and the JV Partner. These major decisions relate to the relevant activities of Shanghai Yong Lin. Shanghai Yong Lin is principally engaged in the property management activities in respect of relocation activities in Shanghai. Its principal activities are considered as strategic to the Group's activities as the relocation activities are carried out in the vicinity of one of the Group's property projects.

For identification only

18. Interests in Joint Ventures/Amount Due from a Joint Venture/Loan to a Joint Venture (Continued)

The summarised consolidated financial information of Shanghai Yong Lin, which is prepared in accordance with IFRSs, is set out below:

	2013 RMB'million	2012 RMB'million
Current assets	2,136	–
Non-current assets	1	–
Current liabilities	1	–
Non-current liabilities	2,011	–

The above amounts of assets and liabilities include the following:

	2013 RMB'million	2012 RMB'million
Current assets		
Prepayment of relocation costs	2,075	–
Bank balances and cash	30	–
Non-current liabilities		
Bank borrowings – due after one year	1,336	–
Loans from shareholders	675	–

Reconciliation of the above summarised consolidated financial information to the carrying amount of the interests in joint ventures recognised in the consolidated financial statements:

	2013 RMB'million	2012 RMB'million
Total assets and liabilities of Shanghai Yong Lin	125	–
Proportion of the Group's ownership interest in Shanghai Yong Lin	19.8%	–
Carrying amount of the Group's interest in Shanghai Yong Lin	25	–

19. Accounts Receivable, Deposits and Prepayments

	2013 RMB'million	2012 RMB'million
Non-current accounts receivable comprise:		
Rental receivables in respect of rent-free periods	96	102
Trade receivables	75	–
	171	102
Current accounts receivable comprise:		
Trade receivables	561	316
Prepayments of relocation costs (note)	3,677	1,695
Other deposits, prepayments and receivables	828	595
	5,066	2,606

Note:
The balance represents the amounts that will be capitalised to properties under development for sale as soon as the relocation has been completed, and such relocation process is in accordance with the Group's normal operating cycle. The balance is not expected to be realised within twelve months from the end of the reporting period.
Trade receivables comprise:
(i) receivables arising from sales of properties which are due for settlement in accordance with the terms of the relevant sales and purchase agreements; and
(ii) rental receivables which are due for settlement upon issuance of monthly debit notes to the tenants.

Included in the Group's accounts receivable, deposits and prepayments are trade receivable balances of RMB636 million (2012: RMB316 million), of which 67% (2012: 71%) are aged less than 90 days, and 33% (2012: 29%) are aged over 180 days, based on the dates on which revenue was recognised.

Included in the Group's trade receivable balances are debtors with aggregate carrying amount of RMB45 million (2012: RMB13 million) which are past due at the end of the reporting period for which the Group has not provided for impairment loss, of which 84% (2012: 54%) are past due within 90 days, and 16% (2012: 46%) are past due over 90 days, based on the repayment terms set out in the sales and purchase agreements or debit notes to the tenants. No provision for impairment is considered necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the date of the reporting period. Allowance for bad and doubtful debts are generally not required for rental receivables as the Group has collected rental deposits from the tenants to secure any potential losses from uncollectible debts.

20. Pledged Bank Deposits/Restricted Bank Deposits/Bank Balances

Pledged bank deposits represent deposits pledged to banks to secure the banking facilities granted to the Group. Deposits amounting to RMB2,747 million (2012: RMB1,720 million) have been pledged to secure long-term bank loans and are therefore classified as non-current assets.

Bank balances carry interest at market rates which range from 0.35% to 1.35% (2012: 0.35% to 1.35%) per annum. Pledged bank deposits carry interest at fixed rates which range from 0.35% to 1.35% (2012: 0.35% to 1.35%) per annum. The pledged bank deposits will be released upon the settlement of relevant bank borrowings.

Restricted bank deposits of RMB1,231 million (2012: RMB183 million) represent deposits placed by the Group with banks which can only be applied to designated property development projects of the Group. Restricted bank deposits carry interest at market rates which range from 0.35% to 1.35% (2012: 0.35% to 1.35%) per annum.

21. Properties Held for Sale

The Group's properties held for sale are situated in the PRC. All the properties held for sale are stated at cost.

22. Amounts Due from/to Related Companies

At 31 December 2013, the amounts due from related companies are unsecured, interest free and repayable on demand. At 31 December 2012, the amounts due from related companies were unsecured, interest free and repayable on demand, except for an amount of RMB76 million which was unsecured, carried interest ranging from 6.1% to 6.6% per annum and fully repaid during the year ended 31 December 2013.

At 31 December 2013, the amounts due to related companies are unsecured, interest free and repayable on demand. At 31 December 2012, the amounts due to related companies were unsecured, interest free and repayable on demand, except for an amount of RMB100 million which was unsecured, carried interest at 6.1% per annum and fully repaid during the year ended 31 December 2013.

Related companies are subsidiaries of SOCL other than the Group, or associates of SOCL.

23. Amounts Due from/to Non-Controlling Shareholders of Subsidiaries

At 31 December 2013, the amounts due from non-controlling shareholders of subsidiaries are unsecured, interest free and repayable on demand, except for an amount of RMB31 million which is unsecured, carries interest at 6.6% per annum and is repayable within one year from the end of the reporting period.

At 31 December 2012, the amounts due from non-controlling shareholders of subsidiaries were unsecured, interest free and repayable on demand, except for an amount of RMB31 million which was unsecured, carried interest at 6.6% per annum, and an amount of RMB22 million which was unsecured, carried interest at 7.2% per annum.

The amounts due to non-controlling shareholders of subsidiaries are unsecured, interest free and repayable on demand.

24. Accounts Payable, Deposits Received and Accrued Charges

	2013 RMB'million	2012 RMB'million
Trade payables	3,466	2,568
Retention payables (note)	458	448
Deed tax, business tax and other tax payables	355	325
Deposits received and receipt in advance from property sales	5,805	3,551
Deposits received and receipt in advance in respect of rental of investment properties	396	324
Deposit received in respect of partial disposal of equity interests in subsidiaries	–	352
Accrued charges	566	335
	11,046	7,903

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

Included in the Group's accounts payable, deposits received and accrued charges are trade payable balances of RMB3,466 million (2012: RMB2,568 million), of which 76% (2012: 95%) are aged less than 30 days, 19% (2012: 1%) are aged between 31 to 60 days, 1% (2012: 1%) are aged between 61 days to 90 days, and 4% (2012: 3%) are aged more than 90 days, based on invoice date.

25. Loans from Non-Controlling Shareholders of Subsidiaries

The carrying amounts of the loans from non-controlling shareholders of subsidiaries are analysed as follows:

Denominated in	Interest rate per annum	2013 RMB'million	2012 RMB'million
RMB	110% (2012: 110%) of PBOC Prescribed Interest Rate (note (a))	1,648	1,648
HK$	Interest free (notes (a) and (b))	540	406
United States dollars ("US$")	110% (2012: 110%) of PBOC Prescribed Interest Rate (note (a))	417	430
		2,605	2,484

Notes:

(a) The loans are unsecured and will not be demanded for payment until the Group's subsidiaries are in a position to repay the loans, which are to be mutually agreed between both parties. The Directors are of the opinion that the loans are not repayable in the next twelve months from the end of the reporting period.

(b) The principal amounts of the loans are RMB644 million (2012: RMB456 million). The loans are carried at amortised cost at an effective interest rate of 7.0% (2012: 6.7%) per annum.

26. Bank and Other Borrowings

	2013 RMB'million	2012 RMB'million
Bank borrowings repayable within a period of:		
– Not more than 1 year or on demand	6,280	5,103
– More than 1 year, but not exceeding 2 years	8,234	3,867
– More than 2 years, but not exceeding 5 years	8,097	8,623
– More than 5 years	893	1,210
	23,504	18,803
Other borrowings repayable within a period of:		
– Not more than 1 year or on demand	35	–
– More than 1 year, but not exceeding 2 years	55	–
– More than 2 years, but not exceeding 5 years	772	–
	862	–
Total bank and other borrowings	24,366	18,803
Less: Amount due within one year shown under current liabilities	(6,315)	(5,103)
Amount due after one year	18,051	13,700

The carrying amounts of the Group's bank and other borrowings are analysed as follows:

Denominated in	Interest rate	2013 RMB'million	2012 RMB'million
RMB	90% to 140% (2012: 90% to 140%) of PBOC Prescribed Interest Rate	13,774	9,735
HK$	Hong Kong Interbank Offered Rates ("HIBOR") plus 1.5% to 4.75% (2012: HIBOR plus 1.5% to 4.6%)	7,906	6,561
US$	Singapore Interbank Offered Rates ("SIBOR") plus 2.75% to 3.5% (2012: SIBOR plus 2.75% to 3.5%)	244	377
US$	London Interbank Offered Rates ("LIBOR") plus 2.5% to 4.75% (2012: LIBOR plus 3.1% to 4.6%)	2,442	2,130
		24,366	18,803

26. Bank and Other Borrowings (Continued)

As at 31 December 2013, the weighted average effective interest rate on the bank and other borrowings was 6.0% (2012: 5.6%), and are further analysed as follows:

	2013	2012
Denominated in RMB	7.2%	7.0%
Denominated in HK$	4.4%	4.0%
Denominated in US$	4.2%	4.3%

The bank and other borrowings at the end of the reporting period are secured by the pledge of assets as set out in note 37.

27. 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 shares in lieu of cash dividends (note 11)	–	–	162,797,018	407
Issue of new shares for the acquisition of equity interests in subsidiaries (note 35(a))	–	–	626,909,643	1,567
At 31 December 2012	12,000,000,000	30,000	6,001,294,642	15,003
Issue of shares under rights issue (note)	–	–	2,000,431,547	5,001
At 31 December 2013	12,000,000,000	30,000	8,001,726,189	20,004

	2013 RMB'million	2012 RMB'million
Shown in the 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$3,681 million (equivalent to RMB2,937 million), before share issue expenses of HK$48 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.

28. Reserves

(a) Merger reserve represents the aggregate of:

(i) the difference between the nominal value of the share capital and share premium on the shares issued by the Company and the aggregate of the share capital and share premium of the holding companies of the subsidiaries acquired;

(ii) the share of profit attributable to the deemed non-controlling shareholders exchanged upon the group reorganisation in 2004; and

(iii) the difference between the fair value and the carrying amount of the net assets attributable to the additional interest in the subsidiaries being acquired from a non-controlling shareholder upon the group reorganisation in 2004.

(b) Special reserve comprise:

The difference between the fair value and the carrying amount of the net assets attributable to the additional interest in the subsidiaries being acquired from non-controlling shareholders, which will be recognised in the profit or loss upon the earlier of the disposal of the assets, disposal of the subsidiary of the assets which the assets relate, or when the related assets affect profit or loss.

28. Reserves (Continued)

(c) Other reserves comprise:

(i) An amount of RMB483 million, which represents payable waived in 2004 by Shui On Investment Company Limited ("SOI", a shareholder of the Company, which is wholly owned by SOCL), in respect of development costs of the same amount originally paid by Shanghai Shui On Property Development Management Co., Ltd., a fellow subsidiary of SOI, and recharged to certain subsidiaries of the Company.

(ii) Capital contribution of RMB21 million arising on the fair value adjustments at the initial recognition of an interest free loan advanced by a non-controlling shareholder of a subsidiary in 2005.

(iii) Non-distributable reserve of RMB99 million arising from the capitalisation of retained earnings as registered capital of a subsidiary in the PRC in 2006.

(iv) An amount of RMB34 million recognised in the year ended 31 December 2010, which represents the difference between the fair value of the consideration paid and the carrying amount of the net assets attributable to the additional interest of 16.8% in Yang Pu Centre Development Co., Ltd. being acquired from the non-controlling interests in 2010.

(v) An amount of RMB188 million recognised against the other reserve in the year ended 31 December 2012, which represents the Group's share of additional interest of 4.81% in carrying amount of the net assets of Foresight Profits Limited ("Foresight"). The Group acquired the additional interest through capital injection in Foresight.

(vi) An amount of RMB138 million recognised in the year ended 31 December 2012, which represents the difference between the fair value of the consideration received and the carrying amount of the net assets attributable to the partial disposal of equity interests of 49% in Glory Land Limited ("Glory Land").

(vii) An amount of RMB52 million recognised in the year ended 31 December 2013, which represents the difference between the fair value of the consideration paid and the carrying amount of the net assets attributable to the additional interest in Shanghai Bai-Xing Properties Co., Ltd. ("Bai-Xing"), Shanghai Ji-Xing Properties Co., Ltd. ("Ji-Xing"), Shanghai Tai Ping Qiao Properties Management Co., Ltd. ("TPQM"), Shanghai Xin-tian-di Plaza Co., Ltd. ("XTD Plaza"), Shanghai Xing Bang Properties Co., Ltd. ("Xing Bang"), Shanghai Xing-Qi Properties Co., Ltd. ("Xing-Qi").

(viii) An amount of RMB84 million recognised in the year ended 31 December 2013, which represents the difference between the fair value of the consideration received and the carrying amount of the net assets attributable to the partial disposal of equity interests of 49% in Value Land Limited ("Value Land").

29. Convertible Bonds

On 29 September 2010, the Company issued RMB denominated US$ settled 4.5% convertible bonds with the aggregate principal amount of RMB2,720 million with initial conversion price of HK$4.87 at a fixed exchange rate of RMB1.00 to HK$1.1439. An adjustment had been made to the conversion price from HK$4.87 to HK$3.88 as a result of the dividends paid and Rights Issue since the convertible bonds were issued.

Conversion may occur at any time between 10 November 2010 and 19 September 2015. The Company will, at the option of the holder of the bonds, be required to redeem all or some only of such holder's bonds on 29 September 2013 at an amount equal to the US$ equivalent of their RMB principal amount, together with accrued but unpaid interest.

If the bonds have not been converted or redeemed by the date of maturity, they will be redeemed at an amount equal to the US$ equivalent of their RMB principal amount, together with accrued but unpaid interest.

The Company may at any time after 29 September 2013 redeem all, but not some only, of the bonds for the time being outstanding at the US$ equivalent of their RMB principal amount, together with interest accrued to the date fixed for redemption, provided that the closing price of the shares of the Company translated into RMB at the prevailing rate applicable to the relevant trading day, for 20 out of 30 consecutive trading days prior to the date upon which notice of such redemption is published was at least 130% of the conversion price then in effect, translated into RMB at the fixed rate of RMB1.00 = HK$1.1439.

29. Convertible Bonds (Continued)

The Company may at any time redeem all, but not some only, of the bonds being outstanding at a redemption price equal to the US$ equivalent of their RMB principal amount, together with accrued but unpaid interest to the date fixed for redemption, if prior to the date of notice at least 90% in RMB principal amount of the bonds originally issued has already been converted, redeemed or purchased and cancelled.

The convertible bonds contain two components: equity and liability elements. The equity element is presented in equity heading "convertible bond equity reserve". The fair value of the liability component at inception date is determined based on the valuation carried out by an independent valuer and the effective interest rate of the liability component on initial recognition is 10.7% per annum.

During the year ended 31 December 2013, the Company repurchased a total principal amount of RMB80 million of the convertible bonds. In addition, on 29 September 2013, certain bondholders exercised their rights to redeem a total principal amount of RMB2,207 million of the convertible bonds. The loss on remeasurement of the carrying amount of the liability component of the convertible bonds repurchased and redeemed amounted to RMB166 million and is recognised in finance costs.

The redeemed and repurchased convertible bonds were subsequently cancelled. Accordingly, an amount of RMB509 million was transferred from convertible bond equity reserve to retained earnings.

The convertible bonds outstanding at 31 December 2013 are classified under non-current liabilities in accordance with their maturity date which is on 19 September 2015 as the holders' right to redeem on 29 September 2013 had lapsed.

The movement of the liability component of the convertible bonds for the year is set out below:

	2013 RMB'million	2012 RMB'million
At 1 January	**2,346**	2,225
Interest charged during the year	**292**	243
Less: Interest paid	**(122)**	(122)
Less: Repurchase during the year	**(72)**	–
Less: Redemption during the year	**(2,049)**	–
At 31 December	**395**	2,346
Less: Amount due within one year shown under current liabilities	**–**	(2,346)
Amount due after one year	**395**	–

30. Notes

	2013 RMB'million	2012 RMB'million
At 1 January	**13,519**	6,520
Issue of senior notes	**–**	6,952
Expenses on issue of senior notes	**–**	(137)
Interest charged during the year	**1,162**	972
Less: Interest paid	**(1,106)**	(794)
Less: Repayment of senior notes	**(3,000)**	–
Exchange translation	**(245)**	6
At 31 December	**10,330**	13,519
Less: Amount due within one year shown under current liabilities	**–**	(2,980)
Amount due after one year	**10,330**	10,539

30. Notes (Continued)

On 23 December 2010, Shui On Development (Holding) Limited ("SOD") issued RMB3,000 million senior notes to independent third parties with a maturity of three years due on 23 December 2013 (the "2013 RMB notes"). The 2013 RMB notes are denominated in RMB and settled in US$, and bear coupon at 6.875% per annum payable semi-annually in arrears. The 2013 RMB notes are fully repaid during the current year.

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

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

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

On 6 August 2012, SOD further issued US$400 million senior notes at 102.785% of the principal amount plus accrued interest from 16 February 2012 to 6 August 2012 ("Additional notes") (equivalent to RMB2,719 million) to independent third parties. These Additional notes consolidate and form a single class with the 2015 US$ notes and have the same term and maturity date of 16 February 2015. These Additional notes are denominated in US$, and bear coupon at 9.75% per annum payable semi-annually in arrears.

The principal terms of the notes

The 2013 RMB notes were:

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

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

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

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

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

At any time prior to the date of maturity of the 2013 RMB notes, SOD may at its option redeem the notes, in whole or in part, at a redemption price equal to 100% of the principal amount of the notes redeemed plus the applicable premium (see definition below) as of, and accrued and unpaid interest, if any, to (but not including) the redemption date, as set forth in the written agreement between the Company, SOD, and the trustee of the 2013 RMB notes. In the opinion of the Directors, the fair value of the option to early redeem the 2013 RMB notes is insignificant at initial recognition and at the end of the reporting period.

At any time on or before all the 2013 RMB notes are matured or being fully redeemed, for every two semi-annual periods, dividend payments of the Company are limited to 20% of the profit attributable to the shareholders' after taking into account certain adjustments prescribed in the terms of the 2013 RMB notes.

30. Notes (Continued)

The principal terms of the notes (Continued)

The 2015 RMB notes were:

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

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

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

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

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

At any time prior to the date of maturity of the 2015 RMB notes, SOD may at its option redeem the notes, in whole or in part, at a redemption price equal to 100% of the principal amount of the notes redeemed plus the applicable premium (see definition below) as of, and accrued and unpaid interest, if any, to (but not including) the redemption date, as set forth in the written agreement between the Company, SOD, and the trustee of the 2015 RMB notes. In the opinion of the Directors, the fair value of the option to early redeem the 2015 RMB notes is insignificant at initial recognition and at the end of the reporting period.

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

The 2015 SGD notes were:

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

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

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

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

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

At any time prior to the date of maturity of the 2015 SGD notes, SODSG may at its option redeem the 2015 SGD notes, in whole or in part, at a redemption price equal to 100% of the principal amount of the 2015 SGD notes redeemed plus the applicable premium (see definition below) as of, and accrued and unpaid interest, if any, to (but not including) the redemption date, as set forth in the written agreement between the Company, SODSG, and the trustee of the 2015 SGD notes. In the opinion of the Directors, the fair value of the option to early redeem the 2015 SGD notes is insignificant at initial recognition and at the end of the reporting period.

30. Notes (Continued)

The principal terms of the notes (Continued)

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

"Applicable Premium" for the 2013 RMB notes, 2015 RMB notes and 2015 SGD notes means with respect to the notes at any redemption date, the greater of (1) 1.00% of the principal amount of the notes and (2) the excess of (A) the present value at such redemption date of (i) the redemption amount of the notes, plus (ii) all required remaining scheduled interest payments due on the notes through the maturity date of the notes (but excluding accrued and unpaid interest to the redemption date), computed using a discount rate equal to 2.5%, over (B) the principal amount of the notes on such redemption date.

The 2015 US$ notes were:

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

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

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

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

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

At any time prior to the date of maturity of the 2015 US$ notes, SOD may at its option redeem the 2015 US$ notes, in whole or in part, at a redemption price equal to 100% of the principal amount of the 2015 US$ notes redeemed plus the applicable premium as of, and accrued and unpaid interest, if any, to (but not including) the redemption date, as set forth in the written agreement between the Company, SOD, and the trustee of the 2015 US$ notes. In the opinion of the Directors, the fair value of the option to early redeem the 2015 US$ notes is insignificant at initial recognition and at the end of the reporting period.

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

"Applicable Premium" means with respect to the 2015 US$ notes at any redemption date, the greater of (1) 1.00% of the principal amount of the 2015 US$ notes and (2) the excess of (A) the present value at such redemption date of (i) the redemption amount of the 2015 US$ notes, plus (ii) all required remaining scheduled interest payments due on the 2015 US$ notes through the maturity date of the 2015 US$ notes (but excluding accrued and unpaid interest to the redemption date), computed using a discount rate equal to the adjusted treasury rate plus 100 basis points, over (B) the principal amount of the 2015 US$ notes on such redemption date.

31. Perpetual Capital Securities

On 4 December 2012, SOD issued US$500 million (equivalent to RMB3,137 million) 10.125% guaranteed perpetual capital securities ("Perpetual Capital Securities") at an issue price of 100% of the principal amount. The Perpetual Capital Securities were issued for general corporate funding purposes and were guaranteed by the Company on a senior basis for the due payment of all sums which may be payable by SOD under the Perpetual Capital Securities. Distributions on the Perpetual Capital Securities are paid semi-annually in arrears from 10 June 2013 and can be deferred at the discretion of SOD. The Perpetual Capital Securities have no fixed maturity and are redeemable at SOD's option on or after 10 December 2017 at their principal amounts together with any accrued, unpaid or deferred distributions. While any distributions are unpaid or deferred, the Company and SOD cannot declare or, pay dividends or make distributions or similar periodic payments in respect of, or repurchase, redeem or otherwise acquire any securities of lower or equal rank, which includes the ordinary shares of the Company and SOD.

32. Derivative Financial Instruments Designated As Hedging Instruments

Interest rate swaps

At 31 December 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 HIBOR and pay interests at fixed rates ranging from 0.53% to 0.64% (2012: 0.63% to 1.45%); receive interests at variable rates at LIBOR and pay interests at fixed rates ranging from 0.54% to 0.71% (2012: 0.70% to 0.71%); and receive interests at 110% of the PBOC Prescribed Interest Rate and pay interests at a fixed rate of 7.52% and 7.85% (2012: nil), based on the notional amounts of HK$3,227 million (2012: HK$3,530 million), US$305 million (2012: US$150 million) and RMB456 million (2012: nil) in aggregate as at 31 December 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$3,227 million (2012: HK$3,530 million), US$305 million (2012: US$150 million) and RMB456 million (2012: nil) which bear variable interest rates at HIBOR plus spread ranging from 3.10% to 4.60% (2012: 3.00% to 4.50%), LIBOR plus spread ranging from 3.10% to 4.60% (2012: 3.10%) and 110% of PBOC Prescribed Interest Rate (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 year ended 31 December 2013, fair value gain arising from the interest rate swaps of RMB14 million (2012: RMB54 million) was deferred in equity as hedge reserve, which is expected to be recognised in the profit or loss at various dates upon the interest payments of the related bank borrowings being settled.

During the year ended 31 December 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 RMB47 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 year ended 31 December 2013, the Group entered into cross currency swaps to hedge against the variability of cash flows arising from the Group's 2015 SGD notes. 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 two 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 year ended 31 December 2013, the fair value loss arising from the cross currency swaps of RMB98 million was recognised in other comprehensive income, of which fair value loss amounting to RMB75 million was reclassified from hedge reserve to profit or loss in the same period when the hedged item affects profit or loss.

33. Deferred Tax Assets/Liabilities

The following are the major deferred tax (assets) liabilities recognised and movements thereon during the current and prior years:

	Accelerated tax depreciation RMB'million	Revaluation of investment properties RMB'million	Tax losses RMB'million	Recognition of sales and related cost of sales RMB' million	Withholding tax on income derived in the PRC RMB' million	Others RMB' million	Total RMB' million
At 1 January 2012	1,105	2,526	(17)	(59)	186	(185)	3,556
Charge (credit) to profit or loss	67	672	(104)	(132)	(1)	108	610
Acquisition of subsidiaries (note 35(a))	148	530	(26)	–	21	96	769
At 31 December 2012	1,320	3,728	(147)	(191)	206	19	4,935
Charge (credit) to profit or loss	113	777	(34)	40	43	34	973
Disposal of subsidiaries (note 35(d))	(136)	(214)	4	–	–	–	(346)
At 31 December 2013	1,297	4,291	(177)	(151)	249	53	5,562

For the purposes of presentation of the consolidated statement of financial position, certain deferred tax (assets) liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	2013 RMB'million	2012 RMB'million
Deferred tax assets	(100)	(93)
Deferred tax liabilities	5,662	5,028
	5,562	4,935

At the end of the reporting period, the Group has unused tax losses of RMB885 million (2012: RMB734 million) available to offset against future profits. A deferred tax asset has been recognised in respect of such tax losses amounting to RMB706 million (2012: RMB587 million). No deferred tax asset has been recognised in respect of the remaining tax losses of RMB179 million (2012: RMB147 million) due to the unpredictability of future profit streams. The unrecognised tax losses will expire in the following years ending 31 December:

	2013 RMB'million	2012 RMB'million
2013	–	34
2014	1	7
2015	30	39
2016	7	52
2017	19	15
2018	122	–
	179	147

34. Provident and Retirement Fund Schemes

Hong Kong

The Group participates in both a defined benefit plan (the "Plan") which is registered under the Occupational Retirement Schemes Ordinance and in a Mandatory Provident Fund Scheme (the "MPF Scheme") established under the Mandatory Provident Fund Schemes Ordinance in December 2000. The Plan was effective in 2004. The assets of the Plan are held separately from those of the Group and are invested in securities and funds under the control of trustees. Employees who were members of the Plan prior to the establishment of MPF Scheme were offered a choice of staying within the Plan or switching to the MPF Scheme, whereas all new employees joining the Group on or after 1 December 2000 are required to join the MPF Scheme.

The MPF Scheme

For members of the MPF Scheme, contributions are made by the employees at 5% of relevant income and by the Group at rates ranging from 5% to 10% of the employees' salaries, depending on the employees' length of services with the Group.

The Group's contributions to the MPF Scheme charged to the consolidated statement of profit or loss as staff costs during the year ended 31 December 2013 and 31 December 2012 are less than RMB1 million.

The Plan

Contributions to the Plan are made by the members at 5% of their salaries and by the Group which are based on recommendations made by the actuary of the Plan. Under the Plan, a member is entitled to retirement benefits which comprise the sum of any benefits transferred from another scheme and the greater of the sum of employer's basic contribution plus the member's basic contribution accumulated with interest at a rate of no less than 6% per annum before 1 September 2003 and 1% per annum in respect of contributions made on or after 1 September 2003 or 1.8 times the final salary times the length of employment with the Group on the attainment of the retirement age of 60. For members who joined the Plan before 1997, the retirement age is 60 for male members and 55 for female members. No other post-retirement benefits are provided.

The actuarial valuations of the plan assets and the present value of the defined benefit obligation are carried out at 31 December 2013 and 31 December 2012 by Ms. Elaine Hwang of Towers Watson Hong Kong Limited, who is a Fellow of the Society of Actuaries. The present value of the defined benefit obligations and the related current service cost are measured using the Projected Unit Credit Method.

The Plan exposes the Group to actuarial risks such as investment risk, interest risk and salary risk.

Investment risk	The plan assets are invested in a diversified portfolio of equities, hedge funds, bonds and cash, covering major geographical locations around the world. The diversification of asset classes and geographical location helps to reduce the concentration of risk associated with the plan investments.
Interest risk	The present value of the defined benefit plan liabilities is calculated using a discount rate determined by reference to market corporate bond yields. A decrease in the discount rate will increase the plan liabilities.
Salary risk	The present value of the defined benefit plan liabilities is calculated by reference to the future salaries of members. An increase in the salaries of members will increase the plan liabilities.

34. Provident and Retirement Fund Schemes (Continued)

Hong Kong (Continued)

The Plan (Continued)

The principal assumptions used for the purposes of the actuarial valuations were as follows:

	Valuation at	
	2013	2012
Discount rate per annum	**1.8%**	0.5%
Expected rate of salary increase	**5.0%**	5.0%

The actuarial valuation showed that the market value of plan assets was RMB51 million (2012: RMB41 million) and that the actuarial value of these assets represented 50% (2012: 42%) of the benefits that had accrued to members.

Amounts recognised in profit or loss and other comprehensive income in respect of these defined benefit plans are as follows:

	2013 RMB'million	2012 RMB'million
Service cost and components of defined benefit costs recognised in profit or loss:		
– Current service cost	**4**	3
– Net interest cost	**–**	1
	4	4
Remeasurement on the net defined benefit liability and components of defined benefit costs recognised in other comprehensive income:		
– Return on plan assets (excluding amounts included in net interest expense)	**(4)**	–
– Actuarial gains and losses arising from changes in demographic assumptions	**2**	–
– Actuarial gains and losses arising from changes in financial assumptions	**(9)**	–
– Actuarial gains and losses arising from experience adjustments	**49**	–
	38	–
Total	**42**	4

The expense for the year is included in the retirement benefits costs in profit or loss.

The remeasurement of the net defined benefit liability is included in other comprehensive income.

The amount included in the consolidated statement of financial position arising from the Group's obligation in respect of its defined benefit plans is as follows:

	2013 RMB'million	2012 RMB'million
Present value of funded defined benefit obligations	**102**	53
Fair value of plan assets	**(51)**	(41)
Net liabilities arising from defined benefit obligations	**51**	12

34. Provident and Retirement Fund Schemes (Continued)

Hong Kong (Continued)

The Plan (Continued)

Movements in the present value of the defined benefit obligations in the current year were as follows:

	2013 RMB'million	2012 RMB'million
At 1 January	53	48
Current service cost	4	3
Interest cost	–	1
Remeasurement (gains) losses:		
– Actuarial gains and losses arising from changes in demographic assumptions	2	–
– Actuarial gains and losses arising from changes in financial assumptions	(9)	–
– Actuarial gains and losses arising from experience adjustments	49	–
Contributions from plan participants	1	1
Transfer in	5	–
Exchange realignment	(3)	–
At 31 December	102	53

Movements in the present value of the plan assets in the current year were as follows:

	2013 RMB'million	2012 RMB'million
At 1 January	41	39
Remeasurement gain:		
– Return on plan assets (excluding amounts included in net interest expense)	4	–
Contributions from the employer	2	1
Contributions from plan participants	1	1
Transfer in	5	–
Exchange realignment	(2)	–
At 31 December	51	41

The major categories of plan assets at the end of the reporting period are as follows:

	2013 RMB'million	2012 RMB'million
Equities	30	23
Hedge funds	9	7
Bonds and cash	12	11
	51	41

The fair values of the above equity and debt instruments are determined based on quoted market prices in active markets.

The actual return on plan assets was RMB4 million (2012: RMB4 million).

Significant actuarial assumptions for the determination of the defined benefit obligations are discount rate and expected rate of salary increase. No sensitiviy analysis is prepared as the financial impact arising from the changes in discount rate and expected rate of salary increase is insignificant.

34. Provident and Retirement Fund Schemes (Continued)

Hong Kong (Continued)

The Plan (Continued)

The management has regularly monitored the investment strategies of the plan assets and there has been no change in the process used by the management to manage its risks from prior periods.

The average duration of the benefit obligation at 31 December 2013 is 6.7 years (2012: 7.2 years).

The Group expects to make a contribution of RMB13 million (2012: RMB2 million) to the defined benefit plan during the next financial year.

PRC

According to the relevant laws and regulations in the PRC, certain subsidiaries established in the PRC are required to contribute a specific percentage of the payroll of their employees to retirement benefit schemes to fund the retirement benefits of their employees. The only obligation of the Group with respect to the retirement benefit schemes is to make the required contributions under the respective schemes.

35. Acquisitions and Disposals

(a) Acquisition of subsidiaries

Pursuant to a sale 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 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.

35. 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 year ended 31 December 2012 is profit of RMB116 million attributable to Rimmer and Magic Garden. Turnover for the year ended 31 December 2012 includes RMB270 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 year ended 31 December 2012 would have been RMB4,884 million, and the Group's profit for the year ended 31 December 2012 would have been RMB2,386 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.

35. Acquisitions and Disposals (Continued)

(b) Acquisition of additional interests in subsidiaries

(i) During the year ended 31 December 2013, the Group acquired from a non-controlling equity owner its entire equity interest in certain subsidiaries, representing 3% of the registered capital of Bai-Xing, a subsidiary in which the Company indirectly owned 97% equity interest, 3% of the registered capital of Ji-Xing, a subsidiary in which the Company indirectly owned 97% equity interest, 1% of the registered capital of TPQM, a subsidiary in which the Company indirectly owned 99% equity interest, 3% of the registered capital of XTD Plaza, a subsidiary in which the Company indirectly owned 97% equity interest, 1% of the registered capital of Xing Bang, a subsidiary in which the Company indirectly owned 99% equity interest, 3% of the registered capital of Xing-Qi, a subsidiary in which the Company indirectly 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 year ended 31 December 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 year ended 31 December 2012, the share capital of 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 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 other reserve during the year ended 31 December 2012 represents 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

(i) Pursuant to a sale and purchase agreement dated 29 November 2011, entered into between SOD, as seller, and Mitsui Fudosan Residential Co., Ltd. ("Mitsui", a non-controlling shareholder of an associate's subsidiary), as purchaser, SOD agreed to dispose of, and Mitsui agreed to acquire from SOD, 49% of the entire issued share capital of 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 consideration of RMB391 million.

An amount of RMB352 million was received during the year ended 31 December 2011 and the remaining balance of RMB39 million was received during the year ended 31 December 2013 upon completion of the transaction pursuant to the terms of the sale and purchase agreement.

Upon completion of the transaction on 4 February 2013, the Group's ownership interest in Value Land has reduced to 51% and the Group continues to have control over Value Land. The difference of RMB84 million between the fair value of the consideration received and the carrying amount of the net assets attributable to the partial disposal of equity interests of 49% in Value Land is recognised directly in equity during the year ended 31 December 2013.

(ii) Pursuant to a sale and purchase agreement dated 22 August 2012 entered into between SOD, as seller, and Mitsui, as purchaser, SOD agreed to dispose of, and Mitsui agreed to acquire from SOD, 49% of the entire issued share capital of Glory 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 RMB86 million from Mitsui, for a total consideration of RMB224 million.

Upon completion of the transaction on 9 November 2012, the Group's ownership interest in Glory Land had reduced to 51% and the Group continues to have control over Glory Land. The difference of RMB138 million between the fair value of the consideration received and the carrying amount of the net assets attributable to the partial disposal of equity interests of 49% in Glory Land was recognised directly in equity during the year ended 31 December 2012.

35. Acquisitions and Disposals (Continued)

(d)Disposals of subsidiaries

During the year ended 31 December 2013, the Group disposed of its entire equity interest in certain subsidiaries which were engaged in property investment in Shanghai, the PRC, to an independent third party for a cash consideration of RMB3,319 million. The assets and liabilities disposed of in the transaction were as follows:

	RMB'million
Investment properties	4,300
Property, plant and equipment	3
Bank balances and cash	102
Other payables and accrued charges	(326)
Bank borrowings	(591)
Deferred tax liabilities	(346)
Net assets disposed of	3,142
Gain on disposal of subsidiaries:	
Cash consideration received	3,319
Less: Transaction costs	(39)
Less: Net assets disposed of	(3,142)
Add: Non-controlling interests	21
	159
Net cash inflow arising on disposal:	
Cash consideration received	3,319
Less: Transaction costs	(39)
Less: Bank balances and cash disposed of	(102)
	3,178

Included in the profit for the year ended 31 December 2013 is profit of RMB398 million attributable to the disposed subsidiaries. The disposed subsidiaries do not contribute any turnover to the Group during the year ended 31 December 2013.

36. 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.

At 31 December 2013, 136,530,711 share options (2012: 173,134,188 share options) remains outstanding under the Scheme, representing 1.7% (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.

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

36. Share-Based Payment Transactions (Continued)

During the year ended 31 December 2012, an aggregate of 79,509,246 share options were granted to certain Directors and certain eligible employees. Details are as follows:

Date of grant	Exercise price HK$	Closing share price at date of grant HK$	Weighted average estimated fair value at date of grant HK$	Number of share options granted
18 January 2012	2.61	2.61	0.94	40,771,000
3 September 2012	5.35	2.83	0.54	38,738,246
				79,509,246

The fair values of the share options as at the grant date were calculated using the Binomial model. The inputs into the model were as follows:

	Granted on 18 January 2012	Granted on 3 September 2012
Expected volatility	50%	50%
Expected life	4.9 years	4.8 to 5.7 years
Risk-free rate	0.64% to 0.88%	0.18% to 0.35%
Expected dividend yield	2.4%	3.2%

Expected volatility was determined by using the volatility of the historical share price of the Company since its listing in October 2006.

The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

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

	Vesting period	Exercisable period
The first 50% of the grant:	From date of grant to 27 June 2013	From 28 June 2013 to 17 January 2020
The second 25% of the grant:	From date of grant to 31 December 2013	From 1 January 2014 to 17 January 2020
The last 25% of the grant:	From date of grant to 31 December 2014	From 1 January 2015 to 17 January 2020

36. Share-Based Payment Transactions (Continued)

The vesting period and the exercisable period of the share options granted to eligible employees and Directors for the remaining grants are as follows:

	Vesting period	Exercisable period
The first 1/7 of the grant:	From date of grant to the 2nd anniversary	From the 2nd to the 7th anniversary of the date of grant
The second 1/7 of the grant:	From date of grant to the 3rd anniversary	From the 3rd to the 8th anniversary of the date of grant
The third 1/7 of the grant:	From date of grant to the 4th anniversary	From the 4th to the 9th anniversary of the date of grant
The fourth 1/7 of the grant:	From date of grant to the 5th anniversary	From the 5th to the 9th anniversary of the date of grant
The fifth 1/7 of the grant:	From date of grant to the 6th anniversary	From the 6th to the 9th anniversary of the date of grant
The sixth 1/7 of the grant:	From date of grant to the 7th anniversary	From the 7th to the 9th anniversary of the date of grant
The last 1/7 of the grant:	From date of grant to the 8th anniversary	From the 8th to the 9th anniversary of the date of grant

The vesting period and the exercisable period of the share options granted to a consultant are as follows:

	Vesting period	Exercisable period
The first 1/5 of the grant:	Unconditional and fully vested at the date of grant	Before the 5th anniversary of the date of grant
The second 1/5 of the grant:	From date of grant to the 1st anniversary	Before the 6th anniversary of the date of grant
The third 1/5 of the grant:	From date of grant to the 2nd anniversary	Before the 7th anniversary of the date of grant
The fourth 1/5 of the grant:	From date of grant to the 3rd anniversary	Before the 8th anniversary of the date of grant
The last 1/5 of the grant:	From date of grant to the 4th anniversary	Before the 9th anniversary of the date of grant

The Group has recognised the total expense of RMB11 million (2012: RMB18 million) in the profit or loss in relation to share options granted by the Company.

During the years ended 31 December 2013 and 31 December 2012, none of the share options have been exercised.

36. Share-Based Payment Transactions (Continued)

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 year	Lapsed during the year	At 31 December 2013
20 June 2007	6.45	61,510,444	5,123,811	–	(6,762,117)	59,872,138
1 August 2007	7.54	784,457	64,847	–	(69,160)	780,144
2 October 2007	9.22	1,574,269	130,093	–	(655,330)	1,049,032
1 November 2007	10.86	448,212	38,069	–	(73,881)	412,400
3 December 2007	9.11	101,481	8,609	–	(3,725)	106,365
2 January 2008	8.27	2,724,178	226,486	–	(218,524)	2,732,140
1 February 2008	7.42	857,590	69,013	–	(45,190)	881,413
3 March 2008	7.08	451,549	33,954	–	(57,651)	427,852
2 May 2008	7.31	3,761,937	306,484	–	(271,944)	3,796,477
2 June 2008	6.77	9,754,376	732,356	–	(1,422,319)	9,064,413
2 July 2008	5.95	445,679	32,997	–	(78,742)	399,934
4 September 2009	4.52	14,531,719	1,131,994	–	(2,969,614)	12,694,099
18 January 2012	2.41	39,761,000	3,256,520	–	(29,713,833)	13,303,687
3 September 2012	4.93	36,427,297	2,964,847	–	(8,381,527)	31,010,617
		173,134,188	14,120,080	–	(50,723,557)	136,530,711
Categorised as:						
Directors		22,209,652	1,879,535	–	(9,447,271)	14,641,916
Consultant		800,000	68,000	–	(217,000)	651,000
Employees		150,124,536	12,172,545	–	(41,059,286)	121,237,795
		173,134,188	14,120,080	–	(50,723,557)	136,530,711
Number of options exercisable		53,817,874				73,938,553

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

36. Share-Based Payment Transactions (Continued)

		Number of options			
Date of grant	Exercise price HK$	At 1 January 2012	Granted during the year	Lapsed during the year	At 31 December 2012
20 June 2007	7.00	72,175,413	–	(10,664,969)	61,510,444
1 August 2007	8.18	808,631	–	(24,174)	784,457
2 October 2007	10.00	1,679,722	–	(105,453)	1,574,269
1 November 2007	11.78	497,855	–	(49,643)	448,212
3 December 2007	9.88	116,156	–	(14,675)	101,481
2 January 2008	8.97	2,848,402	–	(124,224)	2,724,178
1 February 2008	8.05	1,269,992	–	(412,402)	857,590
3 March 2008	7.68	490,381	–	(38,832)	451,549
2 May 2008	7.93	4,440,654	–	(678,717)	3,761,937
2 June 2008	7.34	10,570,579	–	(816,203)	9,754,376
2 July 2008	6.46	696,537	–	(250,858)	445,679
4 September 2009	4.90	17,110,429	–	(2,578,710)	14,531,719
18 January 2012	2.61	–	40,771,000	(1,010,000)	39,761,000
3 September 2012	5.35	–	38,738,246	(2,310,949)	36,427,297
		112,704,751	79,509,246	(19,079,809)	173,134,188
Categorised as:					
Directors		7,131,120	18,831,214	(3,752,682)	22,209,652
Consultant		1,500,000	–	(700,000)	800,000
Employees		104,073,631	60,678,032	(14,627,127)	150,124,536
		112,704,751	79,509,246	(19,079,809)	173,134,188
Number of options exercisable		43,104,768			53,817,874

37. Pledge of Assets

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

	2013 RMB'million	2012 RMB'million
Investment properties	43,276	32,546
Property, plant and equipment	2,758	918
Prepaid lease payments	451	460
Properties under development for sale	10,600	7,031
Properties held for sale	88	30
Accounts receivable	41	55
Bank deposits	3,571	2,163
	60,785	43,203

In addition, the equity interests in certain subsidiaries with carrying amount of net assets of RMB24,710 million (2012: RMB16,029 million) are also pledged to banks as securities to obtain banking facilities granted to the Group at the end of the reporting period.

38. Lease Arrangements

As lessor

Property rental income in respect of the investment properties earned of RMB1,048 million (2012: RMB952 million), net of outgoings of RMB162 million (2012: RMB159 million), is RMB886 million (2012: RMB793 million). The investment properties held have committed tenants for the next one to sixteen years at fixed rentals. Included in the property rental income, certain leases contain contingent rental income recognised during the year ended 31 December 2013 amounting to RMB23 million (2012: RMB21 million). These contingent rentals are generally based on specified percentages of turnover of the tenants.

At the end of the reporting period, the Group has contracted with tenants for the following future minimum lease payments which fall due as follows:

	2013 RMB'million	2012 RMB'million
Within one year	995	1,018
In the second to fifth years inclusive	1,297	1,414
Over five years	109	113
	2,401	2,545

As lessee

At the end of the reporting period, the Group has commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2013 RMB'million	2012 RMB'million
Within one year	26	31
In the second to fifth years inclusive	61	62
Over five years	38	45
	125	138

Operating lease payments represent rentals payable by the Group for certain of its office and retail properties. Leases are negotiated for an average term of one to nine years.

39. Commitments and Contingencies

(a) Capital and other commitments

(i) At the end of the reporting period, the Group has the following commitments:

	2013 RMB'million	2012 RMB'million
Contracted but not provided for:		
Development costs for investment properties under construction or development	7,250	7,312
Development costs for properties under development held for sale	4,969	7,130
	12,219	14,442

(ii) Pursuant to an agreement entered into with the 上海市虹口區衛生局 of the Hongkou District, Shanghai, the PRC on 20 June 2006, the Group had committed to build a hospital to be located in the Rui Hong Xin Cheng area of the Hongkou District as compensation for the removal of those medical and health care services originally located in that area. As at 31 December 2013 and 2012, no construction contracts related to the hospital have been entered into. No provision for the construction costs has been made in the consolidated financial statements as the amount cannot be measured reliably.

(b) Contingent liabilities

Financial guarantee contracts:

(i) Pursuant to an agreement entered into with the district government (the "Hongkou Government") and the Education Authority of the Hongkou District, Shanghai, the PRC on 31 July 2002, guarantees of no more than RMB324 million (2012: RMB324 million) will be granted by the Group to support bank borrowings arranged in the name of a company to be nominated by the Hongkou Government, as part of the financial arrangement for the site clearance work in relation to the development of a parcel of land. As at 31 December 2013 and 31 December 2012, such arrangement has not taken place.

(ii) As at 31 December 2013, the Group has provided a guarantee to a joint venture, which was formed between Richcoast and Mitsui, and Mitsui for an amount not exceeding RMB345 million (2012: RMB345 million) in respect of Richcoast's payment obligations to the joint venture and Mitsui.

In determining whether financial liabilities should be recognised in respect of the Group's financial guarantee contracts, the Directors of the Company exercise judgment in evaluation of the probability of resources outflow that will be required and the assessment of whether a reliable estimate can be made of the amount of the obligation.

In the opinion of the Directors of the Company, the fair values of the financial guarantee contracts of the Group are insignificant at initial recognition and the Directors consider that the possibility of the default of the parties involved is remote, accordingly, no value has been recognised in the consolidated statement of financial position as at 31 December 2013 and 31 December 2012. Should the actual outcome be different from expected, provision for losses will be recognised in the consolidated financial statements.

40. Related Party Transactions

Apart from the related party transactions and balances as stated in notes 10, 17, 18, 22, 23, 25, 35 and 39, the Group has the following transactions with related companies during the year:

	2013 RMB'million	2012 RMB'million
SOCL and its subsidiaries other than those of the Group		
Rental and building management fee expenses	4	9
Travelling expenses	8	10
Interest income	–	4
Interest expenses	1	5
SOCAM and its subsidiaries, being associates of SOCL		
Rental and building management fee income	–	2
Project construction costs	455	914
Associates		
Project management fee income	20	11
Imputed interest income	51	44
Interest income	65	55
Joint venture		
Rental and building management fee income	2	4
Interest income	20	–
Directors		
Property sales	25	1
Key management personnel		
Property sales	9	3
Short-term benefits	58	43
Post-employment benefits	1	2
Share-based payments	4	10
	63	55

41. Events After the Reporting Period

(a) On 31 October 2013, the Company and China Xintiandi Holding Company Limited ("China Xintiandi", a wholly-owned subsidiary of the Company) entered into an investment agreement ("Investment Agreement") with Brookfield Property L.P., Brookfield BPY Holdings Inc, BPY Bermuda Holdings Ltd, BPY Bermuda Holdings II Ltd and BSREP CXTD Holdings L.P. ("Brookfield"), pursuant to which Brookfield will invest US$500 million into China Xintiandi in return for (1) convertible perpetual securities ("Convertible Perpetual Securities") to be issued by China Xintiandi in an aggregate principal amount of US$500 million and (2) 415 million warrants ("Warrants") to be issued by the Company, exercisable for 415 million ordinary shares of the Company ("Company Share") at an exercise price of HK$2.85 per share (subject to a cap of HK$3.62 on gain per Company Share and customary anti-dilution adjustments). For more information on the Investment Agreement, please refer to the announcement of the Company published on 31 October 2013, and the Company's circular dated 30 November 2013.

41. Events After the Reporting Period (Continued)

The completion of the transaction took place on 17 February 2014 as all the conditions precedent for the issue of the Convertible Perpetual Securities and Warrants under the Investment Agreement have been fulfilled.

Pursuant to the terms of the Convertible Perpetual Securities, China Xintiandi, as the issuer, can at its option redeem the Convertible Perpetual Securities and at its discretion defer distributions on the Convertible Perpetual Securities. However, China Xintiandi will not be able to declare or pay any dividends if any distributions on the Convertible Perpetual Securities are unpaid or deferred. In the opinion of the Directors of the Company, this restriction does not result in China Xintiandi having the obligation to redeem the Convertible Perpetual Securities or pay distributions on the Convertible Perpetual Securities. Accordingly, the Convertible Perpetual Securities are classified as equity instruments.

In addition, the Warrants issued by the Company are measured at fair value at initial recognition, any gains or losses arising from subsequent remeasurement to fair values will be recognised in profit or loss.

(b) On 19 February 2014, SOD issued RMB2,500 million senior notes to independent third parties with a maturity of three years due on 26 February 2017 (the "2017 RMB notes"). The 2017 RMB notes are denominated in RMB and settled in US$, and bear coupon at 6.875% per annum payable semi-annually in arrears.

42. Capital Risk Management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debt, which includes bank and other borrowings, convertible bonds and notes disclosed in notes 26, 29 and 30, respectively net of bank balances and cash, restricted bank deposits and pledged bank deposits, and equity attributable to shareholders of the Company, comprising issued share capital and reserves, perpetual capital securities and other non-controlling shareholders of subsidiaries.

The Directors of the Company review the capital structure of the Group by using a gearing ratio, which is calculated on the basis of dividing the excess of the sum of convertible bonds, notes, bank and other borrowings over the sum of bank balances and cash (inclusive of restricted bank deposits and pledged bank deposits) by total equity. The review is conducted at least quarterly and before each major financing or investment decision is made.

The gearing ratios at the end of reporting dates are as follows:

	2013 RMB'million	2012 RMB'million
Bank and other borrowings	24,366	18,803
Convertible bonds	395	2,346
notes	10,330	13,519
Pledged bank deposits	(3,571)	(2,163)
Restricted bank deposits	(1,231)	(183)
Bank balances and cash	(5,378)	(6,287)
Net debt	24,911	26,035
Total equity	42,174	37,268
Net debt to total equity	59%	70%

43. Financial Instruments

(a) Categories of financial instruments

	2013 RMB'million	2012 RMB'million
Financial assets		
Loans and receivables (including bank balances and cash)	14,203	11,594
Financial liabilities		
Derivative instruments designated as hedging instruments	105	23
Amortised cost	43,982	42,475

(b) Financial risk management objectives and policies

The Group's major financial instruments include accounts receivable, loans to associates, loan to a joint venture, amounts due from associates, amounts due from related companies, amounts due from non-controlling shareholders of subsidiaries, pledged bank deposits, restricted bank deposits, bank balances and cash, accounts payable, amounts due to related companies, amounts due to associates, amounts due to non-controlling shareholders of subsidiaries, loans from non-controlling shareholders of subsidiaries, bank and other borrowings, convertible bonds, notes and derivative financial instruments.

Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

The main risks arising from the Group's financial instruments are currency risk, interest rate risk, credit risk and liquidity risk. The Directors review and agree policies for managing each of these risks and they are summarised below.

Currency risk

All of the Group's turnover is denominated in RMB. However, the Group has certain bank balances and debt obligations that are denominated in foreign currency. As a result, the Group is exposed to fluctuations in foreign exchange rates. The management closely monitors foreign currency exposure and will consider hedging significant foreign currency exposure should the need arise.

The carrying amounts of the Group's foreign currency denominated monetary assets and liabilities at the reporting date are as follows:

	2013 RMB'million	2012 RMB'million
HK$		
Assets	1,342	3,200
Liabilities	8,445	7,471
US$		
Assets	326	2,323
Liabilities	9,006	8,916
SGD		
Liabilities	1,238	1,298

43. Financial Instruments (Continued)

(b) Financial risk management objectives and policies (Continued)

Currency risk (Continued)

Sensitivity analysis

The Group is mainly exposed to the currency of HK$, US$ and SGD.

The following table details the Group's sensitivity to a 5% increase and decrease in RMB against the relevant foreign currency. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates.

The sensitivity analysis includes only outstanding foreign currency denominated monetary items assuming the balances at the end of the reporting period outstanding for the whole year and adjusts their translation at the year end for a 5% change in foreign currency rates. A positive number below indicates an increase in profit where RMB strengthen 5% against the relevant currency. For a 5% weakening of RMB against the relevant currency, there would be an equal and opposite impact on the profit, and the balances below would be negative.

	Notes	2013 RMB'million	2012 RMB'million
HK$			
Profit or loss	(i)	338	203
US$			
Profit or loss	(ii)	413	314
SGD			
Profit or loss	(iii)	–	62

Notes:
(i) This is mainly attributable to the exposure outstanding on receivables and payables denominated in HK$ not subject to cash flow hedges at year end.
(ii) This is mainly attributable to the exposure outstanding on receivables, payables and notes denominated in US$ not subject to cash flow hedges at year end.
(iii) This is mainly attributable to the exposure outstanding on senior notes denominated in SGD not subject to cash flow hedges at year end.

The Group's sensitivity to foreign currency has increased in profit during the current year mainly due to both the significant depreciation of HK$ and US$ against RMB.

In the management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during the year.

Interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group's exposure to changes in interest rates is mainly attributable to its bank and other borrowings and loans from non-controlling shareholders of subsidiaries at variable rates.

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of HIBOR, LIBOR, SIBOR, and PBOC prescribed interest rate arising from the Group's HK$, US$ and RMB borrowings. In order to mitigate the cash flow interest rate risk in respect of the bank and other borrowings, the Group has entered into several interest rate swaps (which have been designated as hedging instruments) whereby the Group will receive interest at variable rates at HIBOR, LIBOR or PBOC and pay interests at fixed rates. Details of the interest rate swaps are set out in note 32.

43. Financial Instruments (Continued)

(b) Financial risk management objectives and policies (Continued)

Interest rate risk (Continued)

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period. For variable-rate bank and other borrowings and loans from non-controlling shareholders of subsidiaries, the analysis is prepared assuming the amount of liability outstanding at the end of the reporting period was outstanding for the whole year. A 100 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 100 basis points higher/lower and all other variables are held constant, the Group's profit for the year ended 31 December 2013 would decrease/increase by RMB41 million (2012: RMB34 million). This is mainly attributable to the Group's exposure to interest rates on its variable-rate bank and other borrowings, after taking into consideration the effects of the interest rate swaps designated as hedging instruments and capitalisation of interest costs.

The Group's sensitivity to interest rates has increased during the current year mainly due to the increase in variable rate debt instruments.

Credit risk

As at 31 December 2013, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and financial guarantees provided by the Group is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position and the amount of contingent liabilities in relation to financial guarantee issued by the Group as disclosed in note 39.

The Group's credit risk is primarily attributable to its loans to associates, loan to a joint venture, accounts receivable, amounts due from associates and amount of contingent liabilities in relation to the financial guarantees provided by the Group. The amounts presented in the consolidated statement of financial position are net of allowances for bad and doubtful debts, estimated by the Group's management based on prior experience and their assessment of the current economic environment.

The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers, except for as at 31 December 2013 where the largest debtor amounting to approximately RMB313 million arising from sales of properties, loans to associates of RMB1,654 million, loan to a joint venture of RMB675 million and amounts due from associates of RMB564 million (2012: the largest debtor amounting to approximately RMB91 million arising from sales of properties, loans to associates of RMB1,659 million, amounts due from associates of RMB484 million).

The credit risk on liquid funds is limited because the funds have been deposited with various creditworthy financial institutions located in Hong Kong and in the PRC.

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and the flexibility through the use of bank and other borrowings. The Group also monitors the current and expected liquidity requirements and its compliance with lending covenants regularly to ensure it maintains sufficient working capital and adequate committed lines of funding to meet its liquidity requirement.

The following table details the maturities of the Group's financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

For derivative instruments that settle on a net basis, undiscounted net cash outflows are presented.

43. Financial Instruments (Continued)

(b)Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

Liquidity and interest risk tables

	Weighted average effective interest rate	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total undiscounted cash flows	Carrying amount at 31 December 2013
	%	RMB'million	RMB'million	RMB'million	RMB'million	RMB'million	RMB'million
2013							
Non-derivative financial liabilities							
Accounts payable, deposits received and accrued charges	–	5,241	–	–	–	5,241	5,241
Bank and other borrowings at variable rates	6.0%	7,540	9,346	9,806	952	27,644	24,366
Convertible bonds	10.7%	20	453	–	–	473	395
notes	9.0%	883	10,472	–	–	11,355	10,330
Amounts due to related companies	–	411	–	–	–	411	411
Amounts due to non-controlling shareholders of subsidiaries	–	634	–	–	–	634	634
Loans from non-controlling shareholders of subsidiaries	6.8%	139	2,478	370	–	2,987	2,605
Financial guarantee contracts	–	345	–	–	–	345	–
		15,213	22,749	10,176	952	49,090	43,982
Derivatives – net settlement							
Cash flow hedge instruments	–	105	–	–	–	105	105

	Weighted average effective interest rate	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total undiscounted cash flows	Carrying amount at 31 December 2012
	%	RMB'million	RMB'million	RMB'million	RMB'million	RMB'million	RMB'million
2012							
Non-derivative financial liabilities							
Accounts payable, deposits received and accrued charges	–	4,000	–	–	–	4,000	4,000
Bank and other borrowings at variable rates	5.6%	6,535	5,127	9,693	1,262	22,617	18,803
Convertible bonds	10.7%	2,995	–	–	–	2,995	2,346
notes	8.6%	4,111	905	10,726	–	15,742	13,519
Amounts due to related companies							
– interest free	–	682	–	–	–	682	682
– interest bearing	6.1%	106	–	–	–	106	100
Amounts due to associates	–	11	–	–	–	11	11
Amounts due to non-controlling shareholders of subsidiaries	–	530	–	–	–	530	530
Loans from non-controlling shareholders of subsidiaries	6.8%	139	833	688	1,478	3,138	2,484
Financial guarantee contracts	–	345	–	–	–	345	–
		19,454	6,865	21,107	2,740	50,166	42,475
Derivatives – net settlement							
Cash flow hedge instruments	–	23	–	–	–	23	23

43. Financial Instruments (Continued)

(b) Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

The amounts included above for financial guarantee contracts are the maximum amounts the Group could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on the expectations at the end of the reporting period, the Group considers that it is more likely than not that no amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

The amounts included above for variable interest rate instruments for non-derivative financial liabilities are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

(c) Fair value measurement

The fair values of the Group's financial assets and financial liabilities excluding derivative financial instruments are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The Group's derivative financial instruments are measured at fair value at the end of the reporting period and they are grouped under Level 2 financial instruments based on the degree to which the fair value is observable.

Thr Group's interest rate swaps amounting to RMB7 million (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 RMB98 million (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.

The Directors consider that the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values.

44. Summarised Financial Position of the Company

	2013 RMB'million	2012 RMB'million
Investments in subsidiaries	4,375	4,375
Loan to a subsidiary	10,140	9,548
Amounts due from subsidiaries	1,785	1,809
Other prepayment	22	22
Bank balances	145	1
Total assets	16,467	15,755
Convertible bonds	395	2,346
Total liabilities	395	2,346
Net assets	16,072	13,409
Share capital	145	114
Reserves (note)	15,927	13,295
Total equity	16,072	13,409

44. Summarised Financial Position of the Company (Continued)

Note: Details of the Company's reserves are set out below:

	Share premium RMB'million	Convertible bond equity reserve RMB'million	Other Reserve RMB'million (note 28(c))	Share option reserve RMB'million	Accumulated losses RMB'million	Total RMB'million
At 1 January 2012	12,985	605	483	170	(2,832)	11,411
Profit and total comprehensive income for the year	–	–	–	–	294	294
Issue of new shares	1,756	–	–	–	–	1,756
Recognition of equity-settled share-based payment expenses	–	–	–	18	–	18
Total dividends of HK$0.125 paid, comprising 2012 final dividend of HK$0.10 per share and 2013 interim dividend of HK$0.025 per share	–	–	–	–	(595)	(595)
Shares issued in lieu of cash dividend	411	–	–	–	–	411
At 31 December 2012	15,152	605	483	188	(3,133)	13,295
Profit and total comprehensive income for the year	–	–	–	–	116	116
Issue of new shares under rights issue	2,906	–	–	–	–	2,906
Share issue expenses	(38)	–	–	–	–	(38)
Recognition of equity-settled share-based payment expenses	–	–	–	11	–	11
Total dividends of HK$0.057 paid, comprising 2012 final dividend of HK$0.035 per share and 2013 interim dividend of HK$0.022 per share	–	–	–	–	(363)	(363)
Repurchase and redemption of convertible bonds	–	(509)	–	–	509	–
At 31 December 2013	18,020	96	483	199	(2,871)	15,927

45. Particulars of the Principal Subsidiaries

The directors are of the opinion that a complete list of the particulars of all subsidiaries will be of excessive length and therefore the following list contains only the particulars of subsidiaries as at 31 December 2013 which principally affect the results or assets of the Group.

Name of subsidiary	Place and date of incorporation/ establishment	Issued and fully paid share capital/ registered capital	Attributable equity interest held 2013	(note 1) 2012	Place of operation	Principal activities
Ally Victory Limited	BVI 18 April 2008	1 ordinary share of US$1	100%	100%	Hong Kong	Investment holding
Atlantic Best Limited	Hong Kong 5 January 2001	2 ordinary shares of HK$1 each	100%	100%	Hong Kong	Investment holding
Beaming Leader Limited	BVI 5 October 2012	7,000 A ordinary shares of US$1 each and 3,000 B ordinary shares of US$1 each	70%	70%	Hong Kong	Investment holding
Best Scene Retail Asset Management (Hong Kong) Limited	Hong Kong 4 April 2011	1 ordinary share of HK$1	70%	70%	Hong Kong	Investment holding

45. Particulars of the Principal Subsidiaries (Continued)

Name of subsidiary	Place and date of incorporation/ establishment	Issued and fully paid share capital/ registered capital	Attributable equity interest held (note 1) 2013	2012	Place of operation	Principal activities
Best View Development Limited	Hong Kong 5 March 2008	1 ordinary share of HK$1	100%	100%	Hong Kong	Investment holding
Billion China Investments Limited (note 5)	BVI 18 October 2007	10 A ordinary shares of US$1 each and 10 B ordinary shares of US $1 each	A shares: 51% B shares: 100%	A shares: 51% B shares: 100%	Hong Kong	Investment holding
Billion World Limited	Hong Kong 19 November 2003	2 ordinary shares of HK$1 each	100%	100%	Hong Kong	Investment holding
Bondwise Profits Limited	BVI 28 December 2000	1 ordinary share of US$1	100%	100%	Hong Kong	Investment holding
Bright Continental Limited	Hong Kong 5 March 2003	2 ordinary shares of HK$1 each	100%	100%	Hong Kong	Investment holding
Bright Power Enterprises Limited	BVI 1 July 2004	1 ordinary share of US$1	100%	100%	Hong Kong	Investment holding
Brixworth International Limited	BVI 3 January 2001	1 ordinary share of US$1	100%	100%	Hong Kong	Investment holding
Central Fit Investments Limited	BVI 23 October 2007	10 ordinary shares of US$1 each	100%	100%	Hong Kong	Investment holding
Century Team Limited	Hong Kong 16 January 1998	2 ordinary shares of HK$1 each	100%	100%	Hong Kong	Investment holding
Chinalink Capital Limited	BVI 16 July 2003	999 ordinary shares of US$1 each	100%	100%	Hong Kong	Investment holding
China Advance Limited	Hong Kong 13 November 2006	1 ordinary share of HK$1	100%	100%	Hong Kong	Investment holding
China Wealth (H.K.) Limited	Hong Kong 4 January 2006	1 ordinary share of HK$1	100%	100%	Hong Kong	Investment holding
China Xintiandi Company Limited	BVI 21 March 2011	1 ordinary share of US$1	100%	100%	Hong Kong	Investment holding
China Xintiandi Limited	Cayman Islands 18 April 2011	1 ordinary share of US$0.01	100%	100%	Hong Kong	Investment holding
China Xintiandi Development Company Limited	Cayman Islands 3 November 2011	1 ordinary share of US$0.01	100%	100%	Hong Kong	Investment holding
China Xintiandi Holding Company Limited	Cayman Islands 27 October 2011	1 ordinary share of US$0.01	100%	100%	Hong Kong	Investment holding
China Xintiandi Investment Company Limited	Cayman Islands 27 October 2011	1 ordinary share of US$0.01	100%	100%	Hong Kong	Investment holding
China Xintiandi Property Company Limited	Cayman Islands 27 October 2011	1 ordinary share of US$0.01	100%	100%	Hong Kong	Investment holding
Chongqing Shui On Tiandi Property Development Co., Ltd.	PRC 21 November 2003	Registered and paid up capital US$385,000,000	79.4%	79.4%	PRC	Property development and property investment
Citichamp Limited	Hong Kong 19 July 2006	1 ordinary share of HK$1	100%	100%	Hong Kong	Investment holding
Cititop Pacific Limited	Hong Kong 1 December 2000	2 ordinary shares of HK$1 each	100%	100%	Hong Kong	Investment holding
Costworth Investments Limited	BVI 12 January 2001	1 ordinary share of US$1	100%	100%	Hong Kong	Investment holding

45. Particulars of the Principal Subsidiaries (Continued)

Name of subsidiary	Place and date of incorporation/ establishment	Issued and fully paid share capital/ registered capital	Attributable equity interest held 2013	(note 1) 2012	Place of operation	Principal activities
Crown Fame Limited	Hong Kong 18 October 2007	1 ordinary share of HK$1	51%	51%	Hong Kong	Investment holding
Cybricity Limited	Hong Kong 28 April 2000	2 ordinary shares of HK$1 each	100%	100%	Hong Kong	Investment holding
Dalian Yingjia Science and Technology Development Co., Ltd.	PRC 3 December 2009	Registered and paid up capital US$23,000,000	100%	100%	PRC	Science and Technology development
East Capital Development Limited	Hong Kong 18 April 2008	1 ordinary share of HK$1	100%	100%	Hong Kong	Investment holding
East Trend Limited	Hong Kong 14 February 2001	2 ordinary shares of HK$1 each	100%	100%	Hong Kong	Investment holding
Eastern View Limited	Hong Kong 18 October 2007	1 ordinary share of HK$1	100%	100%	Hong Kong	Investment holding
Ever Finance International Limited	BVI 27 February 2013	1 ordinary share of US$1	100%	–	Hong Kong	Investment holding
Excel Efficient Limited	BVI 19 August 2002	1 ordinary share of US$1	100%	100%	Hong Kong	Investment holding
Excellent Win Enterprises Limited	Hong Kong 5 February 2010	1 ordinary share of HK$1	100%	100%	Hong Kong	Investment holding
Fast China Limited	BVI 23 April 2008	1 ordinary share of US$1	100%	100%	Hong Kong	Investment holding
Feng Cheng Property Management Services Limited	Hong Kong 14 November 2003	100 ordinary shares of HK$1 each	100%	100%	Hong Kong	Investment holding
Fieldcity Investments Limited ("Fieldcity")	BVI 30 March 2005	100 ordinary shares of US$1 each	75%	75%	Hong Kong	Investment holding
Focus Top Limited	Hong Kong 24 April 1998	2 ordinary shares of HK$1 each	100%	100%	Hong Kong	Investment holding
Foresight Profits Limited	BVI 8 February 2001	10,000 ordinary shares of US$1 each	79.81%	79.81%	Hong Kong	Investment holding
Fo Shan An Ying Property Development Co., Ltd.	PRC 8 January 2008	Registered and paid up capital RMB830,000,000	100%	100%	PRC	Property development
Fo Shan Rui Dong Property Development Co., Ltd.	PRC 25 April 2008	Registered capital RMB1,290,000,000 Paid up capital RMB990,656,000	100%	100%	PRC	Property development
Fo Shan Rui Fang Property Development Co., Ltd.	PRC 21 May 2008	Registered and paid up capital RMB690,000,000	100%	100%	PRC	Property development
Fo Shan Rui Kang Tian Di Property Development Co., Ltd.	PRC 21 May 2008	Registered and paid up capital RMB690,000,000	100%	100%	PRC	Property development
Fo Shan Shui On Tian Di Property Development Co., Ltd.	PRC 8 January 2008	Registered and paid up capital RMB900,000,000	55.9%	55.9%	PRC	Property development
Fo Shan Yi Kang Property Development Co., Ltd.	PRC 8 January 2008	Registered and paid up capital RMB1,130,000,000	100%	100%	PRC	Property development

45. Particulars of the Principal Subsidiaries (Continued)

Name of subsidiary	Place and date of incorporation/ establishment	Issued and fully paid share capital/ registered capital	Attributable equity interest held (note 1) 2013	2012	Place of operation	Principal activities
Fo Shan Yi Kang Hotel Management Co., Ltd.	PRC 2 August 2011	Registered and paid up capital RMB5,000,000	100%	100%	PRC	Hotel management
Fo Shan Yong Rui Tian Di Property Development Co., Ltd.	PRC 21 March 2008	Registered and paid up capital RMB690,000,000	54.92%	100%	PRC	Property development
Fo Shan Yuan Kang Property Development Co., Ltd.	PRC 29 February 2008	Registered and paid up capital RMB700,000,000	100%	100%	PRC	Property development
Fo Shan Shui On Tiandi Trading Co., Ltd.	PRC 3 August 2010	Registered and paid up capital RMB1,000,000	100%	100%	PRC	Retail business
Fuhui Limited	BVI 1 April 2010	1 ordinary share of US$1	100%	100%	Hong Kong	Investment holding
Gains Ally Limited	BVI 3 May 2013	1 ordinary share of US$1	100%	–	Hong Kong	Investment holding
Galore Profits Limited	BVI 23 January 2001	1 ordinary share of US$1	100%	100%	Hong Kong	Investment holding
Global Ocean Investments Limited	BVI 1 November 2002	1 ordinary share of US$1	100%	100%	Hong Kong	Investment holding
Globaland Limited	Hong Kong 30 October 2002	2 ordinary shares of HK$1 each	100%	100%	Hong Kong	Investment holding
Globe State Properties Limited	BVI 12 October 2005	100 ordinary shares of US$1 each	100%	100%	Hong Kong	Investment holding
Glory Advance Investments Limited	BVI 18 August 2006	1 ordinary share of US$1	100%	100%	Hong Kong	Investment holding
Glory Land Investment Limited	Cayman Islands 3 July 2012	100 ordinary shares of US$1 each	51%	51%	Hong Kong	Investment holding
Glory Wing Holdings Limited	BVI 15 January 2008	1 ordinary share of US$1	100%	100%	Hong Kong	Investment holding
Grand Hope Limited (note 4)	Hong Kong 14 March 2003	100 A ordinary shares of HK$1 each and 2 B ordinary shares of HK$1 each	A shares: 80.2% B shares: 60.15%	A shares: 80.2% B shares: 60.15%	Hong Kong	Investment holding
Hangzhou Xihu Tiandi Management Co., Ltd.	PRC 6 March 2003	Registered and paid up capital US$7,000,000	100%	100%	PRC	Property management
Hing Tin Investments Limited	BVI 23 October 2007	10 ordinary shares of US$1 each	100%	100%	Hong Kong	Investment holding
Hollyfield Holdings Limited	Mauritius 19 April 2001	2 ordinary shares of US$1 each	79.81%	79.81%	Hong Kong	Investment holding
Infoshore International Limited	BVI 1 November 2002	1 ordinary share of US$1	100%	100%	Hong Kong	Investment holding
Info Union Limited	Hong Kong 18 October 2007	1 ordinary share of HK$1	100%	100%	Hong Kong	Investment holding
Innovate Zone Group Limited	BVI 3 January 2007	1 ordinary share of US$1	100%	100%	Hong Kong	Investment holding

45. Particulars of the Principal Subsidiaries (Continued)

Name of subsidiary	Place and date of incorporation/ establishment	Issued and fully paid share capital/ registered capital	Attributable equity interest held 2013 (note 1)	Attributable equity interest held 2012 (note 1)	Place of operation	Principal activities
Intellect Profit Investments Limited	BVI 10 August 2007	10 ordinary shares of US$1 each	100%	100%	Hong Kong	Investment holding
Interchina International Limited	BVI 12 January 2001	100 ordinary shares of US$1 each	100%	100%	Hong Kong	Investment holding
Join Legend Limited	Hong Kong 2 June 2006	1 ordinary share of HK$1	100%	100%	Hong Kong	Investment holding
Joyous Bond Limited	BVI 18 April 2008	1 ordinary share of US$1	79.81%	79.81%	Hong Kong	Investment holding
Keen Allied Investments Limited	BVI 18 September 2002	1 ordinary share of US$1	100%	100%	Hong Kong	Investment holding
King Concord Limited	Hong Kong 3 October 2006	1 ordinary share of HK$1	100%	100%	Hong Kong	Investment holding
Kinmax Limited	Hong Kong 24 April 1998	2 ordinary shares of HK$1 each	100%	100%	Hong Kong	Investment holding
Land Pacific Limited	Hong Kong 2 November 2007	1 ordinary share of HK$1	100%	100%	Hong Kong	Investment holding
Landton Limited	Hong Kong 2 April 1997	2 ordinary shares of HK$1 each	66.7%	66.7%	Hong Kong	Investment holding
Legend City Limited	Hong Kong 4 June 1997	2 ordinary shares of HK$1 each	51%	51%	Hong Kong	Investment holding
Lucky Gain Limited	Hong Kong 8 November 2002	2 ordinary shares of HK$1 each	100%	100%	Hong Kong	Investment holding
Magic Best Investments Limited	BVI 19 July 2007	10 ordinary shares of US$1 each	100%	100%	Hong Kong	Investment holding
Magic Bright Investments Limited (note 6)	BVI 18 September 2007	10 A ordinary shares of US$1 each and 10 B ordinary shares of US$1 each	A shares: 51% B shares: 100%	A shares: 100% B shares: 100%	Hong Kong	Investment holding
Magic Garden Investments Limited	BVI 6 November 2009	3 ordinary shares of US$1 each	66.7%	66.7%	Hong Kong	Investment holding
Magic Shine Limited	BVI 3 April 2013	1 ordinary share of US$1	100%	–	Hong Kong	Investment holding
Marble Way Limited	BVI 28 August 1996	1 ordinary share of US$1	100%	100%	Hong Kong	Investment holding
Merry Wave Limited	BVI 23 April 2008	1 ordinary share of US$1	100%	100%	Hong Kong	Investment holding
Modern Prosper Investments Limited	BVI 1 November 2002	1 ordinary share of US$1	100%	100%	Hong Kong	Investment holding
Mount Eastern Limited	BVI 18 April 2008	1 ordinary share of US$1	100%	100%	Hong Kong	Investment holding
Nation Development Limited	Hong Kong 26 October 2010	1 ordinary share of HK$1	100%	100%	Hong Kong	Investment holding
New Asia Limited	Hong Kong 31 October 2003	2 ordinary shares of HK$1 each	100%	100%	Hong Kong	Investment holding
New Power Profits Limited	BVI 18 October 2005	1 ordinary share of US$1	100%	100%	Hong Kong	Investment holding

45. Particulars of the Principal Subsidiaries (Continued)

Name of subsidiary	Place and date of incorporation/ establishment	Issued and fully paid share capital/ registered capital	Attributable equity interest held 2013 (note 1)	Attributable equity interest held 2012 (note 1)	Place of operation	Principal activities
New Venture Enterprises Limited	Hong Kong 26 October 2010	1 ordinary shares of HK$1	100%	100%	Hong Kong	Investment holding
Nice In Investments Limited	BVI 18 October 2007	10 ordinary shares of US$1 each	100%	100%	Hong Kong	Investment holding
Onfair Limited	Hong Kong 13 November 2002	2 ordinary shares of HK$1 each	100%	100%	Hong Kong	Investment holding
Onwin Limited	Hong Kong 13 November 2002	2 ordinary shares of HK$1 each	100%	100%	Hong Kong	Investment holding
Oriental Gain Limited	Hong Kong 2 February 2001	2 ordinary shares of HK$1 each	100%	100%	Hong Kong	Investment holding
Oriental Host Limited	Hong Kong 23 October 2007	1 ordinary share of HK$1	100%	100%	Hong Kong	Investment holding
Pacific Gain Limited	Hong Kong 11 September 2002	2 ordinary shares of HK$1 each	100%	100%	Hong Kong	Investment holding
Port Pilot Limited	BVI 25 March 2013	1 ordinary share of US$1	100%	–	Hong Kong	Investment holding
Portspin Limited	BVI 22 May 1997	100 ordinary shares of US$1 each	51%	51%	Hong Kong	Investment holding
Princemax Limited	Hong Kong 15 April 1998	2 ordinary shares of HK$1 each	100%	100%	Hong Kong	Investment holding
Profitstock Holdings Limited	BVI 2 June 2005	100 ordinary shares of US$1 each	100%	100%	Hong Kong	Investment holding
Regal Victory Limited	Hong Kong 18 October 2007	1 ordinary share of HK$1	51%	100%	Hong Kong	Investment holding
Rich Bright Holdings Limited	BVI 29 July 2011	1 ordinary share of US$1	100%	100%	Hong Kong	Investment holding
Rich Prime Limited	Hong Kong 18 October 2007	1 ordinary share of HK$1	100%	100%	Hong Kong	Investment holding
Rightchina Limited	BVI 2 July 2008	100 ordinary shares of US$1 each	60.15%	60.15%	Hong Kong	Investment holding
Rightidea Limited	BVI 2 July 2008	100 ordinary shares of US$1 each	80.2%	80.2%	Hong Kong	Investment holding
Rimmer Investments Limited	BVI 22 July 1994	1 ordinary share of US$1	100%	100%	Hong Kong	Investment holding
Rise Lake Investments Limited	BVI 23 August 2007	10 ordinary shares of US$1 each	100%	100%	Hong Kong	Investment holding
Score High Limited ("Score High")	BVI 12 February 2003	1,000 ordinary shares of US$1 each	80.2%	80.2%	Hong Kong	Investment holding
Selfers Limited	BVI 29 November 1995	1 ordinary share of US$1	79.81%	79.81%	Hong Kong	Investment holding
Shanghai Bai-Xing Properties Co., Ltd.	PRC 2 February 1999	Registered and paid up capital RMB146,761,000	100%	97%	PRC	Property development and property investment
Shanghai Best Scene Retail Asset Management Ltd	PRC 31 May 2012	Registered and paid up capital US$25,000,000	70%	70%	PRC	Provision of management services
Shanghai Fu Ji Properties Co., Ltd.	PRC 18 January 2004	Registered and paid up capital US$35,773,000	99%	99%	PRC	Property development

45. Particulars of the Principal Subsidiaries (Continued)

Name of subsidiary	Place and date of incorporation/ establishment	Issued and fully paid share capital/ registered capital	Attributable equity interest held 2013 (note 1)	2012	Place of operation	Principal activities
Shanghai FuXiang Properties Co., Ltd.	PRC 19 December 2001	Registered and paid up capital RMB645,000,000	99%	99%	PRC	Property development and property investment
Shanghai Ji-Xing Properties Co., Ltd.	PRC 2 February 1999	Registered and paid up capital RMB69,452,000	100%	97%	PRC	Property development and property investment
Shanghai JingFu Property Co., Ltd.	PRC 26 December 2001	Registered and paid up capital RMB400,000,000	99%	99%	PRC	Property development
Shanghai Jiu Hai Rimmer Properties Co., Ltd. ("Shanghai Jiu Hai")	PRC 1 November 1994	Registered and paid up capital US$30,000,000	80%	80%	PRC	Property development and property investment
Shanghai Jun Xing Property Development Co., Ltd. (note 7)	PRC 5 March 2009	Registered capital RMB3,411,300,000 Paid up capital RMB2,911,300,000	49.98%	49.98%	PRC	Property development
Shanghai Knowledge and Innovation Community Development Co., Ltd.	PRC 9 June 2010	Registered and paid up capital HK$1,550,000,000	99%	99%	PRC	Property development
Shanghai Lakeville Properties Co., Ltd.	PRC 23 May 2001	Registered and paid up capital RMB165,000,000	99%	99%	PRC	Property development
Shanghai Le Fu Properties Co., Ltd.	PRC 20 February 2004	Registered and paid up capital US$240,500,000	99%	99%	PRC	Property development
Shanghai IPO Food & Beverage Co., Ltd.	PRC 6 September 2006	Registered and paid up capital US$1,890,000	100%	100%	PRC	Food and beverage services
Shanghai Rui Chen Property Co., Ltd.	PRC 6 May 1996	Registered and paid up capital RMB189,000,000	79.81%	79.81%	PRC	Property development and property investment
Shanghai Rui Qiao Property Development Co., Ltd.	PRC 28 December 2010	Registered and paid up capital RMB3,900,000,000	100%	100%	PRC	Property development
Shanghai Rui Hong Xin Cheng Co., Ltd.	PRC 2 July 2001	Registered capital RMB6,700,000,000 Paid up capital RMB6,106,303,030	79.01%	79.01%	PRC	Property development and property investment
Shanghai Shui On Club Business Management Co., Ltd.	PRC 29 July 2010	Registered and paid up capital RMB200,000	100%	100%	PRC	Provision of business management services
Shanghai Tai Ping Qiao Properties Management Co., Ltd.	PRC 31 August 2001	Registered and paid up capital US$198,000	100%	99%	PRC	Property management
Shanghai Xin-tian-di Plaza Co., Ltd.	PRC 2 February 1999	Registered and paid up capital RMB98,261,000	100%	97%	PRC	Property development and property investment
Shanghai Xing Bang Properties Co., Ltd.	PRC 21 June 2001	Registered and paid up capital RMB287,595,000	100%	99%	PRC	Property development and property investment

45. Particulars of the Principal Subsidiaries (Continued)

Name of subsidiary	Place and date of incorporation/ establishment	Issued and fully paid share capital/ registered capital	Attributable equity interest held 2013 (note 1)	2012	Place of operation	Principal activities
Shanghai Xing-Qi Properties Co., Ltd.	PRC 2 February 1999	Registered and paid up capital RMB266,653,000	100%	97%	PRC	Property development and property investment
Shanghai Xing Qiao Properties Co., Ltd.	PRC 18 January 2004	Registered and paid up capital US$234,000,000	–	99%	PRC	Property development
Shanghai Yang Pu Centre Development Co., Ltd.	PRC 26 August 2003	Registered and paid up capital US$137,500,000	86.8%	86.8%	PRC	Property development and property investment
Shui On Development (Holding) Limited	Cayman Islands 27 July 2005	22 ordinary shares of US$0.01 each	100%	100%	Hong Kong	Investment holding
Shui On Development (Singapore) Pte. Limited	Singapore 27 December 2011	1 ordinary share of US$10	100%	100%	Singapore	Debt financing
Shui On Land Management Limited	Hong Kong 12 May 2004	1 ordinary share of HK$1	100%	100%	Hong Kong	Provision of management services
Prosper Profit Holding Limited	BVI 6 May 2008	1 ordinary share of US$1	100%	100%	Hong Kong	Investment holding
Splendid Return Investments Limited	Hong Kong 13 May 2008	1 ordinary share of HK$1	100%	100%	Hong Kong	Investment holding
Shui On Resort Community (Lijiang) Holding Limited	BVI 28 April 2008	1 ordinary share of US$1	100%	100%	Hong Kong	Investment holding
Shui On Resort Community (Lijiang) Limited	Hong Kong 5 May 2008	1 ordinary share of HK$1	100%	100%	Hong Kong	Investment holding
Shui On Resort Community (Shangri-La) Holding Limited	BVI 6 May 2008	1 ordinary share of US$1	100%	100%	Hong Kong	Investment holding
Shui On Resort Community (Shangri-La) Limited	Hong Kong 13 May 2008	1 ordinary share of HK$1	100%	100%	Hong Kong	Investment holding
Shui On Resort Community (Kunming) Holding Limited	BVI 18 July 2006	1 ordinary share of US$1	100%	100%	Hong Kong	Investment holding
Shui On Resort Community (Kunming) Limited	Hong Kong 25 July 2006	1 ordinary share of HK$1	100%	100%	Hong Kong	Investment holding
Shui On Resort Community (Yunnan) Development Limited	Cayman Islands 17 July 2006	1 ordinary share of US$0.01	100%	100%	Hong Kong	Investment holding
Shine First Limited	BVI 25 October 2006	1 ordinary share of US$1	100%	100%	Hong Kong	Investment holding
Shine Prime Investments Limited	BVI 2 November 2006	1 ordinary share of US$1	100%	100%	Hong Kong	Investment holding
Shui On Secretaries & Nominees Limited	Hong Kong 30 November 2006	1 ordinary share of HK$1	100%	100%	Hong Kong	Provision of secretarial services
Silomax Limited	BVI 25 March 1996	1 ordinary share of US$1	79.81%	79.81%	Hong Kong	Investment holding
Sino Realty Limited	Hong Kong 3 October 2006	1 ordinary share of HK$1	100%	100%	Hong Kong	Investment holding
Sino Wisdom Investments Limited	BVI 12 May 2006	1 ordinary share of US$1	100%	100%	Hong Kong	Investment holding

45. Particulars of the Principal Subsidiaries (Continued)

Name of subsidiary	Place and date of incorporation/ establishment	Issued and fully paid share capital/ registered capital	Attributable equity interest held 2013	Attributable equity interest held 2012 (note 1)	Place of operation	Principal activities
Sinoco Limited	Hong Kong 28 October 2002	2 ordinary shares of HK$1 each	–	100%	Hong Kong	Investment holding
Sinothink Holdings Limited	BVI 15 September 2000	100 ordinary shares of US$1 each	–	100%	Hong Kong	Investment holding
Smart Century Limited	Hong Kong 18 October 2007	1 ordinary share of HK$1	100%	100%	Hong Kong	Investment holding
Super Field Limited	Hong Kong 25 February 2005	1 ordinary share of HK$1	75%	75%	Hong Kong	Investment holding
Taipingqiao Holding Company Limited	BVI 25 October 2011	1 ordinary share of US$1	100%	100%	Hong Kong	Investment holding
Timezone Management Limited	BVI 28 February 2001	1 ordinary share of US$1	100%	100%	Hong Kong	Investment holding
Tip Profit Limited	BVI 18 July 2006	1 ordinary share of US$1	100%	100%	Hong Kong	Investment holding
Top Faith Development Limited	Hong Kong 18 April 2008	1 ordinary share of HK$1	79.81%	79.81%	Hong Kong	Investment holding
Top Victory Development Limited	Hong Kong 5 March 2008	1 ordinary share of HK$1	100%	100%	Hong Kong	Investment holding
Triumph Sky Group Limited	BVI 23 October 2007	1 ordinary share of US$1	100%	100%	Hong Kong	Investment holding
Union Grow Limited	Hong Kong 8 November 2002	2 ordinary shares of HK$1 each	100%	100%	Hong Kong	Investment holding
Value Land Investment Limited	Cayman Islands 2 September 2011	1,010,000 ordinary shares of US$0.01 each	51%	100%	Hong Kong	Investment holding
Victorious Run Limited	BVI 23 January 1997	100 ordinary shares of US$1 each	66.7%	66.7%	Hong Kong	Investment holding
Victory Win Development Limited	Hong Kong 18 April 2008	1 ordinary share of HK$1	100%	100%	Hong Kong	Investment holding
Wuhan Shui On Tiandi Property Development Co., Ltd.	PRC 2 August 2005	Registered and paid up capital US$273,600,000	75%	75%	PRC	Property development and property investment
Wuhan Shuion Shangqi Real Estate Management Co., Ltd.	PRC 24 July 2012	Registered and paid up capital US$14,400,000	75%	75%	PRC	Property investment
上海百麗房地產開發有限公司 (Shanghai Baili Property Development Co., Ltd.*)	PRC 29 August 2002	Registered and paid up capital RMB100,000,000	79.81%	79.81%	PRC	Property development and property investment
上海豐誠物業管理有限公司 (Shanghai Feng Cheng Property Management Co., Ltd.*)	PRC 18 January 2004	Registered and paid up capital RMB37,079,950	100%	100%	PRC	Property management

45. Particulars of the Principal Subsidiaries (Continued)

Name of subsidiary	Place and date of incorporation/ establishment	Issued and fully paid share capital/ registered capital	Attributable equity interest held 2013 (note 1)	Attributable equity interest held 2012 (note 1)	Place of operation	Principal activities
上海豐誠楊浦物業管理有限公司(Shanghai Feng Cheng Yang Pu Property Management Co., Ltd*)	PRC 21 July 2010	Registered and paid up capital RMB950,000	100%	100%	PRC	Property management
上海瑞橋企業管理有限公司 (Shanghai Rui Qiao Enterprise Management Co., Ltd.*)	PRC 23 April 2009	Registered and paid up capital RMB1,000,000	86.8%	86.8%	PRC	Property development
上海瑞展教育信息咨詢有限公司(Shanghai Rui Zhan Education Information Consultant Co., Ltd.*)	PRC 20 April 2010	Registered and paid up capital RMB100,000	79.81%	79.81%	PRC	Provision of education information and consultancy services
上海瑞安房地產發展有限公司(Shui On Development Limited*)	PRC 14 June 2004	Registered and paid up capital US$58,000,000	100%	100%	PRC	Provision of management services
武漢瑞安天地商貿有限公司 (Wuhan Shui On Tian Di Trading Co., Ltd.*)	PRC 8 January 2007	Registered and paid up capital US$1,800,000	100%	100%	PRC	Retail business
上海新天地商業管理有限公司 (Shanghai Xintiandi Management Limited*)	PRC 25 Feb 2013	Registered and paid up capital US$5,000,000	100%	–	PRC	Provision of management services
上海瑞安創智商業經營管理有限公司(Shanghai Rui An Chuang Zhi Business Management Co., Ltd.*)	PRC 12 Dec 2013	Registered and paid up capital RMB500,000	86.8%	–	PRC	Provision of management and consultancy services

Notes:

1. The Company directly holds the equity interest in Shui On Development (Holding) Limited. All other equity interests shown above are indirectly held by the Company.
2. All subsidiaries established in the PRC are either equity joint ventures or cooperative joint ventures except Dalian Yingjia Science and Technology Development Co., Ltd., Fo Shan An Ying Property Development Co., Ltd., Fo Shan Rui Dong Property Development Co., Ltd., Fo Shan Rui Fang Property Development Co., Ltd., Fo Shan Rui Kang Tian Di Property Development Co., Ltd., Fo Shan Shui On Tian Di Property Development Co., Ltd., Fo Shan Yi Kang Property Development Co., Ltd., Fo Shan Yi Kang Hotel Management Co., Ltd., Fo Shan Yong Rui Tian Di Property Development Co., Ltd., Fo Shan Yuan Kang Property Development Co., Ltd., Fo Shan Shui On Taindi Trading Co., Ltd., Hangzhou Xihu Tiandi Management Co., Ltd., Shanghai IPO Food & Beverage Co., Ltd., Shanghai Rui Qiao Property Development Co., Ltd., Shanghai Shui On Club Business Management Co., Ltd., 上海豐誠物業管理有限公司 (Shanghai Feng Cheng Property Management Co., Ltd.*), 上海瑞安房地產發展有限公司 (Shui On Development Limited*), 武漢瑞安天地商貿有限公司 (Wuhan Shui On Tian Di Trading Co., Ltd.*), Wuhan Shuion Shangqi Real Estate Management Co., Ltd, 上海瑞橋企業管理有限公司(Shanghai Rui Qiao Enterprise Management Co., Ltd.), 上海瑞展教育信息咨詢有限公司(Shanghai Rui Zhan Education Information Consultant Co., Ltd.), Shanghai Best Scene Retail Asset Management Ltd, Shanghai Rui Chen Property Co., Ltd., Shanghai Ji-Xing Properties Co., Ltd., Shanghai Bai-Xing Properties Co., Ltd., Shanghai Xin-tian-di Plaza Co., Ltd., Shanghai Xing-Qi Properties Co., Ltd., Shanghai Xing Bang Properties Co., Ltd., Shanghai Tai Ping Qiao Properties Management Co., Ltd., 上海新天地商業管理有限公司(Shanghai Xintiandi Management Limited*), Wuhan Shui On Tiandi Property Development Co., Ltd., 上海百麗房地產開發有限公司(Shanghai Baili Property Development Co., Ltd.*), 上海豐誠楊浦物業管理有限公司(Shanghai Feng Cheng Yang Pu Property Management Co., Ltd*), and 上海瑞安創智商業經營管理有限公司(Shanghai Rui An Chuang Zhi Business Management Co., Ltd.*) which are wholly foreign owned enterprises.
3. Except for Shui On Development (Holding) Limited and Shui On development (Singapore) Pte. Limited, none of the subsidiaries had any debt securities subsisting at 31 December 2013 or at any time during the year.
4. The holders of Class B ordinary shares of Grand Hope Limited have attributable interests in the Chongqing Super High Rise Project whereas the holders of Class A ordinary shares of Grand Hope Limited have attributable interests in the Chongqing Shui On Tiandi Property Development Co., Ltd. other than the Chongqing Super High Rise Project.
5. The Class A ordinary shares of Billion China Investments Limited confers on its holders rights attributable to Crown Fame Limited ("Crown Fame")'s 90% interest in Fo Shan Shui On Property Development Co. Ltd. ("Foshan Shui On") whereas the Class B ordinary shares of Billion China Investments Limited confers on its holders rights attributable to (i) Crown Fame's 90% interests in Foshan Shui On pertaining to the land lots in Foshan other than Lots 6 and 16 and (ii) Crown Fame's interests in the Foshan PRC project companies other than Foshan Shui On.
6. The Class A ordinary shares of Magic Bright Investments Limited confers on its holders rights attributable to Regal Victory Limited ("Regal Victory")'s 92% interest in Fo Shan Yong Rui Tian Di Property Development Co., Ltd. ("Foshan Yong Rui") whereas the Class B ordinary shares of Magic Bright Investments Limited confers on its holders rights attributable to Regal Victory's interests in the Foshan PRC project companies other than Foshan Yong Rui.
7. The Group holds 51% equity interest in Portspin Limited, which indirectly holds 98% equity interest in Shanghai Jun Xing Property Development Co., Ltd.. The Group's effective interest in Shanghai Jun Xing Property Development Co., Ltd. is therefore 49.98%.

* For identification purposes

45. Particulars of the Principal Subsidiaries (Continued)

The table below shows details of non-wholly owned subsidiaries of the Company that have material non-controlling interests:

	Proportion of equity interest held by non-controlling shareholders At 31 December		Profit (loss) allocated to non-controlling shareholders Year ended 31 December		Accumulated non-controlling interests At 31 December	
	2013	2012	2013 RMB'million	2012 RMB'million	2013 RMB'million	2012 RMB'million
Name of subsidiary						
Fieldcity	25.0%	25.0%	173	143	665	492
Foresight	20.2%	20.2%	26	7	386	357
Score High	19.8%	19.8%	41	154	652	611
Shanghai Jiu Hai	20.0%	20.0%	35	31	574	552
Individually immaterial subsidiaries with non-controlling interests	N/A	N/A	(9)	(28)	648	682
			266	307	2,925	2,694

Summarised consolidated financial information in respect of Fieldcity is set out below. The summarised financial information below represents amounts before intragroup eliminations:

	At 31 December 2013 RMB'million	2012 RMB'million
Current assets	4,857	3,341
Non-current assets	4,289	3,833
Current liabilities	4,203	3,228
Non-current liabilities	2,284	1,977
Equity attributable to shareholders of Fieldcity	2,659	1,969

	Year ended 31 December 2013 RMB'million	2012 RMB'million
Revenue	1,620	1,410
Profit and total comprehensive income for the year	690	573
Net cash from operating activities	798	336
Net cash used in investing activities	(330)	(873)
Net cash from financing activities	169	608
Net cash inflow	637	71

45. Particulars of the Principal Subsidiaries (Continued)

Summarised consolidated financial information in respect of Foresight is set out below. The summarised financial information below represents amounts before intragroup eliminations:

	At 31 December 2013 RMB'million	At 31 December 2012 RMB'million
Current assets	10,921	7,525
Non-current assets	1,550	1,463
Current liabilities	2,995	4,714
Non-current liabilities	7,859	2,785
Equity attributable to:		
Shareholders of Foresight	1,545	1,422
Non-controlling interests	72	67
	1,617	1,489

	Year ended 31 December 2013 RMB'million	Year ended 31 December 2012 RMB'million
Revenue	74	331
Profit and total comprehensive income for the year	124	21
Attributable to:		
Shareholders of Foresight	123	20
Non-controlling interests	1	1
	124	21
Net cash from (used in) operating activities	738	(1,372)
Net cash (used in) from investing activities	(1,559)	203
Net cash from financing activities	915	1,008
Net cash inflow (outflow)	94	(161)

Summarised consolidated financial information in respect of Score High is set out below. The summarised financial information below represents amounts before intragroup eliminations:

	At 31 December 2013 RMB'million	At 31 December 2012 RMB'million
Current assets	4,483	5,783
Non-current assets	6,610	4,821
Current liabilities	4,954	6,378
Non-current liabilities	3,346	1,724
Equity attributable to:		
Shareholders of Score High	2,667	2,364
Non-controlling interests	126	138
	2,793	2,502

45. Particulars of the Principal Subsidiaries (Continued)

	Year ended 31 December 2013 RMB'million	2012 RMB'million
Revenue	**4,318**	1,219
Profit for the year	**260**	441
Other comprehensive income for the year	**31**	–
Profit and total comprehensive income for the year	**291**	441
Attributable to:		
Shareholders of Score High	**303**	362
Non-controlling interests	**(12)**	79
	291	441
Net cash from operating activities	**382**	590
Net cash used in investing activities	**(1,543)**	(448)
Net cash from (used in) financing activities	**1,253**	(8)
Net cash inflow	**92**	134

Summarised consolidated financial information in respect of Shanghai Jiu Hai is set out below. The summarised financial information below represents amounts before intragroup eliminations:

	At 31 December **2013 RMB'million**	2012 RMB'million
Current assets	**216**	177
Non-current assets	**3,493**	3,482
Current liabilities	**61**	147
Non-current liabilities	**721**	703
Equity attributable to shareholders of Shanghai Jiu Hai	**2,927**	2,809

	Year ended 31 December 2013 RMB'million	2012 RMB'million
Revenue	**156**	156
Profit and total comprehensive income for the year	**186**	181
Dividend paid to a non-controlling shareholder of Shanghai Jiu Hai	**13**	–
Net cash from operating activities	**195**	37
Net cash used in investing activities	**(37)**	(32)
Net cash used in financing activities	**(166)**	(23)
Net cash outflow	**(8)**	(18)

46. Comparative Figures

Certain comparative figures in the consolidated statement of cash flows have been restated to conform with current year's presentation.

FINANCIAL SUMMARY

Summary of Consolidated Statement of Profit or Loss

for the year ended 31 December

	2009 RMB' million	2010 RMB' million	2011 RMB' million	2012 RMB' million	2013 RMB' million
Turnover	6,758	4,879	8,484	4,821	**9,828**
Profit attributable to shareholders	2,673	2,809	3,428	2,029	**2,125**
Owners of perpetual capital securities	–	–	–	19	**314**
Other non-controlling shareholders of subsidiaries	(80)	201	570	307	**266**
Profit for the year	**2,593**	**3,010**	**3,998**	**2,355**	**2,705**

Summary of Consolidated Statement of Financial Position

as of 31 December

	2009 RMB' million	2010 RMB' million	2011 RMB' million	2012 RMB' million	2013 RMB' million
Investment properties	21,206	26,893	36,395	46,624	**50,273**
Property, plant, and equiptment	356	540	1,079	3,782	**3,577**
Prepaid lease payments	43	73	500	671	**586**
Properties under development for sale	11,532	14,308	17,247	20,150	**22,711**
Properties held for sale	627	627	987	3,274	**1,536**
Interests in and loans to associates	2,135	2,190	2,423	2,923	**2,740**
Interests in and loans to joint ventures	–	–	–	–	**700**
Account receivables, deposits, and prepayments	992	3,668	2,589	2,708	**5,237**
Other assets	754	1,164	1,014	852	**1,062**
Pledged bank deposits, restricted bank deposits, bank balances and cash	4,947	6,790	6,370	8,633	**10,180**
Total assets	42,592	56,253	68,604	89,617	**98,602**
Current liabilities	8,838	8,747	16,474	20,563	**19,229**
Non-current liabilities	11,180	21,478	22,659	31,786	**37,199**
Total liabilities	20,018	30,225	39,133	52,349	**56,428**
Net assets	22,574	26,028	29,471	37,268	**42,174**
Equity attributable to:					
Shareholders of the Company	21,579	24,820	27,945	31,481	**36,155**
Owners of perpetual capital securities	-	-	-	3,093	**3,094**
Other non-controlling shareholders of subsidiaries	995	1,208	1,526	2,694	**2,925**
Total equity	**22,574**	**26,028**	**29,471**	**37,268**	**42,174**

Per share data

for the year ended 31 December

	2009	2010	2011	2012 (Restated)	2013
Basic earnings per share (RMB)	0.55	0.55	0.66	0.32	**0.28**
Dividend per share					
– Interim paid (HK$)	0.01	0.06	0.025	0.025	**0.022**
– Final proposed (HK$)	0.12	0.05	0.100	0.035	**0.040**
– Full year (HK$)	0.13	0.11	0.125	0.060	**0.062**
Bonus shares	–	–	–	–	**–**

CORPORATE INFORMATION

Board of Directors

Executive Directors

Mr. Vincent H. S. LO (Chairman)

Mr. Freddy C. K. LEE
(Managing Director and Chief Executive Officer)
(resigned on 10 January 2014)

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

Mr. Philip K. T. WONG
(Managing Director)
(appointed on 10 January 2014)

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. Daniel Y. K. WAN
Mr. Frankie Y. L. WONG
Mr. Philip K. T. WONG
(appointed on 10 January 2014)
Mr. Freddy C. K. LEE
(resigned on 10 January 2014)

Company Secretary

Mr. UY Kim Lun

Auditor

Deloitte Touche Tohmatsu

Legal Advisers

Freshfields Bruckhaus Deringer
Mayer Brown JSM

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Hong Kong

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(Cayman) Limited
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24 Shedden Road, George Town
Grand Cayman KY1-1110
Cayman Islands

Branch Share Registrar and Transfer Office

Computershare Hong Kong Investor
Services Limited
Shops 1712-1716, 17/F,
Hopewell Centre
183 Queen's Road East
Wan Chai
Hong Kong

Principal Bankers

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

Stock Code

272

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