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Shui On Land Limited
瑞安房地產有限公司*
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 272)

Announcement of 2015 Interim Results

HIGHLIGHTS

- For the first half of year 2015 (“1H 2015”), the Group reported turnover of RMB2,027 million, a decrease of 61% compared to RMB5,236 million in the first half of year 2014 (“1H 2014”). The decrease was mainly due to fewer properties delivered during the reporting period, as compared to 1H 2014. Rental and related income (excluding income from hotel operations) increased 20% to RMB736 million in 1H 2015.
- Gross profit margin decreased 6% to 29%, because the turnover recognised in 1H 2015 was mainly delivered by Chongqing and Foshan projects and the newly acquired construction business, which have lower profit margins, compared to a higher contribution from the higher margin property sales of Shanghai Rui Hong Xin Cheng (“RHXC”) in 1H 2014.
- Contracted property sales (including residential and commercial property sales) increased 16% to RMB3,263 million in 1H 2015 for a total gross floor area (“GFA”) of 200,720 sq.m., compared to RMB2,819 million for a total GFA of 131,400 sq.m. in 1H 2014.
- Subsequent to the end of 1H 2015, on 23 July 2015, the Group had entered into a sale and purchase agreement to dispose 1 & 2 Corporate Avenue in the Shanghai Taipingqiao project at a property value of RMB6,601 million. The disposal is expected to generate a net profit of approximately RMB2,155 million for 2015 upon transaction completion.
- In 1H 2015, the Group recorded an increase in fair value in its investment portfolio, totalling RMB2,797 million. The increase was mainly contributed by the increase in fair value of Shanghai Xintiandi & Xintiandi Style, 1 & 2 Corporate Avenue, 3 Corporate Avenue and Shui On Plaza located in Shanghai Taipingqiao, which accounted for a total of RMB2,277 million or 81% of total increase in fair value for 1H 2015.
- Profit for the period increased 39% to RMB1,535 million in 1H 2015 compared to RMB1,105 million in 1H 2014. Profit attributable to shareholders increased by 50% to RMB1,195 million in 1H 2015.
- As of 30 June 2015, total cash and bank deposits of the Group was RMB7,126 million, while total assets increased from RMB108,323 million as of 31 December 2014 to RMB112,947 million. The Group’s net gearing ratio increased by 8% points to 87% as of 30 June 2015.

BUSINESS REVIEW

For the first half of year 2015 (“1H 2015”), the Group’s turnover decreased 61% to RMB2,027 million, compared to RMB5,236 million in the first half of year 2014 (“1H 2014”). Property sales, rental and related income (including income from hotel operations) accounted for RMB951 million and RMB771 million, respectively, or 47% and 38% of total turnover in 1H 2015. RMB273 million of turnover was contributed by the construction business that was newly acquired in 2014. The remaining sum of RMB32 million or 2% was generated from other income. The significant decrease in turnover in 1H 2015 was mainly due to fewer properties delivered during the reporting period compared to 1H 2014.

Gross profit decreased 68% to RMB578 million in 1H 2015 compared to RMB1,811 million in 1H 2014. Gross profit margin decreased 6% points to 29%, because the turnover recognised in 1H 2015 was mainly delivered by Chongqing and Foshan projects and the newly acquired construction business, which have lower gross profit margins, compared to higher contribution from the higher margin property sales of Shanghai Rui Hong Xin Cheng (“RHXC”) in 1H 2014.

Selling and marketing expenses decreased 33% to RMB69 million in 1H 2015, in line with lower contracted sales in 1H 2015. The amount represented 2.9% of the overall contracted sales (excluding sales by associates and *en-bloc* sales) of RMB2,407 million. General and administrative expenses decreased 22% to RMB425 million in 1H 2015, compared to RMB543 million in 1H 2014.

Contracted property sales (including both residential and commercial property sales) increased 16% to RMB3,263 million in 1H 2015 for a total gross floor area (“GFA”) of 200,720 sq.m., compared to RMB2,819 million for a total GFA of 131,400 sq.m. in 1H 2014. Average selling price (“ASP”) dropped due to change of product mix and city mix.

Subsequent to the end of 1H 2015, on 23 July 2015, the Group had entered into a sale and purchase agreement to dispose of 1 & 2 Corporate Avenue in the Shanghai Taipingqiao project at a property value of RMB6,601 million. The disposal is expected to generate a total net profit of approximately RMB2,155 million for 2015 upon completion of transaction.

In 1H 2015, the Group recorded an increase in fair value in its investment property portfolio, totalling RMB2,797 million. The increase was mainly contributed by the increase of fair value of Shanghai Xintiandi & Xintiandi Style, 1 & 2 Corporate Avenue, 3 Corporate Avenue and Shui On Plaza located in the Shanghai Taipingqiao project, which accounted for a total of RMB2,277 million or 81% of total increase in fair value for 1H 2015. The remaining was mainly contributed by the increase in fair value of the newly completed investment properties located in the Shanghai Knowledge and Innovation Community (“KIC”) project. The increase represents 6% of the total carrying value of the Group’s completed investment properties and investment properties under development at valuation as of 30 June 2015. A total leasable and saleable GFA of 1,711,000 sq.m. of investment properties held by the Group was carried at valuation, accounting for 17% of the total landbank of the Group as of 30 June 2015.

Profit for the period increased 39% to RMB1,535 million in 1H 2015, compared to RMB1,105 million in 1H 2014. Profit attributable to shareholders increased 50% to RMB1,195 million in 1H 2015 compared to RMB797 million in 1H 2014.

As of 30 June 2015, the Group held a total of RMB5,495 million in locked-in sales (including those of Dalian associates), comprising a total GFA of 340,400 sq.m., slated for delivery to customers in the second half of year 2015 (“2H 2015”) and beyond.

As of 30 June 2015, the Group invested a total of RMB12.1 billion of capital into relocation of sites in the Shanghai Taipingqiao Lot 118 and RHXC Lots 1, 7 and 10 for a total GFA of 658,000 sq.m. under relocation.

Property Sales

Recognised Property Sales

Recognised property sales decreased 79% to RMB951 million for a total GFA of 53,000 sq.m., compared to RMB4,447 million for a total GFA of 118,000 sq.m. in 1H 2014. The decrease was due to fewer properties delivered during the reporting period, as compared to 1H 2014. Properties sales delivered from Shanghai RHXC decreased to RMB134 million for the period under review compared to RMB3,887 million in 1H 2014. Properties delivered from the Wuhan, Chongqing and Foshan projects increased to RMB735 million compared to RMB550 million in 1H 2014.

In addition to the RMB951 million of property sales including car parks recognised as turnover, RMB143 million of property sales was recognized as turnover of associate companies, RMB910 million was recognized as disposal of hotel properties and RMB40 million was recognized as disposal of investment properties.

The Group's recognised ASP was recorded at RMB19,000 per sq.m. in 1H 2015, compared to RMB39,900 per sq.m. in 1H 2014. The decrease was mainly due to a change of project and city mix contribution. In 1H 2015, fewer Shanghai properties of higher ASPs were delivered compared to 1H 2014.

ASPs for Shanghai RHXC residential and KIC office increased 15% and 23% respectively. ASPs in Chongqing, Foshan and Dalian decreased due to a change in product mix and competitive market conditions.

The table below summarises by project the recognised sales (stated after the deduction of business tax of 5% and other surcharges/taxes) for 1H 2015 and 1H 2014:

Project	1H 2015			1H 2014			ASP Growth rate
	Sales revenue	GFA sold	ASP	Sales revenue	GFA sold	ASP	
	RMB' million	sq.m.	RMB per sq.m.	RMB' million	sq.m.	RMB per sq.m.	
THE HUB	910	45,000	21,400	-	-	-	-
Shanghai RHXC	101	2,000	53,500	3,883	88,100	46,700	15%
Shanghai KIC							
<i>Small Office</i>	3	100	31,800	44	1,800	25,900	23%
<i>Grade A Office</i>	43	1,500	30,400	-	-	-	-
<i>Residential</i>	8	200	42,400	2	100	21,200	100%
Wuhan Tiandi							
<i>Site B Retail</i>	13	300	45,900	-	-	-	-
Chongqing Tiandi							
<i>Residential¹</i>	331	35,200	12,100	164	15,400	13,800	(12%)
<i>Retail & Office</i>	54	2,500	22,900	38	1,000	40,300	(43%)
Foshan Lingnan Tiandi							
<i>Townhouses</i>	118	4,800	26,100	75	2,100	37,900	(31%)
<i>Low-/mid-/high-rises</i>	106	7,900	14,200	195	12,200	17,000	(16%)
<i>Retail</i>	36	500	76,400	8	100	84,900	(10%)
Subtotal	1,723	100,000	18,300	4,409	120,800	38,700	(53%)
Carparks and others	178	-	-	120	-	-	-
Dalian Tiandi							
<i>Mid-/high-rises</i>	127	14,400	9,400	398	38,600	10,900	(14%)
<i>Villa</i>	16	1,300	13,100	23	1,300	18,800	(30%)
Total	2,044	115,700	18,700	4,950	160,700	32,600	(43%)
Recognised as:							
- <i>property sales in turnover of the Group²</i>	951	53,000	19,000	4,447	118,000	39,900	(52%)
- <i>disposal of investment properties²</i>	40	2,000	21,200	82	2,800	31,000	(32%)
- <i>disposal of hotel properties</i>	910	45,000	21,400	-	-	-	-
- <i>turnover of associates</i>	143	15,700	9,700	421	39,900	11,200	(13%)
Total	2,044	115,700	18,700	4,950	160,700	32,600	(43%)

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

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

Contracted Property Sales

In 1H 2015, contracted property sales from residential properties and car parks, including those from Dalian associates, amounted to RMB2,535 million, a decrease of 7% from RMB2,718 million in 1H 2014. A total GFA of 169,370 sq.m. was sold and presold, representing an increase of 32% compared to 128,300 sq.m. in 1H 2014.

Residential property sales in Wuhan increased 58% to RMB975 million, Chongqing increased 52% to RMB741 million, Foshan increased 103% to RMB379 million, and Dalian increased 24% to RMB265 million, respectively, compared to 1H 2014. A change in project contribution and product mix resulted in a 29% decrease in ASP to RMB15,000 per sq.m.. Shanghai RHXC's ASP increased 5% to RMB57,100 per sq.m. in 1H 2015, compared to RMB54,500 per sq.m. in 1H 2014. The ASP for Wuhan Tiandi residential increased 38% to RMB32,600 per sq.m. The lower ASPs at Chongqing Tiandi, Foshan Lingnan Tiandi and Dalian Tiandi were mainly due to differences in the view and location of the properties sold, as well as competitive market conditions.

In 1H 2015, commercial property sales recorded at RMB728 million, in which RMB625 million was contributed by Shanghai KIC project and the remaining was mainly retail shops located in Wuhan, Chongqing and Foshan.

Subsequent to the end of 1H 2015, on 23 July 2015, the Group had entered into a sale and purchase agreement to dispose of 1 & 2 Corporate Avenue at a property value of RMB6,601 million for a total GFA of 83,200 sq.m. and 226 units of carpark. The disposal is expected to generate a total net profit of approximately RMB2,155 million for 2015 upon transaction completion.

The table below provides an analysis of contracted sales by project (stated before the deduction of business tax of 5% and other surcharges/taxes) for 1H 2015 and 1H 2014:

Project	1H 2015			1H 2014			ASP Growth rate
	Contracted amount	GFA sold	ASP	Contracted amount	GFA sold	ASP	
	RMB' Million	sq.m.	RMB per sq.m.	RMB' million	sq.m.	RMB per sq.m.	%
Residential property sales:							
Shanghai RHXC	4	70	57,100	1,129	20,700	54,500	5%
Wuhan Tiandi							
Site B	975	29,900	32,600	616	26,000	23,700	38%
Chongqing Tiandi¹	741	81,700	11,100	488	49,600	12,000	(8%)
Foshan Lingnan Tiandi							
Townhouses	55	2,300	23,900	-	-	-	-
Low-/mid-/high-rises	237	18,500	12,800	129	8,200	15,700	(18%)
High-rises (Bare shell)	87	8,500	10,200	58	5,800	10,000	2%
Subtotal	2,099	140,970	14,900	2,420	110,300	21,900	(32%)
Dalian Tiandi							
Villas	18	1,500	12,000	17	1,000	17,000	(29%)
Mid-/high-rises	237	26,900	8,800	189	17,000	11,100	(21%)
Carparks and others	181	-	-	92	-	-	-
Subtotal for residential property sales	2,535	169,370	15,000	2,718	128,300	21,200	(29%)
Commercial property sales:							
Shanghai KIC							
1-2 KIC Corporate Avenue (en-bloc)	601	22,800	26,400	-	-	-	-
Office	24	760	31,600	31	1,300	23,800	33%
Wuhan Tiandi							
Site B Retail	14	290	48,300	-	-	-	-
Chongqing Tiandi							
Retail	48	1,700	28,200	48	1,500	32,000	(12%)
Foshan Lingnan Tiandi							
Retail	-	-	-	22	300	73,300	-
Kindergarten	41	5,800	7,100	-	-	-	-
Subtotal for commercial property sales	728	31,350	23,200	101	3,100	32,600	(29%)
Grand total	3,263	200,720	16,300	2,819	131,400	21,500	(24%)

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

Residential GFA Available for Sale and Pre-sale in 2H 2015

The Group has approximately 546,000 sq.m. of residential GFA spanning six projects, available for sale and pre-sale during 2H 2015, as summarised below:

Project Name	Phase Name	Available for sale and pre-sale in 2H 2015	
		Completed GFA in sq.m.	Under Construction GFA in sq.m.
<i>Shanghai Taipingqiao</i>	Lakevilleluxe (High-rises)	-	46,700
<i>Shanghai RHXC</i>	The View (High-rises)	200	-
	Residential Phase 6 (High-rises)	-	86,000
<i>Wuhan Tiandi</i>	Wuhan Tiandi LA RIVA (Low-/mid-/high-rises)	-	38,300
	Wuhan Tiandi PARK VIEW (High-rises)	-	42,000
<i>Chongqing Tiandi</i>	The Riviera IV - VI (Low-/mid-/high-rises)	12,700	112,500
<i>Foshan Lingnan Tiandi</i>	The Regency Phase 2 and Lingnan Tiandi • Park Royale (High-rises)	21,700	-
	The Legendary Phases 1-2 (Townhouses)	3,300	-
	Lingnan Tiandi • The Imperial (Low-rises) and Lingnan Tiandi • The Metropolis (High-rises)	11,800	47,800
<i>Dalian Tiandi</i>	Huangnichuan (Mid-/high-rises)	200	77,100
	Huangnichuan (Villas)	11,700	-
	Hekou Bay (Mid-/high-rises)	4,000	30,000
Total		65,600	480,400

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

Investment Property Business

Rental and related income from investment property portfolio increased 20% to RMB736 million in 1H 2015 compared to RMB614 million in 1H 2014. Income from hotel operations decreased to RMB35 million for the period under review compared to RMB150 million in 1H 2014 due to the disposal of Shanghai Langham Xintiandi Hotel in the fourth quarter of 2014. 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 1H 2015, 1H 2014 and 1H 2013 and the percentage of leases in GFA by property that are scheduled to expire from 2H 2015 to 2017:

Project	Product	Leasable GFA sq.m.	Rental & related income RMB'million			Period on period change %		Leases expire in % of GFA		
			1H 2015	1H 2014	1H 2013	1H 2015	1H 2014	2H 2015	2016	2017
China Xintiandi Property Portfolio ("CXTD Property Portfolio") in co-operation with Brookfield										
Shanghai Taipingqiao										
Shanghai Xintiandi	Offices/ Retail	47,000	148	147	146	1%	1%	13%	27%	16%
Xintiandi Style	Retail	26,000	37	33	33	12%	-	13%	28%	30%
1 & 2 Corporate Avenue	Offices/ Retail	83,000	136	121	120	12%	1%	35%	26%	27%
Shui On Plaza ¹	Offices/ Retail	52,000	70	61	64	15%	(5%)	13%	6%	72%
3 Corporate Avenue	Offices/ Retail	87,000	4	-	-	-	-	0%	0%	0%
THE HUB										
THE HUB. North Towers 1, 2 & 3	Offices/Retail	77,000	73	15	-	387%	-	0%	1%	11%
THE HUB. North Xintiandi	Retail	14,000	3	-	-	-	-	0%	0%	0%
THE HUB. South Mall	Retail	107,000	4	-	-	-	-	0%	0%	0%
THE HUB. South Tower 5	Offices/Retail	17,000	-	-	-	-	-	0%	0%	0%
Subtotal		510,000	475	377	363	26%	4%	15%	15%	28%
Shui On Land Portfolio										
Shanghai Taipingqiao										
Langham Xintiandi Hotel Retail Portion ²	Retail	-	-	7	7	-	-	-	-	-
Shanghai RHXC	Retail	66,000	35	31	29	13%	7%	3%	11%	16%
Shanghai KIC ¹	Offices/ Retail	215,000	115	104	91	11%	14%	19%	25%	18%
Hangzhou Xihu Tiandi ²	Retail	-	-	8	9	-	(11%)	-	-	-
Wuhan Tiandi	Retail	46,000	43	33	27	30%	22%	19%	19%	15%
Chongqing Tiandi	Retail	136,000	22	17	10	29%	70%	3%	4%	3%
Foshan Lingnan Tiandi	Retail	64,000	46	37	32	24%	16%	2%	11%	13%
Subtotal		527,000	261	237	205	10%	16%	11%	16%	13%
Total		1,037,000	736	614	568	20%	8%	13%	15%	20%

¹ A total GFA of 2,000 sq.m. in Shui On Plaza was acquired by the Group in 2015. 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.).

² Hangzhou Xihu Tiandi and Shanghai Langham Xintiandi Hotel Retail Portion were disposed in 2014.

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

Project	Leasable GFA (sq.m.)			Occupancy rate			Group's interest
	Office	Retail	Total	30	31	30	
				June 2015	December 2014	June 2014	
Completed before 1H 2015							
CXTD Property Portfolio in co-operation with Brookfield							
Shanghai Taipingqiao							
Shanghai Xintiandi	4,000	43,000	47,000	98%	98%	99%	100.0%
Xintiandi Style	-	26,000	26,000	99%	96%	94%	99.0%
1&2 Corporate Avenue	76,000	7,000	83,000	98%	98%	96%	100.0%
Shui On Plaza	32,000	28,000	60,000	98%	100%	97%	80.0% ¹
THE HUB							
THE HUB. North Towers 2 & 3	57,000	1,000	58,000	78%	53%	36%	100.0%
THE HUB. North Tower 1	18,000	1,000	19,000	54%	N/A	N/A	100.0%
THE HUB. North Xintiandi	-	14,000	14,000	32%	N/A	N/A	100.0%
THE HUB. South Mall	-	107,000	107,000	21%	N/A	N/A	100.0%
THE HUB. South Tower 5	16,000	1,000	17,000	0%	N/A	N/A	100.0%
Subtotal	203,000	228,000	431,000				
Shui On Land Portfolio							
Shanghai RHXC							
The Palette 1, 2, 3 and 5	-	47,000	47,000	100%	100%	100%	99.0% ²
Hall of the Stars (Ruihong Tiandi Lot 6)	-	19,000	19,000	79%	N/A	N/A	99.0%
Shanghai KIC							
1, 2, 3 and 10 KIC Plaza (Phase 1)	29,000	21,000	50,000	98%	98%	98%	86.8%
5 – 9 KIC Plaza (Phase 2)	39,000	10,000	49,000	97%	100%	99%	86.8%
KIC Village (R1 and R2)	12,000	11,000	23,000	97%	98%	93%	86.8%
11 – 12 KIC Plaza (C2)	27,000	11,000	38,000	78%	81%	79%	86.8%
5, 6 and 7 KIC Corporate Avenue (Lot 311 Phase 2)	53,000	8,000	61,000	29%	N/A	N/A	99.0%
Wuhan Tiandi							
Wuhan Xintiandi (Lot A4-1)	-	16,000	16,000	94%	91%	89%	100.0%
Wuhan Xintiandi (Lots A4-2 and A4- 3)	-	30,000	30,000	96%	97%	89%	100.0%
Chongqing Tiandi							
The Riviera I & II	-	5,000	5,000	88%	94%	85%	99.0%
The Riviera III	-	3,000	3,000	63%	47%	7%	99.0%
Chongqing Tiandi (Lot B3/01)	-	49,000	49,000	76%	67%	72%	99.0%
2 Corporate Avenue Retail (Lot B11-1/02)	-	11,000	11,000	100%	100%	N/A	99.0%
6, 7 and 8 Corporate Avenue Retail (Lots B12-3 & B12-4)	-	68,000	68,000	70%	53%	N/A	99.0%
Foshan Lingnan Tiandi							
Lingnan Tiandi Phase 1 (Lot 1 Phase 1)	-	15,000	15,000	82%	94%	97%	100.0%
Lingnan Tiandi Phase 2 (Lot 1 Phase 2)	-	34,000	34,000	53%	50%	17%	100.0%
Shui On New Plaza (Lot D retail podium)	-	15,000	15,000	2%	2%	2%	100.0%
Dalian Tiandi							
Dalian Tiandi Aspen and Maple Towers (Site D22)	42,000	-	42,000	81%	80%	78%	48.0%
Dalian Tiandi Acacia and Lynwood Towers (Site D14)	52,000	-	52,000	77%	77%	73%	48.0%
Ambow (Training school)	113,000	-	113,000	100%	100%	100%	48.0%
IT Tiandi (D10 Retail)	-	41,000	41,000	55%	56%	52%	48.0%
Subtotal	367,000	414,000	781,000				

¹ An additional GFA of 2,000 sq.m. in Shui On Plaza was acquired by the Group in 2015, in which the Group has an effective interest of 100.0%.

² The Group has 99.0% interest in The Palette 2, 3 & 5 and 100.0% interest in The Palette 1.

Project	Leasable GFA (sq.m.)			Occupancy rate			Group's interest
	Office	Retail	Total	30 June 2015	31 December 2014	30 June 2014	
New completions in 1H 2015							
<i>CXTD Property Portfolio in co-operation with Brookfield</i>							
<i>Shanghai Taipingqiao</i>							
3 Corporate Avenue	56,000	31,000	87,000				99.0%
<i>Subtotal</i>	56,000	31,000	87,000				
<i>Total leasable GFA</i>	626,000	673,000	1,299,000				
<i>Investment properties held by:</i>							
- Subsidiaries of the Group	419,000	632,000	1,051,000				
- Associated companies	207,000	41,000	248,000				
As of 30 June 2015	626,000	673,000	1,299,000				
As of 31 December 2014	514,000	635,000	1,149,000				

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

CXTD Property Portfolio in Co-operation with Brookfield

The CXTD Property Portfolio comprises a total leasable GFA of 539,000 sq.m., of which a total leasable GFA of 518,000 sq.m., representing 96% of the entire portfolio, was completed as of 30 June 2015. The completed properties of the CXTD Property Portfolio comprises Shanghai Xintiandi, Xintiandi Style, 1 & 2 Corporate Avenue, 3 Corporate Avenue and Shui On Plaza in Shanghai Taipingqiao with a total leasable GFA of 303,000 sq.m., and Towers 1, 2, 3 and 5, Xintiandi and the Mall in THE HUB with a total leasable GFA of 215,000 sq.m..

The remaining CXTD Property Portfolio properties under development, comprising THE HOUSE (formerly the 88 Xintiandi Hotel) at Shanghai Taipingqiao, the performance and exhibition centre located at THE HUB, are scheduled to be completed in 2H 2015 with a total leasable GFA of 21,000 sq.m..

Rental and related income from the CXTD Property Portfolio increased 26% to RMB475 million in 1H 2015. The increase was mainly due to additional income contributed by Tower 1, Xintiandi, and the Mall in THE HUB and 3 Corporate Avenue in Shanghai Taipingqiao, which were respectively completed in 2014 and 1H 2015.

Shanghai Taipingqiao

As of 30 June 2015, occupancy rates of office space in Shui On Plaza, Shanghai Xintiandi and 1 & 2 Corporate Avenue remained high at 97%, 100% and 98% respectively. A total leasable GFA of 20,000 sq.m. was newly leased in 1H 2015 with an average rental reversion growth of 6%. 3 Corporate Avenue's office area was completed in 1H 2015 for a total leasable GFA of 56,000 sq.m. with 75% of the space pre-leased.

The Shanghai Taipingqiao retail portfolio comprised a total leasable GFA of 135,000 sq.m. as of 30 June 2015. THE HOUSE (formerly the 88 Xintiandi Hotel) with 7,000 sq.m. of GFA at Shanghai Xintiandi is under construction and is fully pre-leased. New lease agreements signed during the reporting period for a total leasable GFA of 17,000 sq.m. in the area recorded an average rental reversion growth of 15% compared to the previous tenancy.

Pre-leasing of Hubindao (retail podium of 3 Corporate Avenue), which was newly completed in 1H 2015, received positive market response. Of the completed leasable GFA of 31,000 sq.m. space, 66% received tenant commitment. Hubindao is scheduled to open in late 2015.

THE HUB

The office property portfolio of THE HUB comprises a total leasable GFA of 91,000, namely Towers 1, 2, 3 and 5. During the reporting period, THE HUB had 21 new office tenants with lease agreements newly signed for a total leasable GFA of 19,000 sq.m.. These included the China headquarters of Acer, Sherwin Williams, and Messer as well as regional headquarters and branch offices of leading companies of various industries.

Combined occupancy rate of Towers 2 & 3 reached 79% as of 30 June 2015, or 88% when the newly contracted tenants are included. As of 30 June 2015, the occupancy rate of Tower 1 reached 53%.

The completed retail portfolio of THE HUB has a total leasable GFA of 124,000 sq.m., comprising Xintiandi, the Mall and the ancillary retail space at Towers 1, 2, 3 and 5. During the reporting period, 68 new tenants were introduced to THE HUB. As of 30 June 2015, occupancy rate of Xintiandi, the Mall, and the ancillary retail space at Towers 1, 2, 3 and 5 had reached 32%, 21%, and 40% respectively, or 64%, 60%, and 47% when newly committed tenants are included. Many tenants of Xintiandi at THE HUB commenced operations in July 2015, and the Mall is scheduled for a soft opening in September 2015.

Asset Enhancement Initiatives ("AEI")

During the reporting period, the AEI on shop fronts located in Xintiandi Style along Madang Road, which was completed in 1H 2014, provided satisfactory results. In 1H 2015, Xintiandi Style recorded a 12% growth in rental and related revenue, 30% growth in shoppers' traffic, and a 27% growth in tenants' reported sales, when compared to 1H 2014.

The AEI for converting the 88 Xintiandi Hotel in Shanghai Xintiandi into a seven-storey retail space named THE HOUSE is proceeding well as planned. With a total leasable GFA of 7,000 sq.m., THE HOUSE will feature a variety of tenants including international fashion brands, specialty restaurants and an international membership club. It is fully pre-leased with soft opening scheduled in December 2015.

Shui On Land Investment Property Portfolio

Shui On Land has a total GFA of 527,000 sq.m. of completed investment properties being leased for rental income. The portfolio comprises office and retail properties located at Shanghai RHXC, Shanghai KIC, Wuhan Tiandi, Chongqing Tiandi and Foshan Lingnan Tiandi.

In 1H 2015, total rental and related income generated by the completed investment property portfolio increased 10% to RMB261 million compared to RMB237 million in 1H 2014. The growth was mainly attributable to additional rental and related income contributed by new completions and increase in occupancy of office and retail space located in Shanghai KIC, Wuhan Tiandi and Foshan Lingnan Tiandi, which contributed additional income of RMB11 million, RMB10 million and RMB9 million, respectively in 1H 2015.

Shanghai RHXC had a total leasable GFA of 66,000 sq.m. of completed investment property generating RMB35 million of rental income in 1H 2015. Hall of the Stars (Ruihong Tiandi Lot 6) with a total leasable GFA of 19,000 sq.m. commenced operations in May 2015 and started to contribute rental and related income.

Shanghai KIC had a total leasable GFA of 215,000 sq.m. of completed investment property generating RMB115 million of rental income in 1H 2015, an increase of 11% compared to 1H 2014.

In Wuhan Xintiandi (Lots A4-1, A4-2 and A4-3) which comprised a total GFA of 46,000 sq.m., up to 18% of the total leasable GFA have new lease agreements signed with an average rental reversion growth of 22% compared to the previous tenancy. On 30 April 2015, the Group entered into a sale and purchase agreement with China Xintiandi Holding Company Limited (“CXTD Holding”) to sell the Wuhan Xintiandi at RMB1,505 million. The transaction was completed on 10 July 2015.

HORIZON (Lots A1/A2/A3 shopping mall) with a total leasable GFA of 111,000 sq.m. is scheduled to have its soft opening in 2H 2016. 47% of the total leasable area received tenant commitment.

The retail space of 6, 7 and 8 Corporate Avenue in Chongqing Tiandi commenced operations in April 2015. Occupancy rate of the mall reached 70%, or 79% when committed tenants are included.

In Foshan, new lease agreements signed amounted to 18% of the total leasable area in Foshan Lingnan Tiandi with an average rental reversion growth of 38% compared to the previous tenancy. Pre-leasing of NOVA (Lot E shopping mall) to tenants has reached 37% of the total leasable area.

Valuation of the investment property portfolio

The carrying value of the completed investment properties (excluding hotels and self-use properties) with a total GFA of 1,037,000 sq.m., was RMB42,912 million as of 30 June 2015. Of this sum, RMB2,701 million (representing 6% of the carrying value) arose from increased fair value during 1H 2015. The increase was mainly contributed by the increase of fair value of Shanghai Xintiandi & Xintiandi Style, 1 & 2 Corporate Avenue, 3 Corporate Avenue and Shui On Plaza located in the Shanghai Taipingqiao project, which accounted for a total of RMB2,277 million or 81% of total increase in fair value for 1H 2015. The remaining was mainly contributed by the increase in fair value of the newly completed investment properties located in KIC project. The properties located in Shanghai, Wuhan, Chongqing and Foshan, contributed 87%, 4%, 4% and 5% of the carrying value respectively.

The carrying value of the investment properties under development at valuation for a total GFA of 674,000 sq.m. was RMB7,882 million as of 30 June 2015. Of this sum, RMB96 million (representing 1% of the carrying value) arose from increased fair value during 1H 2015. Except for the super-high-rise office buildings in Chongqing Tiandi, the rest of the portfolio was planned for progressive completion from 2015 to 2017.

Except for the above mentioned investment properties at valuation, the carrying value of the remaining commercial-use landbank was stated at cost of RMB13,734 million.

The table below summarises the carrying value of the investment properties at valuation as of 30 June 2015 together with the change in fair value for 1H 2015:

Project	Leasable GFA sq.m.	Increase /(decrease) in fair value for 1H 2015 RMB'million	Carrying value as of 30 June 2015 RMB'million	Carrying value per GFA RMB per sq.m.	Valuation gain /(loss) to carrying value %
Completed investment properties at valuation					
<i>CXTD Property Portfolio in co-operation with Brookfield</i>					
<i>Shanghai Taipingqiao</i>					
Shanghai Xintiandi and Xintiandi Style	73,000	139	6,236	85,400	2%
1 & 2 Corporate Avenue	83,000	1,644	6,449	77,700	25%
3 Corporate Avenue	87,000	313	5,391	62,000	6%
Shui On Plaza ¹	52,000	181	3,299	63,400	5%
THE HUB	215,000	10	7,993	37,200	-
Subtotal	510,000	2,287	29,368	57,600	8%
<i>Shui On Land Portfolio</i>					
<i>Shanghai RHXC</i>	66,000	44	1,767	26,800	2%
<i>Shanghai KIC</i>	215,000	418	6,394	29,700	7%
<i>Wuhan Tiandi</i>	46,000	36	1,541	33,500	2%
<i>Chongqing Tiandi</i>	136,000	(91)	1,818	13,400	(5%)
<i>Foshan Lingnan Tiandi</i>	64,000	7	2,024	31,600	-
Subtotal	527,000	414	13,544	25,700	3%
Total	1,037,000	2,701²	42,912	41,400	6%
Investment properties under development at valuation					
<i>CXTD Property Portfolio in co-operation with Brookfield</i>					
<i>Shanghai Taipingqiao- THE HOUSE</i>	7,000	4	406	58,000	1%
<i>THE HUB</i>	14,000	30	494	35,300	6%
Subtotal	21,000	34	900	42,900	4%
<i>Shui On Land Portfolio</i>					
<i>Shanghai KIC</i>	5,000	21	89	17,800	24%
<i>Wuhan Tiandi</i>	185,000	12	3,272	17,700	-
<i>Chongqing Tiandi</i>	388,000	(3)	1,872	4,800	-
<i>Foshan Lingnan Tiandi</i>	75,000	32	1,749	23,300	2%
Subtotal	653,000	62	6,982	10,700	1%
Total	674,000	96	7,882	11,700	1%
Total of investment property portfolio at valuation	1,711,000	2,797	50,794	29,700	6%

¹ Including the additional 2,000 sq.m. acquired by the Group in 2015.

² The valuation gain of RMB320 million from investment properties completed in 1H 2015 was recognised during the development stage.

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

Property Development Progress

Construction work completed in 1H 2015

A total GFA of 132,000 sq.m. of properties, comprising 3 Corporate Avenue at Taipingqiao project and the hotel at THE HUB which accounted for 87,000 sq.m. and 45,000 sq.m., respectively, were completed in 1H 2015.

Properties Completed in 1H 2015 and Development Plan for 2H 2015 and 2016

The table below summarises the projects with construction work completed in 1H 2015 and construction work that are planned for completion in 2H 2015 and 2016:

Project	Residential sq.m.	Office sq.m.	Retail sq.m.	Hotel/ serviced apartments sq.m.	Subtotal sq.m.	Clubhouse, carpark and other facilities sq.m.	Total sq.m.
Delivered in 1H 2015							
Shanghai Taipingqiao	-	56,000	31,000	-	87,000	32,000	119,000
THE HUB	-	-	-	45,000	45,000	1,000	46,000
Total	-	56,000	31,000	45,000	132,000	33,000	165,000
Planned for delivery in 2H 2015							
Shanghai Taipingqiao	-	-	7,000	-	7,000	-	7,000
Shanghai KIC	-	5,000	-	23,000	28,000	-	28,000
THE HUB	-	11,000	3,000	-	14,000	2,000	16,000
Wuhan Tiandi	-	101,000	111,000	-	212,000	123,000	335,000
Chongqing Tiandi	70,000	-	7,000	-	77,000	21,000	98,000
Foshan Lingnan Tiandi	97,000	15,000	91,000	-	203,000	77,000	280,000
Dalian Tiandi ¹	19,000	-	-	-	19,000	-	19,000
Total	186,000	132,000	219,000	23,000	560,000	223,000	783,000
Planned for delivery in 2016							
Shanghai RHXC	193,000	-	66,000	17,000	276,000	97,000	373,000
Wuhan Tiandi	88,000	-	-	-	88,000	25,000	113,000
Chongqing Tiandi	134,000	14,000	15,000	-	163,000	60,000	223,000
Foshan Lingnan Tiandi	-	-	5,000	-	5,000	-	5,000
Dalian Tiandi ¹	87,000	-	14,000	-	101,000	31,000	132,000
Total	502,000	14,000	100,000	17,000	633,000	213,000	846,000

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

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

The 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 87,000 sq.m. and completed in 1H 2015, 3 Corporate Avenue comprises a Grade A office building with a GFA of 56,000 sq.m. and a high-end shopping mall offering 31,000 sq.m. of retail space. Construction work on Lakevillelux (Lot 116), residential phase 4, with a total GFA of 89,000 sq.m. commenced in the second half of 2014 ("2H 2014"). A total GFA of 47,000 sq.m. is scheduled to be launched for pre-sales in late 2015. Construction is scheduled to be completed progressively from the first half of 2017.

Shanghai RHXC

The construction work of Lots 2 and 9, with a total GFA of 196,000 sq.m. commenced in 2H 2014. Lots 2 and 9 are planned to be developed into high-end residential apartments with ancillary retail space. Lot 9, with the first batch of a total GFA of 39,000 sq.m., is scheduled to be launched for pre-sale in 2H 2015. The remaining residential apartments in Lot 9 and Lot 2 are scheduled to be launched for pre-sales starting from the first half of 2016. Construction is scheduled to be completed in late 2016.

Hall of the Stars (Ruihong Tiandi Lot 6) with a total GFA of 19,000 sq.m. commenced operations in 1H 2015. The property is held as investment property.

Hall of the Moon (Ruihong Tiandi Lot 3), which has a total GFA of 80,000 sq.m. is currently under construction and planned for completion in 2016. It is scheduled to commence operations in 2016.

Shanghai KIC

1-2 KIC Corporate Avenue for a total GFA of 22,800 sq.m. of office space was *en-bloc* sold for a consideration of RMB601 million. A hotel with a total GFA of 23,000 sq.m. and office space with a GFA of 5,000 sq.m. are scheduled for completion in 2H 2015.

THE HUB

A 5-Star hotel comprising 45,000 sq.m. was completed and delivered in 1H 2015. The hotel was sold for a consideration of RMB965 million in 2014. The performance and exhibition centre with a total GFA of 14,000 sq.m. is under construction and is scheduled for completion in 2H 2015.

Wuhan Tiandi

Construction work for the residential development at Wuhan Tiandi LA RIVA (Lot B14), which has a total GFA of 88,000 sq.m., commenced in 1H 2014. It was launched for sale from 2H 2014 to 2015 and is planned for completion in 2016.

Construction work for the residential development at Wuhan Tiandi PARK VIEW (Lot B5), which has a total GFA of 42,000 sq.m., commenced in 1H 2015. It is scheduled to be launched for presale in 2H 2015. Construction is scheduled to be completed in late 2017.

Construction of retail podium in Lots B4/5, which has a total GFA of 74,000 sq.m., also commenced in 1H 2015 and is scheduled for completion in late 2017.

Construction of HORIZON, the shopping mall at Lots A1/A2/A3 is in progress with a total GFA of 111,000 sq.m. of shopping space. Completion is expected to be in 2H 2015. Corporate Centre 2, comprising a total GFA of 44,000 sq.m. located at Lot A2, is currently under construction. The building was sold for a total consideration of RMB939 million in December 2014. It is scheduled to be delivered to the buyer in 2H 2015. Corporate Centre 3 in Lot A3, with a total GFA of 57,000 sq.m. for office use, is under construction and scheduled for completion in 2H 2015.

Chongqing Tiandi

The Riviera VI and VII, with an aggregated GFA of 240,000 sq.m., are currently under construction and scheduled for completion progressively from 2H 2015 to 2016.

Foshan Lingnan Tiandi

Development work for a total GFA of 113,000 sq.m. at Lingnan Tiandi • The Metropolis (Lot 18), which is slated for residential use is in progress. The developments are scheduled for completion in 2H 2015. A total GFA of 90,000 sq.m. at Lot E for office and retail and GFA of 5,000 sq.m. at Lot 1 Phase 3 for retail are under development and will be completed from 2H 2015 to 2016.

Dalian Tiandi

At Huangnichuan (Site C of Dalian Tiandi), a total GFA of 19,000 sq.m. of residential development is scheduled to be completed in 2H 2015 and a total GFA of 137,000 sq.m. for residential properties is under construction and scheduled for completion from 2016.

At Hekou Bay (Site A of Dalian Tiandi), GFA of 44,000 sq.m. for residential use, 29,000 sq.m. for office space, 15,000 sq.m. for retail space and 13,000 sq.m. for service apartments are under construction. They are planned for completion progressively from 2016 to 2018.

Relocation of Shanghai Taipingqiao and RHXC

The relocation of RHXC Lots 1, 7 and 10 is in progress. 94% of residents in Lots 1, 7 and 10 had signed relocation agreements as of 30 June 2015. The total relocation cost of these three sites is estimated to be RMB11,073 million. As of 30 June 2015, a total of RMB8,912 million had been paid. The estimated outstanding relocation cost of RMB2,161 million is scheduled to be paid progressively in 2H 2015 and beyond. The relocation of these three sites is planned to be completed in 2H 2015. Lots 1 and 7 will be developed into high-end residential apartments and Lot 10 will be developed into a commercial complex with two Grade-A office buildings and a shopping mall.

The relocation of Taipingqiao Lot 118 started in the fourth quarter of 2014 and 95% of residents had signed relocation agreement as of 30 June 2015. As of 30 June 2015, relocation cost of RMB3,200 million had been paid. Lot 118 will be developed into high-end residential apartments.

Relocation plans and the timetable for the remaining 416,000 sq.m. and 230,000 sq.m. of GFA located at Shanghai Taipingqiao and RHXC, respectively, have yet to be determined. The relocation plans of these sites are subject to the final proposal and agreement terms among relevant parties.

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

Project	Percentage of relocation as of 30 June 2015	Leasable and saleable GFA sq.m.	Relocation cost paid as of 30 June 2015 RMB'million	Estimated outstanding relocation cost as of 30 June 2015 RMB'million	Actual/ Estimated relocation completion year
RHXC Lot 10	94%	308,000	2,328	602	Late 2015
RHXC Lot 1 (Residential)	94%	110,000	3,292	772	Late 2015
RHXC Lot 7 (Residential)	94%	160,000	3,292	787	Late 2015
		<u>578,000</u>	<u>8,912</u>	<u>2,161</u>	
Taipingqiao Lot 118 (Phase 5 Residential)	95%	80,000	3,200	1,000	2016
Total		<u>658,000</u>	<u>12,112</u>	<u>3,161</u>	

Landbank

As of 30 June 2015, the Group's landbank, including the contribution of its Dalian associates, stood at a GFA of 12.1 million sq.m., comprising 9.8 million sq.m. of leasable and saleable area, and 2.3 million sq.m. for clubhouses, car parking spaces and other facilities. The landbank properties are spread across eight development projects located in the prime areas of five major PRC cities: Shanghai, Wuhan, Chongqing, Foshan and Dalian.

Of the total leasable and saleable GFA of 9.8 million sq.m., the sum of 1.6 million sq.m. was developed, and held for sale and/or investment. Approximately 3.8 million sq.m. are under development, and the remaining 4.4 million sq.m. are held for future development.

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

Relocation is underway on a total leasable and saleable GFA of 658,000 sq.m., as described in the previous section. Relocations at these sites are planned for completion between 2015 and 2016.

Relocation plans and the timetable for the remaining 646,000 sq.m. of GFA located at Shanghai Taipingqiao and RHXC have yet to be determined. The relocation plans for these sites are subject to the final proposal and agreement terms among relevant parties.

The Group's total landbank as of 30 June 2015, including that of its associates, is summarised below:

Project	Approximate/Estimated leasable and saleable GFA				Subtotal sq.m.	Clubhouse, carpark and other facilities sq.m.	Total sq.m.	Group's interest %
	Residential sq.m.	Office sq.m.	Retail sq.m.	Hotel/ serviced apartments sq.m.				
Completed properties:								
Shanghai Taipingqiao	-	168,000	135,000	-	303,000	108,000	411,000	99.0% ¹
Shanghai RHXC	1,000	-	66,000	-	67,000	74,000	141,000	100.0% ²
Shanghai KIC	-	188,000	64,000	-	252,000	157,000	409,000	86.8% ³
THE HUB	-	91,000	124,000	-	215,000	112,000	327,000	100.0%
Wuhan Tiandi	-	-	46,000	-	46,000	25,000	71,000	100.0%
Chongqing Tiandi	62,000	-	140,000	-	202,000	184,000	386,000	99.0%
Foshan Lingnan Tiandi	44,000	-	69,000	43,000	156,000	98,000	254,000	100.0% ⁴
Dalian Tiandi	59,000	207,000	41,000	-	307,000	155,000	462,000	48.0% ⁵
Subtotal	166,000	654,000	685,000	43,000	1,548,000	913,000	2,461,000	
Properties under development:								
Shanghai Taipingqiao	169,000	-	7,000	-	176,000	42,000	218,000	99.0% ¹
Shanghai RHXC	461,000	203,000	173,000	17,000	854,000	103,000	957,000	99.0%
Shanghai KIC	-	5,000	-	23,000	28,000	2,000	30,000	86.8% ³
THE HUB	-	11,000	3,000	-	14,000	2,000	16,000	100.0%
Wuhan Tiandi	130,000	236,000	185,000	45,000	596,000	225,000	821,000	100.0%
Chongqing Tiandi	456,000	291,000	158,000	25,000	930,000	316,000	1,246,000	99.0%
Foshan Lingnan Tiandi	97,000	15,000	98,000	-	210,000	79,000	289,000	100.0%
Dalian Tiandi	488,000	206,000	189,000	143,000	1,026,000	320,000	1,346,000	48.0% ⁵
Subtotal	1,801,000	967,000	813,000	253,000	3,834,000	1,089,000	4,923,000	
Properties for future development:								
Shanghai Taipingqiao	86,000	174,000	118,000	38,000	416,000	44,000	460,000	99.0%
Shanghai RHXC	83,000	69,000	78,000	-	230,000	2,000	232,000	100.0%
Wuhan Tiandi	243,000	166,000	91,000	7,000	507,000	4,000	511,000	100.0%
Chongqing Tiandi	315,000	143,000	160,000	50,000	668,000	211,000	879,000	99.0%
Foshan Lingnan Tiandi	377,000	450,000	125,000	80,000	1,032,000	10,000	1,042,000	100.0%
Dalian Tiandi ⁶	394,000	867,000	262,000	42,000	1,565,000	-	1,565,000	48.0%
Subtotal	1,498,000	1,869,000	834,000	217,000	4,418,000	271,000	4,689,000	
Total landbank GFA	3,465,000	3,490,000	2,332,000	513,000	9,800,000	2,273,000	12,073,000	

¹ The Group has a 99.0% interest in all the remaining lots, except for Shanghai Xintiandi, 1 & 2 Corporate Avenue, Lot 116 and Shui On Plaza, in which the Group has an effective interest of 100.0%, 100.0%, 39.9% and 80.0% respectively. The Group acquired an additional GFA of 2,000 sq.m. in Shui On Plaza in 2015 in which the Group has an effective interest of 100.0%.

² The Group has a 100.0% interest in Phase 1, Lot 167A and Lot 167B of Shanghai Rui Hong Xin Cheng, and a 99.0% interest in all remaining phases.

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

⁴ The Group has a 100.0% interest in Foshan Lingnan Tiandi, except for Lot 6 and Lot 16, in which the Group holds 55.9% effective interest.

⁵ The Group has a 48.0% interest in Dalian Tiandi, except for Lots C01, C03, B08, B09 and E02A in which the Group has a 33.6% effective interest.

⁶ Dalian Tiandi is expected to have a landbank of 3.4 million sq.m. in GFA. As of 30 June 2015, 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.

MARKET OUTLOOK

During the first six months of 2015, global economic growth remained weak and the resumption of another round of Greek debt negotiations threw the Eurozone's economic outlook into question. In the US, the economy slowed unexpectedly in the first quarter, but recent data has reassured the Federal Reserve Board that growth tempo will accelerate to warrant an interest rate hike before the end of the year. In China, GDP growth moderated from 7.4% in 2014 to 7% in the first half of 2015. The authorities have eased monetary policy with four rounds of cuts in the bank reserve requirement ratio, and sequential reduction in the benchmark interest rate of 100 basis points so far this year.

After bottoming out in the first quarter, the residential property market in China improved in the second quarter with a modest pick-up in transaction volume. Nationwide housing transactions in the first six months, in terms of area and value, registered a year-on-year increase of 4.5% and 12.9% respectively. Real estate investment increased 3.4% in June after rising 2.4% in May and 0.5% in April.

The current housing market recovery has been mainly led by price rebounds in Tier One and Tier Two cities. In July, 31 out of 70 cities registered month-on-month price increases. This trend, which has been supported by improving market sentiment, is expected to continue into the second half. On 11 August, the PBOC amended the RMB exchange rate formation mechanism, making it a more market-determined process. The new mechanism is designed to help China transition from a managed system linked to the USD to one that is more flexible and responsive to market conditions. In the short term since then, the RMB has depreciated significantly against the USD and at the same time stock market prices have fallen substantially. This has created an environment of volatility and uncertainty about China's economic prospects. It is too early to say how this may play out over the rest of 2015 and beyond, and the extent to which the property sector may be affected, but, looking forward, the gradual lifting of exchange controls and greater flexibility for the RMB to fluctuate based on market forces as well as correction of short-term over-valuation, may be viewed as having positive effects in modernizing China's economy.

The outlook for the office market in Tier One cities remained stable, underpinned by China's on-going financial sector reform as well as a more balanced demand-supply situation. According to a JLL survey, domestic companies continued to demonstrate strong demand in the CBD leasing market in Shanghai, where MNCs in the professional services and retailing sectors have also been active. Looking ahead, the emphasis on an "entrepreneurship and innovation" growth strategy by Premier Li Keqiang will stimulate job creation and become one of the driving forces for the office market.

In the retail property sector, the nationwide retail vacancy rate continued to decline with occupiers' demand for space remaining strong in the first half of 2015. In addition, price cuts by a number of luxury brands, coupled with an import tariff reduction on a variety of consumer goods which comes into effect from 1 June, should drive up domestic consumption demand.

Shanghai registered 7% economic growth in the first half of 2015, with contribution from the tertiary sector rising from 64.8% in 2014 to 67.1%. The economy benefited from a boom in financial services following the commencement of the Shanghai-Hong Kong Stock Connect programme. On 25 May the municipal government issued 22 policy measures to facilitate Shanghai's newly designated role to become a technological innovation centre with global impact. These measures include initiatives to attract and retain talented professionals from home and abroad, such as simplifying application procedures for work permits and relaxation of residence permit requirements for non-local residents. In July, the municipal government also eased the home purchase restriction policy for qualified professionals. All of these initiatives help to build human capital for innovation and will benefit future development of the property sector.

Despite a slowing national economy, Chongqing achieved a GDP growth rate of 11.0% in the first half of 2015, which was 0.3% higher than the first quarter of the year, making it one of the top performers in China. Chongqing is on track to become a more export-oriented economy under China's new One belt One Road strategy. In the first half of 2015, contributions to Chongqing's economy were 4.4% from the primary sector; 45.9% from the secondary sector; and 49.7% from the tertiary sector, which continued to assume a rising role. Total foreign trade volume reached RMB261.5 billion in the first half of 2015, ranking Chongqing first in central-western China and making it the leading economic hub of western China.

Wuhan's economic growth remained strong at 8.7% in the first half of 2015, as the city continued to upgrade its economic and service infrastructure. In addition to implementing the Yangtze River Golden Waterway strategy, Wuhan intends to take advantage of its strengths in human resources, science and technology to transform the city into a centre of innovation by 2020. The government has formulated a policy that encourages university students to stay and work in Wuhan after graduation. Removal of home purchase restrictions has significantly lifted the housing market. Residential transaction volume in the central area of Wuhan saw a 63.9% y-o-y increase to 7.1 million sq.m. in the first half of 2015. The inventory absorption period was reduced rapidly to 10.6 months as of the end of June.

Foshan's economy maintained steady growth of 8.0% in the first half of 2015. In May 2015, the Foshan government issued its Internet Plus action plan to integrate mobile internet, cloud computing and big data, as well as encourage entrepreneurship and innovation. The government targets to build 10 Internet+ business parks or incubators by 2017, aiming to become China's pilot innovation zone. The authorities have also proposed investing RMB250 million within five years to upgrade Foshan University and build a first-class engineering school. After home purchase restrictions were lifted on 1 May 2015, transaction volume in the Foshan residential property market rebounded strongly during May and June 2015.

Dalian's economy has been affected by the slowdown in the north-eastern region. Economic growth fell sharply during the first half of 2015 to 3.5%. As a response, the government moved to speed up infrastructure investment including the construction of metro line 2. In the second quarter of 2015, a series of national support policies were also issued to stimulate the residential market. Dalian's residential market transactions increased 8.5% y-o-y to 1.05 million sq.m. in the first half of 2015, while the average sales price rose 3.3% to RMB11,293/sq.m.

The on-going economic reforms, and the events in August 2015 and the resulting uncertainty have weighed on short-term growth, but it is believed that these reforms should over a period facilitate economic restructuring and result in a more robust and sustainable growth model. Following a decade of rapid growth, it is believed China's housing market is entering a more mature stage of development. The development pattern going forward will be divergent and closely tied to individual cities' underlying growth potential. Some cities with a hollow economic base will lose population and experience a slowdown in economic growth. Those cities that are able to innovate and diversify its economic base beyond manufacturing to become a more service-oriented economy will attract population inflow and witness faster land value appreciation. Our business development efforts will be focused on cities that have strong potential to nurture innovation and entrepreneurship as economic growth engines.

The Board of Directors (the "Board") of Shui On Land Limited (the "Company" or "Shui On Land") hereby announces the unaudited consolidated results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 June 2015 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Notes	Six months ended		Six months ended	
		30 June 2015	(Unaudited)	30 June 2014	(Unaudited)
		HKD'million	RMB'million	HKD'million	RMB'million
		(Note 2)		(Note 2)	
Turnover					
- The Group	4	2,564	2,027	6,613	5,236
- Share of associates		109	86	275	218
		2,673	2,113	6,888	5,454
Turnover of the Group	4	2,564	2,027	6,613	5,236
Cost of sales		(1,833)	(1,449)	(4,325)	(3,425)
Gross profit		731	578	2,288	1,811
Other income		248	196	178	141
Selling and marketing expenses		(87)	(69)	(130)	(103)
General and administrative expenses		(538)	(425)	(686)	(543)
Operating profit	5	354	280	1,650	1,306
Increase in fair value of investment properties		3,538	2,797	1,594	1,262
Other gains and losses	6	(326)	(258)	(92)	(73)
Share of losses of associates and joint ventures		(23)	(18)	(114)	(90)
Finance costs, inclusive of exchange differences	7	(712)	(563)	(589)	(466)
Profit before taxation		2,831	2,238	2,449	1,939
Taxation	8	(889)	(703)	(1,053)	(834)
Profit for the period		1,942	1,535	1,396	1,105
Attributable to:					
Shareholders of the Company		1,512	1,195	1,007	797
Owners of convertible perpetual securities		162	128	116	92
Owners of convertible perpetual capital securities		10	8	-	-
Owners of perpetual capital securities		196	155	196	155
Non-controlling shareholders of subsidiaries		62	49	77	61
		430	340	389	308
		1,942	1,535	1,396	1,105
Earnings per share	10				
Basic		HKD0.19	RMB0.15	HKD0.13	RMB0.10
Diluted		HKD0.15	RMB0.12	HKD0.13	RMB0.10

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME**

	Six months ended		Six months ended	
	30 June 2015	(Unaudited)	30 June 2014	(Unaudited)
	HKD'million	RMB'million	HKD'million	RMB'million
	(Note 2)		(Note 2)	
Profit for the period	1,942	1,535	1,396	1,105
Other comprehensive income (expense)				
Items that may be reclassified subsequently to profit or loss:				
Exchange difference arising on translation of foreign operations	(4)	(3)	(9)	(7)
Fair value adjustments on interest rate swaps designated as cash flow hedges	(8)	(6)	(4)	(3)
Fair value adjustments on cross currency swaps designated as cash flow hedges	(8)	(6)	33	26
Reclassification from hedge reserve to profit or loss	33	26	(51)	(40)
Other comprehensive income (expense) for the period	13	11	(31)	(24)
Total comprehensive income for the period	1,955	1,546	1,365	1,081
Total comprehensive income attributable to:				
Shareholders of the Company	1,525	1,206	976	773
Owners of convertible perpetual securities	162	128	116	92
Owners of convertible perpetual capital securities	10	8	-	-
Owners of perpetual capital securities	196	155	196	155
Non-controlling shareholders of subsidiaries	62	49	77	61
	430	340	389	308
	1,955	1,546	1,365	1,081

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Notes</i>	30 June 2015 RMB'million (Unaudited)	31 December 2014 RMB'million (Audited)
Non-current assets			
Investment properties		64,528	58,162
Property, plant and equipment		1,396	1,418
Prepaid lease payments		129	131
Interests in associates		857	913
Interests in joint ventures		41	70
Loans to associates		1,815	1,804
Loans to joint ventures		2,895	1,735
Accounts receivable and prepayments	<i>11</i>	687	406
Amounts due from associates		1,394	1,242
Amounts due from related companies	<i>13</i>	75	-
Pledged bank deposits		2,606	2,300
Deferred tax assets		614	402
		<hr/> 77,037 <hr/>	<hr/> 68,583 <hr/>
Current assets			
Properties under development for sale		17,844	14,684
Properties held for sale		2,627	4,648
Accounts receivable, deposits and prepayments	<i>11</i>	9,330	8,726
Amounts due from associates		200	-
Amounts due from related companies	<i>13</i>	1,287	659
Amounts due from non-controlling shareholders of subsidiaries		35	34
Amounts due from customers of contract work		67	90
Pledged bank deposits		827	991
Restricted bank deposits		1,390	2,471
Bank balances and cash		2,303	6,668
		<hr/> 35,910 <hr/>	<hr/> 38,971 <hr/>
Assets classified as held for sale		-	769
		<hr/> 35,910 <hr/>	<hr/> 39,740 <hr/>
Current liabilities			
Accounts payable, deposits received and accrued charges	<i>12</i>	8,269	6,926
Amounts due to related companies		808	240
Amounts due to non-controlling shareholders of subsidiaries		9	10
Tax liabilities		613	1,242
Bank and other borrowings – due within one year		8,541	5,779
Convertible bonds		432	419
Senior notes		-	5,275
Derivative financial instruments		57	214
Liabilities arising from rental guarantee arrangements		301	282
		<hr/> 19,030 <hr/>	<hr/> 20,387 <hr/>
Net current assets		<hr/> 16,880 <hr/>	<hr/> 19,353 <hr/>
Total assets less current liabilities		<hr/> 93,917 <hr/>	<hr/> 87,936 <hr/>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION - CONTINUED

	<i>Notes</i>	30 June 2015 RMB'million (Unaudited)	31 December 2014 RMB'million (Audited)
Capital and reserves			
Share capital	<i>14</i>	145	145
Reserves		38,682	37,666
		<hr/>	<hr/>
Equity attributable to shareholders of the Company		38,827	37,811
		<hr/>	<hr/>
Convertible perpetual securities		2,899	2,898
Convertible perpetual capital securities	<i>15</i>	1,350	-
Perpetual capital securities		3,051	3,051
Non-controlling shareholders of subsidiaries		1,257	1,162
		<hr/>	<hr/>
		8,557	7,111
		<hr/>	<hr/>
Total equity		47,384	44,922
		<hr/>	<hr/>
Non-current liabilities			
Accounts payable and accrued charges		60	72
Bank and other borrowings – due after one year		25,428	22,630
Senior notes		13,895	13,862
Derivative financial instruments		82	89
Liabilities arising from rental guarantee arrangements		223	249
Loans from non-controlling shareholders of subsidiaries		72	70
Deferred tax liabilities		6,743	6,006
Defined benefit liabilities		30	36
		<hr/>	<hr/>
		46,533	43,014
		<hr/>	<hr/>
Total equity and non-current liabilities		93,917	87,936
		<hr/> <hr/>	<hr/> <hr/>

Notes to the condensed consolidated financial statements:

1. General

The condensed consolidated financial statements for the six months ended 30 June 2015 have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("HKEX") and with International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34"). The Group has not early adopted the amendments to Appendix 16 issued by the HKEX in early 2015 which will be effective for accounting periods ending on or after 31 December 2015.

2. Presentation

The Hong Kong dollar figures presented in the condensed consolidated statement of profit or loss and condensed consolidated statement of profit or loss and other comprehensive income are shown for reference only and have been arrived at based on the exchange rate of RMB1.000 to HKD1.265 for the six months ended 30 June 2015 and RMB1.000 to HKD1.263 for the six months ended 30 June 2014, being the average exchange rates that prevailed during the respective periods.

3. Principal Accounting Policies

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

The accounting policies used in the condensed consolidated financial statements for the six months ended 30 June 2015 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2014.

Application of amendments to International Financial Reporting Standards

In the current period, the Group has applied, for the first time, the following new Interpretation and amendments to International Financial Reporting Standards ("IFRSs") that are mandatorily effective for annual periods beginning on 1 January 2015:

Amendments to IFRSs	Annual Improvements to IFRSs 2010 - 2012 Cycle
Amendments to IFRSs	Annual Improvements to IFRSs 2011 - 2013 Cycle
Amendments to IAS 19	Defined Benefit Plans: Employee Contribution

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

4. Turnover and Segmental Information

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

	Six months ended 30 June (Unaudited)					
	2015			2014		
	Group	Share of	Total	Group	Share of	Total
	RMB'million	associates	RMB'million	RMB'million	associates	RMB'million
Property development:						
Property sales	951	69	1,020	4,447	202	4,649
Property investment:						
Rental income received from investment properties	692	17	709	561	16	577
Income from hotel operations	35	-	35	150	-	150
Property management fee income	13	-	13	13	-	13
Rental related income	31	-	31	40	-	40
	771	17	788	764	16	780
Construction	273	-	273	-	-	-
Others	32	-	32	25	-	25
Total	2,027	86	2,113	5,236	218	5,454

The Group has the following three major reportable and operating segments which are organised based on its business activities:

- Property development - development and sale of properties, mainly residential units
- Property investment - offices and retail shops letting, property management and hotel operations
- Construction - construction, interior fitting-out, renovation and maintenance of building premises and provision of related consultancy services (*note*)

Note:

This is a new operating segment for this current period after the Group acquired the construction business in October 2014.

4. Turnover and Segmental Information - continued

Six months ended 30 June 2015 (Unaudited)					
	Property development RMB'million	Property investment RMB'million	Construction RMB'million	Others RMB'million	Consolidated RMB'million
SEGMENT REVENUE					
External turnover of the Group	951	771	273	32	2,027
Share of turnover of associates	69	17	-	-	86
Total segment revenue	<u>1,020</u>	<u>788</u>	<u>273</u>	<u>32</u>	<u>2,113</u>
RESULTS					
Segment results of the Group	<u>(128)</u>	<u>3,139</u>	<u>(18)</u>	<u>46</u>	<u>3,039</u>
Interest income					182
Share of losses of associates and joint ventures					(18)
Finance costs, inclusive of exchange differences					(563)
Other gains and losses					(258)
Net unallocated expenses					<u>(144)</u>
Profit before taxation					2,238
Taxation					<u>(703)</u>
Profit for the period					<u>1,535</u>

Six months ended 30 June 2014 (Unaudited)					
	Property development RMB'million	Property investment RMB'million	Construction RMB'million	Others RMB'million	Consolidated RMB'million
SEGMENT REVENUE					
External turnover of the Group	4,447	764	-	25	5,236
Share of turnover of associates	202	16	-	-	218
Total segment revenue	<u>4,649</u>	<u>780</u>	<u>-</u>	<u>25</u>	<u>5,454</u>
RESULTS					
Segment results of the Group	<u>1,116</u>	<u>1,554</u>	<u>-</u>	<u>19</u>	2,689
Interest income					137
Share of losses of associates					(90)
Finance costs, inclusive of exchange differences					(466)
Other gains and losses					(73)
Net unallocated expenses					<u>(258)</u>
Profit before taxation					1,939
Taxation					<u>(834)</u>
Profit for the period					<u>1,105</u>

Segment revenue represents the turnover of the Group and the share of turnover of associates after elimination of inter-segment turnover.

4. Turnover and Segmental Information - continued

Segment results represent the profit earned or loss incurred by each segment without allocation of central administration costs, Directors' emoluments, interest income, other gains and losses, share of losses of associates and joint ventures, finance costs and exchange differences. This is the measure reported to the chief operating decision makers who are the Executive Directors of the Company for the purpose of resource allocation and performance assessment.

5. Operating Profit

	Six months ended 30 June	
	2015	2014
	RMB'million	RMB'million
	(Unaudited)	(Unaudited)
Operating profit has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment	71	92
Release of prepaid lease payments	2	1
Employee benefit expenses		
Directors' emoluments		
Fees	1	1
Salaries, bonuses and allowances	19	19
Share-based payment expenses	-	1
	<u>20</u>	<u>21</u>
Other staff costs		
Salaries, bonuses and allowances	302	323
Retirement benefit costs	19	19
Share-based payment expenses	2	2
Share award expenses	2	-
	<u>325</u>	<u>344</u>
Total employee benefit expenses	345	365
Less: Amount capitalised to investment properties under construction or development, properties under development for sale and hotels under development	(79)	(94)
	<u>266</u>	<u>271</u>
Cost of properties sold recognised as an expense	719	3,265
Impairment loss on properties held for sale and properties under development for sale (included in cost of sales)	292	-
Minimum lease payment under operating leases	14	18
Interest income	<u>(182)</u>	<u>(137)</u>

6. Other (Gains) and Losses

	Six months ended 30 June	
	2015	2014
	RMB'million	RMB'million
	(Unaudited)	(Unaudited)
Loss arising from rental guarantee arrangements	273	144
Fair value (gain) loss on derivative financial instruments	(18)	14
Loss (gain) on disposal of investment properties	3	(16)
Gain on disposal of subsidiaries	-	(69)
	<u>258</u>	<u>73</u>

7. Finance Costs, Inclusive of Exchange Differences

	Six months ended 30 June	
	2015	2014
	RMB'million	RMB'million
	(Unaudited)	(Unaudited)
Interest on bank and other borrowings		
- wholly repayable within five years	955	809
- not wholly repayable within five years	45	63
Interest on loans from non-controlling shareholders of subsidiaries		
wholly repayable within five years	1	70
Imputed interest on loans from non-controlling shareholders of subsidiaries	-	22
Interest on convertible bonds	23	21
Interest on senior notes	766	610
Net interest expense from cross currency swaps designated as cash flow hedges	50	27
Net interest expense from interest rate swaps designated as cash flow hedges	4	3
	<u>1,844</u>	<u>1,625</u>
Total interest costs		
Less: Amount capitalised to investment properties under construction		
or development, properties under development for sale and hotels under		
development	(1,284)	(1,385)
	<u>560</u>	<u>240</u>
Interest expenses charged to profit or loss		
Net exchange (gain) loss on bank borrowings and other financing activities	(10)	126
Premium for repurchase/exchange of senior notes	-	58
Others	13	42
	<u>563</u>	<u>466</u>

Borrowing costs capitalised during the six months ended 30 June 2015 which arose on the general borrowing pool of the Group were calculated by applying a capitalisation rate of approximately 8.7% (for the six months ended 30 June 2014: approximately 9.1%) per annum to expenditure on the qualifying assets.

8. Taxation

	Six months ended 30 June	
	2015	2014
	RMB'million	RMB'million
	(Unaudited)	(Unaudited)
The People's Republic of China ("PRC")		
Enterprise Income Tax	125	418
Deferred taxation	525	143
PRC Land Appreciation Tax	42	273
PRC Withholding Tax	11	-
	<u>703</u>	<u>834</u>

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

PRC Enterprise Income Tax has been provided at the applicable income tax rate of 25% (for the six months ended 30 June 2014: 25%) on the assessable profits of the companies in the Group during the period.

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

9. Dividends

	Six months ended 30 June	
	2015	2014
	RMB'million	RMB'million
	(Unaudited)	(Unaudited)
2014 Final dividend declared and paid (2014: 2013 final dividend declared and paid)	<u>253</u>	<u>255</u>
Interim dividend declared in respect of 2015 of HKD0.022 (2014: HKD0.022) per share	<u>145</u>	<u>140</u>

Subsequent to the end of the interim period, the Board has declared the payment of HKD0.022 (equivalent to RMB0.018) per share, amounting to HKD177 million (equivalent to RMB145 million) in aggregate as the interim dividend with respect to 2015.

10. Earnings Per Share

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

	Six months ended 30 June	
	2015	2014
	RMB'million	RMB'million
	(Unaudited)	(Unaudited)
Earnings		
Earnings for the purposes of basic earnings per share, being profit for the period attributable to shareholders of the Company	1,195	797
Effect of dilutive potential ordinary shares:		
Adjustment for convertible perpetual capital securities	8	-
Adjustment for convertible perpetual securities	(256)	-
Earnings for the purposes of diluted earnings per share	<u>947</u>	<u>797</u>
	Six months ended 30 June	
	2015	2014
	'million	'million
	(Unaudited)	(Unaudited)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share (<i>note 1</i>)	8,002	8,002
Effect of dilutive potential ordinary shares:		
Convertible bonds	136	130
Convertible perpetual capital securities	82	-
Outstanding share awards	7	-
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>8,227</u>	<u>8,132</u>

Notes:

1. The weighted average number of ordinary shares shown above has been arrived at after deducting 24,854,000 shares held by a share award scheme trust.
2. There were no dilution effects for outstanding share options and warrants as the exercise prices of each of these share options and warrants were higher than the average market price of the Company's shares per share for the six months ended 30 June 2015 and 30 June 2014.

11. Accounts Receivable, Deposits and Prepayments

	30 June 2015 RMB'million (Unaudited)	31 December 2014 RMB'million (Audited)
Non-current accounts receivable comprise:		
Rental receivables in respect of rent-free periods	167	211
Trade receivables	104	30
Prepayments of relocation costs (<i>note a</i>)	216	165
Other receivable (<i>note b</i>)	200	-
	<u>687</u>	<u>406</u>
Current accounts receivable comprise:		
Trade receivables	764	388
Prepayments of relocation costs (<i>note a</i>)	7,831	7,765
Other deposits, prepayments and receivables	735	573
	<u>9,330</u>	<u>8,726</u>

Notes:

- (a) The amount represents monies paid to a few relocation agents for clearing the land of the current occupants in respect of a property development project in Shanghai. 82% and 13% (31 December 2014: 77% and 17%) of the total outstanding balance are paid to two of the relocation agents.

The balances represent the amounts that will be capitalised to properties under development for sale and investment properties as soon as the relocation is completed. Such relocation process in respect of the land portion which will be developed for sale is in accordance with the Group's normal operating cycle and accordingly the related relocation costs are classified as current assets. The balances are not expected to be realised within twelve months from the end of the reporting period.

- (b) The amount represents an advance to the government authority in Shanghai. The amount is unsecured, interest-bearing at 6.1% per annum and repayable on date of completion of relocation work for certain land lots of the Group in Shanghai and 31 December 2016, whenever is the earlier. In the opinion of the Directors of the Company, such relocation work will not be completed within twelve months from the end of the reporting period and hence the amount is classified as a non-current asset.

Trade receivables comprise:

- (i) receivables arising from sales of properties which are due for settlement in accordance with the terms of the relevant sale and purchase agreements;
- (ii) rental receivables which are due for settlement upon issuance of monthly debit notes to the tenants; and
- (iii) receivables arising from construction revenue of which a credit term of 40 days are granted to the customers.

Included in the Group's accounts receivable, deposits and prepayments are trade receivable balances of RMB868 million (31 December 2014: RMB418 million), of which 96% (31 December 2014: 97%) are aged less than 90 days, and 4% (31 December 2014: 3%) are aged over 90 days, as compared to when revenue was recognised.

12. Accounts Payable, Deposits Received and Accrued Charges

	30 June 2015 RMB'million (Unaudited)	31 December 2014 RMB'million (Audited)
Trade payables with aging analysis (based on invoice date):		
0 – 30 days	2,157	2,579
31 – 60 days	67	516
61 – 90 days	417	206
Over 90 days	519	138
	<hr/>	<hr/>
	3,160	3,439
Retention payables (<i>note</i>)	645	646
Deed tax, business tax and other tax payables	194	308
Deposits received and receipt in advance from property sales	3,063	1,638
Deposits received and receipt in advance in respect of rental of investment properties	537	413
Other payables and accrued charges	670	482
	<hr/>	<hr/>
	8,269	6,926
	<hr/> <hr/>	<hr/> <hr/>

Note:

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

13. Amounts due from related companies

Included in amounts due from related companies are amounts of RMB222 million (31 December 2014: RMB173 million) which are trade nature and with the credit period of 40 days granted by the Group, of which 26% (31 December 2014: 17%) are aged less than 90 days, and 74% (31 December 2014: 83%) are aged over 90 days, as compared to when revenue was recognised.

14. Share Capital

	<u>Authorised</u>		<u>Issued and fully paid</u>	
	Number of shares	USD'000	Number of shares	USD'000
Ordinary shares of USD0.0025 each				
At 1 January 2014, 30 June 2014 and 1 January 2015	12,000,000,000	30,000	8,001,726,189	20,004
Issue of award shares	-	-	24,854,000	62
Exercise of share options	-	-	50,000	-
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2015	12,000,000,000	30,000	8,026,630,189	20,066
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
			30 June 2015 RMB'million (Unaudited)	31 December 2014 RMB'million (Audited)
Shown in the condensed consolidated statement of financial position as			145	145
			<hr/> <hr/>	<hr/> <hr/>

15. Convertible Perpetual Capital Securities

On 4 June 2015, Shui On Development (Holding) Limited ("SODH"), a wholly-owned subsidiary of the Company, has issued convertible perpetual capital securities ("CPCS") with an aggregate principal amount of USD225 million. The CPCS are guaranteed by the Company on a senior basis for the due payment of all sums which may be payable by SODH.

The CPCS are included in equity in the Group's condensed consolidated financial statements as the Group does not have a contractual obligation to deliver cash or other financial assets arising from the issue of the CPCS.

16. Events After the Reporting Period

Pursuant to a sale and purchase agreement entered into with an independent third party dated 23 July 2015, the Group has conditionally agreed to dispose of the Group's entire 100% equity interest in a subsidiary, Brixworth International Limited ("Brixworth") that indirectly owns investment properties that are measured at fair value as of 30 June 2015. Details of the terms of the sale and purchase agreement are disclosed in the Company's announcement dated 24 July 2015. The disposal has not been legally completed as of the date of issuance of the condensed consolidated financial statements.

FINANCIAL REVIEW

The Group's *turnover* for the six months ended 30 June 2015 substantially decreased by 61% to RMB2,027 million (2014: RMB5,236 million), mainly due to a significant decrease in recognised property sales, which was partially offset by higher rental and related income and construction income for the period under review.

Property sales for the six months ended 30 June 2015 significantly decreased 79% to RMB951 million (2014: RMB4,447 million) as a result of fewer properties delivered, especially in our Shanghai projects. Properties sales of our Shanghai projects, including Shanghai Rui Hong Xin Cheng ("RHXC"), decreased to a relatively small amount of RMB216 million during the period under review (2014: RMB3,897 million). Properties sales of our Wuhan, Chongqing and Foshan projects increased to RMB735 million (2014: RMB550 million). Total area handed over to owner decreased to 53,000 sq.m. (2014: 118,000 sq.m.). Details of property sales during the six months ended 30 June 2015 are in the paragraph titled "Property Sales" in the Business Review Section.

Income from property investment remained stable at RMB771 million (2014: RMB764 million). *Rental and related income* from investment properties for the six months ended 30 June 2015 increased to RMB736 million (2014: RMB614 million), mainly due to higher rental income from existing completed properties, particularly Shanghai Taipingqiao, Shanghai KIC and Wuhan Tiandi, and also from the completion of new investment properties including THE HUB and Foshan Lingnan Tiandi. *Income from hotel operations* comprises contributions from the two hotels in Shanghai and Foshan. As a result of the disposal of Shanghai Langham Xintiandi Hotel in the fourth quarter of 2014, income from hotel operations decreased to RMB35 million for the period under review (2014: RMB150 million). Details on the business performance of investment properties are contained in the paragraph titled "Investment Property Business" in the Business Review Section.

Construction income generated by our newly acquired construction business, which started revenue contribution in October 2014, reached RMB273 million for the six months ended 30 June 2015 (2014: Nil).

Gross profit for the six months ended 30 June 2015 significantly decreased by 68% to RMB578 million (2014: RMB1,811 million), while *gross profit margin* also decreased to 29% (2014: 35%). The lower gross profit margin was due to lower margins contributed from Chongqing and Foshan development and the newly acquired construction business, compared with higher contribution from the higher selling price of Shanghai RHXC in 1H 2014.

Other income increased 39% to RMB196 million (2014: RMB141 million), which comprised interest income of RMB182 million (2014: RMB137 million).

Selling and marketing expenses decreased by 33% to RMB69 million (2014: RMB103 million) and was in line with the decrease in contracted sales achieved by the Group (excluding sales by associates and *en-bloc* sales) by 8% to RMB 2,407 million (2014: RMB2,613 million).

General and administrative expenses decreased 22% to RMB425 million (2014: RMB543 million). The decrease was attributable to the elimination of expenses incurred for the establishment of the fully integrated asset management platform of CXTD Holding, and advisory and consulting costs incurred for the preparation works for its spin-off in 2014.

As a result of the above, *operating profit* decreased 79% to RMB280 million for the six months ended 30 June 2015 (2014: RMB1,306 million).

Increase in fair value of investment properties rose 122% to RMB2,797 million (2014: RMB1,262 million), of which RMB2,381 million (2014: RMB414 million) arised from completed investment properties and RMB416 million (2014: RMB848 million) from investment properties under construction or development. The increase was mainly from Xintiandi & Xintiandi Style, 1 & 2 Corporate Avenue, 3 Corporate Avenue and Shui On Plaza located in the Shanghai Taipingqiao project which accounted for a total RMB2,277 million or 81% of total increase in fair value. The paragraph headed "Investment Property Business" in the Business Review Section offers a detailed description of these properties.

Other gains and losses amounted to a loss of RMB258 million (2014: RMB73 million), of which RMB273 million (2014: RMB144 million) was from rental guarantee arrangements arising from previously sold commercial properties in Chongqing Tiandi.

Share of losses of associates and joint ventures recorded a net loss of RMB18 million for the six months ended 30 June 2015 (2014: RMB90 million), which was accounted for mainly from the Dalian Tiandi development.

Finance costs, inclusive of exchange differences, amounted to RMB563 million (2014: RMB466 million). Total interest costs increased to RMB1,844 million (2014: RMB1,625 million). Of these interest costs, 70% (2014: 85%) or RMB1,284 million (2014: RMB1,385 million) was capitalised as cost of property development, with the remaining 30% (2014: 15%) interest relating to mortgage loans on completed properties and borrowings for general working capital purposes accounted for as expenses. A small exchange gain of RMB10 million was recorded due to the appreciation of RMB against the HKD and the USD for the period under review, compared with an exchange loss of RMB126 million a year ago.

Profit before taxation increased 15% to RMB2,238 million (2014: RMB1,939 million), due to the abovementioned factors.

Taxation decreased 16% to RMB703 million (2014: RMB834 million). The effective tax rate for 2015 was 30% (2014: 33%), after excluding the land appreciation tax of RMB42 million (2014: RMB273 million) which was assessed based on the appreciation value of sold properties together with its corresponding enterprise income tax effect of RMB11 million (2014: RMB68 million). Land appreciation tax was assessed based on the progressive tax rate of the appreciated value of the properties.

Profit attributable to shareholders of the Company for the six months ended 30 June 2015 was RMB1,195 million, an increase of 50% compared to the corresponding period in 2014 (2014: RMB797 million).

Core earnings of the Group are as follows:

	Six months ended 30 June		Change %
	2015	2014	
	RMB'million	RMB'million	
Profit attributable to shareholders of the Company	1,195	797	50%
Increase in fair value of investment properties	(2,797)	(1,262)	
Effect of corresponding deferred tax charges	699	308	
Cumulative realised fair value gains of investment properties	4,156*	30	
Share of results of associates			
Fair value loss of investment properties	35	14	
Effect of corresponding deferred tax charges	(9)	(4)	
	2,084	(914)	328%
Non-controlling interests	38	123	
Net effect of changes in the valuation of investment properties	2,122	(791)	368%
Profit attributable to shareholders of the Company before revaluation of investment properties	3,317	6	
Add:			
Profit attributable to owners of perpetual capital securities	155	155	-
Profit attributable to owners of convertible perpetual securities	128	92	39%
Profit attributable to owners of convertible perpetual capital securities	8	-	-
Core earnings of the Group	3,608	253	1,326%

* Cumulative realised fair value gains of investment properties for this current period are mainly related to those of which sale and purchase agreement has been entered into for Shanghai Taipingqiao 1 & 2 Corporate Avenue. We expect the sale will be legally completed in August 2015.

Earnings per share was RMB0.15, which is calculated based on a weighted average of approximately 8,002 million shares in issue during the six months ended 30 June 2015 (2014: RMB0.10, which is calculated based on a weighted average of approximately 8,002 million shares in issue).

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

- Dividends payable to the shareholders of the Company (together with any redemption, repurchase or acquisition of the Company's shares) should not exceed 20% of the Company's consolidated profit for the two most recent semi-annual periods prior to payment of the dividend, unless certain conditions pursuant to the terms of the senior notes have been met.
- In the case where the Company opts to defer the payment of coupons to the owners of perpetual capital securities, no dividend payments should be made to the shareholders of the Company unless all coupons deferred have been paid in full.

The Board has resolved to recommend the payment of a 2015 interim dividend of HKD0.022 per share (2014: HKD0.022 per share).

Capital Structure, Gearing Ratio and Funding

In February 2014, the Company and CXTD Holding completed a set of agreements with Brookfield. CXTD Holding issued convertible perpetual securities in an aggregate principal amount of USD500 million to Brookfield. The net proceeds raised was approximately USD480 million, after deducting all related costs and expenses. As at the date of this interim report, the Company has applied all the net proceeds (i) as to approximately USD120 million to repay indebtedness; (ii) as to approximately USD286 million to fund capital expenditures related to the Company's real estate development and (iii) as to approximately USD74 million for general working capital purposes.

In January and February 2015, the Group had fully settled the outstanding senior notes issued in 2011 and 2012, which amounted to approximately RMB5,275 million.

In May 2015, the Group entered into an en-bloc sales agreement to sell commercial properties at Lot 311 of Shanghai KIC for RMB601 million. The properties are slated for handover in the fourth quarter of 2015.

On 4 June 2015, the Group issued USD225 million 7.5% Convertible Perpetual Capital Securities ("CPCS"). The CPCS can be converted into ordinary shares of the Company at a fixed conversion price of HK\$3.228, subject to customary anti-dilution adjustments. The net proceeds was approximately USD219 million, after deducting all related costs and expenses. As at the date of this interim report, the Company has applied all the net proceeds (i) as to approximately USD150 million to repay indebtedness; (ii) as to approximately USD45 million to fund capital expenditures related to the Company's real estate development and (iii) as to approximately USD24 million for general working capital purposes.

On 23 July 2015, the Group entered into an agreement to sell 1 & 2 Corporate Avenue located in the Taipingqiao project. The agreed cash consideration in accordance with the sale and purchase agreement was RMB6,626 million. The estimated net proceeds was approximately RMB4,284 million, after deducting all related costs, expenses and repayment of bank loans. The transaction is expected to be completed in August 2015. For details, please refer to the circular issued by the Company dated 14 August 2015.

The aforementioned fund raising exercises and investment properties disposal were carried out to improve and maintain the Group's high liquidity profile.

The structure of the Group's borrowings as of 30 June 2015 is summarised below:

	Total (in RMB equivalent)	Due within one year	Due in more than one year but not exceeding two years	Due in more than two years but not exceeding five years	Due in more than five years
	RMB'million	RMB'million	RMB'million	RMB'million	RMB'million
Bank and other borrowings – RMB	22,196	3,854	6,351	11,051	940
Bank borrowings – HKD	7,563	3,018	4,545	-	-
Bank borrowings – USD	4,210	1,669	2,541	-	-
	<u>33,969</u>	<u>8,541</u>	<u>13,437</u>	<u>11,051</u>	<u>940</u>
Convertible bonds – RMB	432	432	-	-	-
Senior notes – RMB	2,532	-	2,532	-	-
Senior notes – USD	11,363	-	-	11,363	-
Total	<u><u>48,296</u></u>	<u><u>8,973</u></u>	<u><u>15,969</u></u>	<u><u>22,414</u></u>	<u><u>940</u></u>

Total cash and bank deposits amounted to RMB7,126 million as of 30 June 2015 (31 December 2014: RMB12,430 million), which included RMB3,433 million (31 December 2014: RMB3,291 million) of deposits pledged to banks and RMB1,390 million (31 December 2014: RMB2,471 million) of restricted bank deposits which can only be applied to designated property development projects of the Group.

As of 30 June 2015, the Group's net debt balance was RMB41,170 million (31 December 2014: RMB35,535 million) and its total equity was RMB47,384 million (31 December 2014: RMB44,922 million). The Group's net gearing ratio was 87% as of 30 June 2015 (31 December 2014: 79%), calculated on the basis of the excess of the sum of convertible bonds, senior notes, bank and other borrowings net of bank balances and cash (including pledged bank deposits and restricted bank deposits) over the total equity.

Total undrawn banking facilities available to the Group amounted to approximately RMB7,756 million as of 30 June 2015 (31 December 2014: RMB6,405 million).

Pledged Assets

As of 30 June 2015, 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 RMB65,204 million (31 December 2014: RMB56,431 million) to secure the Group's borrowings of RMB29,933 million (31 December 2014: RMB27,070 million).

Capital and Other Development Related Commitments

As of 30 June 2015, the Group had contracted commitments for development costs and capital expenditure in the amount of RMB11,729 million (31 December 2014: RMB13,720 million).

Future Plans for Material Investments and Sources of Funding

In November 2014, the Group entered into a framework agreement with Green Acres B 2014 Limited, a company ultimately owned by a public institution based in the Middle East. The total fund commitment of this framework agreement is USD600 million while the maximum commitment for the Group is USD375 million. The investment strategy will be to develop, own, and operate mid-size, mixed-use knowledge communities with residential and commercial property components in strategic locations characterized by a high concentration of universities, high-tech parks, and/or research and development parks.

Saved as disclosed above, the Group plans to focus on the development of its existing landbank, which encompasses land plots in prime location. As appropriate opportunities arise, the Group may evaluate participation in projects of various sizes wherein its competitive strengths can be advantageous.

Cash Flow Management and Liquidity Risk

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

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

Exchange Rate and Interest Rate Risks

The revenue of the Group is denominated in RMB. The convertible bonds and the RMB senior notes issued in 2010 and 2014 are also denominated in RMB. As a result, the coupon payments and repayment of the principal amounts of the convertible bonds and senior notes issued in 2010 and 2014 do not expose the Group to any exchange rate risk.

However, a portion of the revenue is converted into other currencies to meet our foreign-currency-denominated debt obligations, such as bank borrowings denominated in HKD and USD, and senior notes denominated in USD issued in 2014. As a result, to the extent that the Group has a net currency exposure, there is exposure to fluctuations in foreign exchange rates. As of 30 June 2015, the Group has not entered into any currency swaps hedge of RMB against the HKD.

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 fifteen years for mortgage loans. Increases in interest rates would raise interest expenses relating to the outstanding variable rate borrowings and cost of new debt. Fluctuations in interest rates may also lead to significant fluctuations in the fair value of the debt obligations.

As at 30 June 2015, the Group had various outstanding loans that bear variable interest linked to Hong Kong Inter-bank Borrowing Rates ("HIBOR"), London Inter-bank Borrowing Rates ("LIBOR") and the People's Bank of China ("PBOC") Prescribed Interest Rate. The Group has hedged against the variability of cash flow arising from interest rate fluctuations by entering into interest rate swaps in which the Group would receive interests at variable rates at HIBOR and pay interests at fixed rates ranging from 0.53% to 0.7%; receive interests at variable rates at LIBOR and pay interests at fixed rates ranging from 0.54% to 0.7% and receive interests ranging from 115% to 125% of the PBOC Prescribed Interest Rate and pay interests at a fixed rate of 7.52% and 7.85%, based on the notional amounts of HKD2,028 million, USD350 million and RMB656 million, in aggregate.

As at 30 June 2015, the Group entered into a cross currency swap amounting to RMB2,500 million, which will be due on 26 February 2017. Under this swap, the Group would receive interest at a fixed rate of 6.875% per annum and RMB2,500 million at maturity and pay interest semi-annually at a fixed rate from 5.840% to 5.975% per annum, and USD408 million at maturity.

Save as disclosed above, as of 30 June 2015, the Group does not hold any other derivative financial instruments that are linked to exchange rates or interest rates. The Group continues to closely monitor its exposure to exchange rate and interest rate risks, and may employ derivative financial instruments to hedge against risk if necessary.

INTERIM DIVIDEND

The Board has declared an interim dividend of HKD0.022 per share (2014: HKD0.022 per share) for the six months ended 30 June 2015, which is payable on or about 25 September 2015 to shareholders whose names appear on the register of members of the Company on 15 September 2015.

In order to qualify for the interim dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 15 September 2015.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

In January 2011, SODH issued RMB3,500 million USD settled 7.625% senior notes due 2015 (the "2015 SODH RMB Notes"). Following the completion of the RMB Notes Exchange and Tender Offer (as defined in the announcement of the Company dated 13 May 2014), the aggregate principal amount of the 2015 SODH RMB Notes remained outstanding was RMB1,190.99 million and SODH had fully repaid this outstanding principal amount of the 2015 SODH RMB Notes together with the accrued and unpaid interest upon its maturity on 26 January 2015.

In January 2012, Shui On Development (Singapore) Pte. Ltd. ("Shui On Development (Singapore)") issued SGD250 million 8% senior notes due 2015 (the "2015 SODS Notes"). Shui On Development (Singapore) had fully repaid the principal amount of the outstanding 2015 SODS Notes together with the accrued and unpaid interest upon its maturity on 26 January 2015.

In August 2012, SODH issued an aggregate of USD875 million 9.75% senior notes due 2015 (the "2015 SODH USD Notes"). Following the completion of the US\$ Notes Exchange Offer (as defined in the announcement of the Company dated 13 May 2014), the 2015 SODH USD Notes that remained outstanding was USD457.21 million and SODH had fully repaid this outstanding principal amount of the 2015 SODH USD Notes together with the accrued and unpaid interest upon its maturity on 16 February 2015.

Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's securities during the six months ended 30 June 2015.

CORPORATE GOVERNANCE

The Company is committed to enhancing its corporate governance practices appropriately in the conduct and growth of its business, and to pursuing the right balance between conformance and performance in its corporate governance. From time to time, the Company reviews its corporate governance practices to ensure they comply with all the applicable code provisions (the “CG Code”) as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and aligns its practices with the latest developments of the CG Code. During the six months ended 30 June 2015, the Company has applied the principles of and complied with all the applicable code provisions of the CG Code.

The Audit Committee has reviewed the Group’s unaudited condensed consolidated financial statements for the six months ended 30 June 2015, including the accounting principles and practices and internal control system adopted by the Company, in conjunction with the Company’s external auditor. The Audit Committee has no disagreement with the accounting treatment adopted.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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. Following specific enquiries by the Company, all Directors have confirmed that they complied with the required standard set out in the Model Code during the six months ended 30 June 2015.

EMPLOYEES AND REMUNERATION POLICY

As of 30 June 2015, the number of employees in the Group was 3,348 (31 December 2014: 3,352); which included the headcount of China Xintiandi at 498 (31 December 2014: 459), the headcount of the property management business at 1,749 (31 December 2014: 1,759). The Group provides a comprehensive benefits package for all employees as well as career development opportunities. This includes retirement schemes, share option scheme, medical insurance, other insurances, in-house training, on-the-job training, external seminars, and programs organized by professional bodies and educational institutes.

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

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's condensed consolidated statement of financial position as of 30 June 2015, the condensed consolidated statement of profit or loss, the condensed consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the period then ended as set out in the preliminary announcement have been extracted from the Group's unaudited condensed consolidated financial statements for the period, which has been reviewed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu in accordance with Hong Kong Standards on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

APPRECIATION

The past six months have vindicated our decision to reorganise our business model as we have begun to see positive signs of a turnaround in our performance. I would like to thank our staff who supported me in this decision and have put renewed energy into achieving better results for the company. In addition, I would like to extend my appreciation to my fellow Directors and senior management for their continued support and also to our shareholders and business partners for their confidence in us.

On behalf of the board, I would like to extend my gratitude to Philip Wong, the Executive Director and Managing Director of the company, who has decided to take early retirement, and to Daniel Wan, the Executive Director, Managing Director and Chief Financial Officer of the company, who has decided to devote more time to his personal endeavours. I am most thankful for their contributions over the years. Stephanie Lo and Frankie Wong have been appointed to take over the helm at China Xintiandi, and they will work alongside me in implementing our corporate strategy.

Although our revitalised business model is still in the process of maturing, I am happy to see steady progress being made in all of our reform and change initiatives.

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

Hong Kong, 26 August 2015

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

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

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

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

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

** For identification purposes only*