瑞安房地產
SHUI ON LAND

Shui On Land Limited
瑞安房地產有限公司*

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

Announcement of 2013 Annual Results

HIGHLIGHTS

- For the year ended 31 December 2013, the Group recorded turnover of RMB9,828 million, an increase of 104% over 2012. The increase was due to more properties being delivered and recognised as property sales during the year. In addition to the property sales recognised as turnover, the Group has recognised RMB4,429 million in property sales as disposal of investment properties and disposal of equity in subsidiary holding investment properties in 2013.

- Rental and related income increased by 15% to RMB1,440 million for 2013, from RMB1,249 million in 2012, as contributions from the existing portfolio strengthened.

- Gross profit margin dropped by 11% to 32% mainly due to higher contribution of property sales from projects where the gross profit margins were lower.

- The Group recorded a fair value gain of RMB2,912 million, representing 7.3% of its RMB39,765 million investment property portfolio at valuation as of 31 December 2013.

- Core earnings increased by 438% to RMB1,183 million in 2013 compared to RMB220 million in 2012 due to the increase of properties being delivered and the realised fair value gain of investment properties disposed during the year.

- Profit attributable to shareholders increased by 5% to RMB2,125 million in 2013.

- Contracted sales for 2013, including contributions from Dalian associates, grew by 190% to RMB16,613 million compared to 2012. A total gross floor area ("GFA") of 621,500 square metres ("sq.m.") was sold and pre-sold at an average selling price ("ASP") of RMB26,700 per sq.m..

- As of 31 December 2013, total locked-in sales including disposal of investment properties for delivery in 2014 and beyond, reached RMB8,903 million (including contributions from Dalian associates), with a GFA of 363,700 sq.m..

- As of 31 December 2013, total assets of the Group grew by 10% to RMB98,602 million, of which completed investment properties amounted to RMB29,191 million and investment properties under construction at valuation were recorded at RMB10,574 million.

- As of 31 December 2013, total cash and bank deposits of the Group amounted to RMB10,180 million while the net gearing ratio was 59%, a drop of 11% over 2012.

Website: www.shuionland.com

BUSINESS REVIEW

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

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

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

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

Property Sales

Recognised Property Sales

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

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

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

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

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

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

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

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

Contracted Property Sales

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

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

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

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

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

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

[1] *ASP of Chongqing residential sales is based on net floor area, a common market practice in the region.*
[2] *Dalian Tiandi is a project developed by associates of the Group.*

Residential GFA Available for Sale and Pre-sale in 2014

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

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

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

Property Development Progress

Property Completed in 2013 and Development Plans for 2014 and 2015

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

Project	Residential	Office	Retail	Hotel/ serviced apartments	Subtotal	Clubhouse, carpark and other facilities	Total
	sq.m.	sq.m.	sq.m.	sq.m.	sq.m.	sq.m.	sq.m.
Actual delivery in 2013							
Shanghai Taipingqiao	-	51,000	28,000	-	79,000	26,000	105,000
Shanghai KIC	53,000	-	-	-	53,000	19,000	72,000
THE HUB	-	57,000	1,000	-	58,000	2,000	60,000
Wuhan Tiandi	54,000	-	-	-	54,000	13,000	67,000
Chongqing Tiandi	76,000	254,000	84,000	-	414,000	131,000	545,000
Foshan Lingnan Tiandi	-	-	37,000	-	37,000	2,000	39,000
Dalian Tiandi[1]	33,000	-	41,000	-	74,000	24,000	98,000
Total	**216,000**	**362,000**	**191,000**	**-**	**769,000**	**217,000**	**986,000**
Planned for delivery in 2014							
Shanghai Taipingqiao	-	55,000	27,000	-	82,000	37,000	119,000
Shanghai RHXC	118,000	-	19,000	-	137,000	50,000	187,000
Shanghai KIC	-	94,000	6,000	-	100,000	46,000	146,000
THE HUB	-	38,000	127,000	45,000	210,000	112,000	322,000
Wuhan Tiandi	56,000	-	-	-	56,000	22,000	78,000
Chongqing Tiandi	171,000	-	2,000	-	173,000	40,000	213,000
Foshan Lingnan Tiandi	55,000	-	6,000	-	61,000	39,000	100,000
Dalian Tiandi[1]	91,000	36,000	-	-	127,000	60,000	187,000
Total	**491,000**	**223,000**	**187,000**	**45,000**	**946,000**	**406,000**	**1,352,000**
Planned for delivery in 2015							
Shanghai RHXC	-	-	78,000	12,000	90,000	29,000	119,000
Shanghai KIC	-	-	-	23,000	23,000	-	23,000
THE HUB	-	11,000	3,000	-	14,000	2,000	16,000
Wuhan Tiandi	-	119,000	110,000	7,000	236,000	129,000	365,000
Foshan Lingnan Tiandi	115,000	-	102,000	-	217,000	69,000	286,000
Dalian Tiandi[1]	89,000	-	-	-	89,000	26,000	115,000
Total	**204,000**	**130,000**	**293,000**	**42,000**	**669,000**	**255,000**	**924,000**

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

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

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

Shanghai Taipingqiao
Comprising a total GFA of 79,000 sq.m., 5 Corporate Avenue accommodates a Grade A office building with a GFA of 51,000 sq.m. and a high-end shopping mall offering 28,000 sq.m., completed in December 2013. 5 Corporate Avenue was subsequently disposed of and delivered to China Life Trustees Limited in December 2013.

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

Shanghai Rui Hong Xin Cheng
The View, residential Phase 5 (Lot 6) of Rui Hong Xin Cheng, is under construction, with planned residential GFA of 118,000 sq.m. and retail GFA of 19,000 sq.m.. The first stage of pre-sale was launched in December 2012. The second and third batches were offered in March and December of 2013 respectively. The development is scheduled for completion in 2014. The Group has a 99.0% and a 79.0% effective interest in the residential portion and the retail portion respectively.

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

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

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

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

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

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

Construction of the shopping mall at Lots A1/A2/A3 is in progress, and is projected to yield 110,000 sq.m. of shopping space. Completion is expected to be in the first half of 2015 ("1H 2015"). A Grade A office building at Lot A2 is currently under construction, providing 46,000 sq.m. of GFA for office space in 1H 2015. Development works are in progress at Lot A3 with a total GFA of 60,000 sq.m. for office space, and are scheduled for completion in 2015.

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

Construction works at 2 Corporate Avenue (Lot B11-1/02 Phase 1) were completed in 1H 2013. All the office floors with an aggregate GFA of 119,500 sq.m., together with 815 underground car parking spaces for this property, were sold to Sunshine Life Insurance Co., Ltd. for a total consideration of RMB2,412 million, and will be delivered in 2014. Shanghai Xintiandi Management Co., Ltd., a wholly-owned subsidiary of the Group, was also engaged to be the asset manager of said property for a specific period. Three Grade A office buildings, 3, 4 and 5 Corporate Avenue at Chongqing Tiandi (Lot B12-1), together with ancillary retail space and carparks, were delivered to customers in 1H 2013, offering a total GFA of 99,900 sq.m.. The GFA of 204,000 sq.m. at 6, 7 and 8 Corporate Avenue (Lots B12-3 and B12-4) was completed in 2H 2013. The remaining of The Riviera V (Lot B18/02), with 171,000 sq.m. of apartments and 2,000 sq.m. of retail space, is under construction and is planned for completion in 2H 2014. Jialing Tiandi, the shopping mall connected to the Corporate Avenue office zone, was partially completed, with the rest under development.

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

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

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

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

Investment Property

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

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

The two major properties completed in 2013 were:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Project	Leasable GFA (sq.m.) Office	Retail	Hotel/ serviced apartments	Total	Occupancy rate 31 December 2013	31 December 2012	31 December 2011	Group's interest
Completed before 2013								
Shanghai Taipingqiao								
Shanghai Xintiandi	5,000	47,000	5,000	57,000	97%	100%	100%	100.0%
Shanghai Xintiandi Style	-	27,000	-	27,000	88%	100%	96%	99.0%
Shanghai 1&2 Corporate Avenue	76,000	7,000	-	83,000	94%	100%	100%	100.0%
Shanghai Shui On Plaza	30,000	28,000	-	58,000	98%	100%	N/A	80.0%
Langham Xintiandi Hotel	-	1,000	33,000	34,000	100%	N/A	N/A	66.7%
Shanghai RHXC								
The Palette 1	-	5,000	-	5,000	100%	100%	100%	79.8%
The Palette 3	-	28,000	-	28,000	98%	98%	100%	79.0%
The Palette 5	-	2,000	-	2,000	89%	53%	39%	79.0%
The Palette 2	-	12,000	-	12,000	85%	86%	N/A	79.0%
Shanghai KIC								
1, 2, 3 and 10 KIC Plaza (Phase 1)	29,000	21,000	-	50,000	77%	84%	77%	86.8%
5 - 9 KIC Plaza (Phase 2)	39,000	10,000	-	49,000	96%	77%	79%	86.8%
KIC Village (R1 and R2)	15,000	11,000	-	26,000	91%	84%	75%	86.8%
11 - 12 KIC Plaza (C2)	27,000	11,000	-	38,000	78%	54%	33%	86.8%
Hangzhou Xihu Tiandi								
Xihu Tiandi	-	6,000	-	6,000	77%	100%	100%	100.0%
Wuhan Tiandi								
Wuhan Tiandi (Lot A4-1)	-	16,000	-	16,000	89%	91%	98%	75.0%
Wuhan Tiandi (Lots A4-2 and 3)	-	30,000	-	30,000	92%	84%	91%	75.0%
Chongqing Tiandi								
The Riviera I	-	1,000	-	1,000	96%	94%	100%	79.4%
The Riviera II (Stage 1)	-	1,000	-	1,000	56%	91%	96%	79.4%
The Riviera II (Stages 2 & 3)	-	4,000	-	4,000	92%	N/A	N/A	79.4%
The Riviera III	-	5,000	-	5,000	0%	N/A	N/A	79.4%
Chongqing Tiandi (Lot B3/01)								
- Phase 1	-	10,000	-	10,000	99%	97%	100%	79.4%
- Phase 2	-	39,000	-	39,000	52%	69%	59%	79.4%
Foshan Lingnan Tiandi								
Lingnan Tiandi Phase 1 (Lot 1 Phase 1)	-	16,000	-	16,000	87%	87%	22%	100.0%
Marco Polo Lingnan Tiandi Foshan Hotel (Lot D)	-	14,000	38,000	52,000	2%	N/A	N/A	100.0%
Dalian Tiandi								
Software office buildings (D22)	42,000	-	-	42,000	78%	76%	91%	48.0%
Ambow training school	113,000	-	-	113,000	100%	100%	100%	48.0%
Software office buildings (D14 - SO2/SO4)	52,000	-	-	52,000	73%	N/A	N/A	48.0%
Subtotal	**428,000**	**352,000**	**76,000**	**856,000**				

Project	Leasable GFA (sq.m.) Office	Retail	Hotel/ serviced apartments	Total	Occupancy rate 31 December 2013	31 December 2012	31 December 2011	Group's interest
New completions in 2013								
THE HUB								
D17 Showroom Offices (the above ground area of Tower 2 and Tower 3)	57,000	1,000	-	58,000				100.0%
Chongqing Tiandi								
2 Corporate Avenue (Lot B11-1/02 Phase 1)	120,000	11,000	-	131,000				59.5%
6 and 7 Corporate Avenue Retail (Lot B12-3)	-	37,000	-	37,000				79.4%
8 Corporate Avenue Retail (Lot B12-4)	-	31,000	-	31,000				79.4%
The Riviera V (Stage 1)	-	3,000	-	3,000				79.4%
Foshan Lingnan Tiandi								
Lingnan Tiandi Phase 2 (Lot 1 Phase 2)	-	36,000	-	36,000				100.0%
Dalian Tiandi								
ITTD (D10 Retail)	-	41,000	-	41,000				48.0%
Subtotal	**177,000**	**160,000**	**-**	**337,000**				
Total leasable GFA	**605,000**	**512,000**	**76,000**	**1,193,000**				
Investment property held by:								
- Subsidiaries of the Group	398,000	471,000	76,000	945,000				
- Associated companies	207,000	41,000	-	248,000				
As of 31 December 2013	**605,000**	**512,000**	**76,000**	**1,193,000**				
As of 31 December 2012	**435,000**	**357,000**	**76,000**	**868,000**				

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

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

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

Establishment of China Xintiandi

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

Reorganization of the Property Development and Investment Properties Businesses

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

Pre-IPO of CXTD with Brookfield

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

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

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

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

Next Steps for China Xintiandi

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

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

Introduction of China Xintiandi Business

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

CXTD Holding product strategies

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

CXTD Holding asset strategies

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

Portfolio Under CXTD Holding Asset Management Services

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

Initial Portfolio held by CXTD Holding

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

Of the Initial Portfolio:

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

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

Of the Shui On Land Commercial Property Portfolio:

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

- Shanghai Rui Hong Xin Cheng with a total leasable GFA of 109,000 sq.m. with 89% and 11% for retail and hotel use respectively are currently under development. Commercial properties in Wuhan, Chongqing and Foshan, and the hotel in Shanghai KIC with a total leasable area of 318,000 sq.m. with 33%, 60% and 7% for office, retail and hotel use, respectively, are under development.

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

Other major corporate reorganisation of the Group

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

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

Landbank

As of 31 December 2013, the Group's landbank, including the contribution of its Dalian associates, stood at a total GFA of 12.5 million sq.m. (comprising 10.3 million sq.m. of leasable and saleable area, and 2.2 million sq.m. for clubhouses, car parking spaces and other facilities) spread across nine development projects located in the prime areas of six major PRC cities: Shanghai, Hangzhou, Wuhan, Chongqing, Foshan and Dalian.

Of the total leasable and saleable GFA of 10.3 million sq.m., the sum of 1.3 million sq.m. was completed, and held for sale and/or investment. Approximately 3.4 million sq.m. was under development, and the remaining 5.6 million sq.m. was held for future development.

Relocation of Shanghai Taipingqiao and Rui Hong Xin Cheng

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

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

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

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

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

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

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

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

	Approximate/Estimated leasable and saleable GFA							
Project	**Residential**	**Office**	**Retail**	**Hotel/ serviced apartments**	**Subtotal**	**Clubhouse, carpark and other facilities**	**Total**	**Group's interest**
	sq.m.	sq.m.	sq.m.	sq.m.	sq.m.	sq.m.	sq.m.	%
Completed properties:								
Shanghai Taipingqiao	-	111,000	110,000	38,000	**259,000**	102,000	**361,000**	99.0%[1]
Shanghai RHXC	-	-	47,000	-	**47,000**	58,000	**105,000**	79.0%[2]
Shanghai KIC	2,000	110,000	53,000	-	**165,000**	122,000	**287,000**	86.8%[3]
THE HUB	-	57,000	1,000	-	**58,000**	2,000	**60,000**	100.0%
Hangzhou Xihu Tiandi	-	-	6,000	-	**6,000**	-	**6,000**	100.0%
Wuhan Tiandi	-	-	46,000	-	**46,000**	38,000	**84,000**	75.0%
Chongqing Tiandi	39,000	120,000	142,000	-	**301,000**	215,000	**516,000**	79.4%[4]
Foshan Lingnan Tiandi	26,000	-	66,000	38,000	**130,000**	82,000	**212,000**	100.0%
Dalian Tiandi	64,000	207,000	41,000	-	**312,000**	113,000	**425,000**	48.0%
Subtotal	131,000	605,000	512,000	76,000	**1,324,000**	732,000	**2,056,000**	
Properties under development:								
Shanghai Taipingqiao	87,000	55,000	27,000	-	**169,000**	92,000	**261,000**	99.0%[1]
Shanghai RHXC	203,000	-	99,000	12,000	**314,000**	112,000	**426,000**	79.0%[2]
Shanghai KIC	-	94,000	6,000	23,000	**123,000**	46,000	**169,000**	99.0%[3]
THE HUB	-	49,000	130,000	45,000	**224,000**	114,000	**338,000**	100.0%
Wuhan Tiandi	144,000	232,000	110,000	61,000	**547,000**	186,000	**733,000**	75.0%
Chongqing Tiandi	171,000	411,000	189,000	25,000	**796,000**	211,000	**1,007,000**	79.4%[4]
Foshan Lingnan Tiandi	170,000	-	110,000	-	**280,000**	108,000	**388,000**	100.0%[5]
Dalian Tiandi	479,000	207,000	171,000	46,000	**903,000**	296,000	**1,199,000**	48.0%[6]
Subtotal	1,254,000	1,048,000	842,000	212,000	**3,356,000**	1,165,000	**4,521,000**	
Properties for future development:								
Shanghai Taipingqiao	166,000	174,000	118,000	38,000	**496,000**	44,000	**540,000**	99.0%
Shanghai RHXC	454,000	272,000	187,000	-	**913,000**	11,000	**924,000**	79.0%[2]
Wuhan Tiandi	283,000	34,000	92,000	10,000	**419,000**	4,000	**423,000**	75.0%
Chongqing Tiandi	780,000	25,000	91,000	78,000	**974,000**	218,000	**1,192,000**	79.4%
Foshan Lingnan Tiandi	377,000	450,000	125,000	80,000	**1,032,000**	10,000	**1,042,000**	100.0%
Dalian Tiandi[7]	503,000	867,000	383,000	42,000	**1,795,000**	-	**1,795,000**	48.0%[6]
Subtotal	2,563,000	1,822,000	996,000	248,000	**5,629,000**	287,000	**5,916,000**	
Total landbank GFA	**3,948,000**	**3,475,000**	**2,350,000**	**536,000**	**10,309,000**	**2,184,000**	**12,493,000**	

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

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

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

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

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

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

7 *Dalian Tiandi is expected to have a landbank of 3.4 million sq.m. in GFA. As of 31 December 2013, approximately 3.1 million sq.m. had been acquired. The remaining GFA of approximately 0.3 million sq.m. is expected to be acquired through public bidding in due course.*

MARKET OUTLOOK

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

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

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

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

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

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

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

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

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

The Board of Directors (the "Board") of Shui On Land Limited (the "Company" or "Shui On Land") hereby announces the audited consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2013 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Notes	**2013**		2012	
		HKD'million *(Note 2)*	**RMB'million**	HKD'million *(Note 2)*	RMB'million
Turnover					
- The Group	*4*	**12,314**	**9,828**	5,926	4,821
- Share of associates		**327**	**261**	333	271
		12,641	**10,089**	6,259	5,092
Turnover of the Group	*4*	**12,314**	**9,828**	5,926	4,821
Cost of sales		**(8,361)**	**(6,673)**	(3,394)	(2,761)
Gross profit		**3,953**	**3,155**	2,532	2,060
Other income		**754**	**602**	347	282
Selling and marketing expenses		**(411)**	**(328)**	(254)	(207)
General and administrative expenses		**(1,175)**	**(938)**	(907)	(738)
Operating profit	*5*	**3,121**	**2,491**	1,718	1,397
Increase in fair value of investment properties		**3,649**	**2,912**	3,316	2,698
Share of results of associates		**(223)**	**(178)**	100	82
Finance costs, inclusive of exchange differences	*6*	**(562)**	**(448)**	(564)	(459)
Profit before taxation		**5,985**	**4,777**	4,570	3,718
Taxation	*7*	**(2,596)**	**(2,072)**	(1,675)	(1,363)
Profit for the year		**3,389**	**2,705**	2,895	2,355
Attributable to:					
Shareholders of the Company		**2,663**	**2,125**	2,494	2,029
Owners of perpetual capital securities		**393**	**314**	23	19
Other non-controlling shareholders of subsidiaries		**333**	**266**	378	307
		726	**580**	401	326
		3,389	**2,705**	2,895	2,355
				(Restated)	(Restated)
Earnings per share	*9*				
Basic		**HKD0.35**	**RMB0.28**	HKD0.39	RMB0.32
Diluted		**HKD0.35**	**RMB0.28**	HKD0.36	RMB0.29

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	2013		2012	
	HKD'million *(Note 2)*	**RMB'million**	HKD'million *(Note 2)*	RMB'million
Profit for the year	**3,389**	**2,705**	2,895	2,355
Other comprehensive income (expense)				
Items that may be subsequently reclassified to profit or loss:				
Exchange difference arising on translation of foreign operations	**(18)**	**(14)**	(64)	(52)
Fair value adjustments on interest rate swaps designated as cash flow hedges	**18**	**14**	66	54
Net adjustment of hedge reserve reclassified to profit or loss upon early termination of interest rate swaps	**-**	**-**	(58)	(47)
Fair value adjustments on cross currency swaps designated as cash flow hedges	**(123)**	**(98)**	-	-
Reclassification from hedge reserve to profit or loss	**94**	**75**	-	-
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit obligations	**(48)**	**(38)**	-	-
Revaluation increase upon transfer from property, plant and equipment and prepaid lease payments to investment properties	**39**	**31**	-	-
Other comprehensive expense for the year	**(38)**	**(30)**	(56)	(45)
Total comprehensive income for the year	**3,351**	**2,675**	2,839	2,310
Total comprehensive income attributable to:				
Shareholders of the Company	**2,625**	**2,095**	2,438	1,984
Owners of perpetual capital securities	**393**	**314**	23	19
Other non-controlling shareholders of subsidiaries	**333**	**266**	378	307
	726	**580**	401	326
	3,351	**2,675**	2,839	2,310

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	2013 RMB'million	2012 RMB'million
Non-current assets			
Investment properties		**50,273**	46,624
Property, plant and equipment		**3,577**	3,782
Prepaid lease payments		**586**	671
Interests in associates		**1,086**	1,264
Interests in joint ventures		**25**	-
Loans to associates		**1,654**	1,659
Accounts receivable	*10*	**171**	102
Loan to a joint venture		**675**	-
Pledged bank deposits		**2,747**	1,720
Deferred tax assets		**100**	93
		60,894	55,915
Current assets			
Properties under development for sale		**22,711**	20,150
Properties held for sale		**1,536**	3,274
Accounts receivable, deposits and prepayments	*10*	**5,066**	2,606
Amounts due from associates		**564**	484
Amounts due from related companies		**347**	210
Amounts due from non-controlling shareholders of subsidiaries		**51**	65
Pledged bank deposits		**824**	443
Restricted bank deposits		**1,231**	183
Bank balances and cash		**5,378**	6,287
		37,708	33,702
Current liabilities			
Accounts payable, deposits received and accrued charges	*11*	**11,046**	7,903
Amounts due to related companies		**411**	782
Amounts due to associates		**-**	11
Amounts due to non-controlling shareholders of subsidiaries		**634**	530
Tax liabilities		**823**	908
Bank and other borrowings – due within one year		**6,315**	5,103
Convertible bonds		**-**	2,346
Notes		**-**	2,980
		19,229	20,563
Net current assets		**18,479**	13,139
Total assets less current liabilities		**79,373**	69,054

CONSOLIDATED STATEMENT OF FINANCIAL POSITION - CONTINUED

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

Notes to the consolidated financial statements:

1. General

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

2. Presentation

The Hong Kong dollar figures presented in the consolidated statement of profit or loss and 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 HKD1.253 for 2013 and RMB1.000 to HKD1.229 for 2012, being the average exchange rates that prevailed during the respective years.

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

In the current year, the Group has applied the following new and revised IFRSs, which are effective for the Group's financial year beginning on 1 January 2013.

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

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

IFRS 12 Disclosure of Interests in Other Entities

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

IFRS 13 Fair Value Measurement

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

3. Application of New and Revised International Financial Reporting Standards ("IFRSs") - continued

IFRS 13 Fair Value Measurement - continued

IFRS 13 defines the fair value of an asset as the price that would be received to sell an asset (or paid to transfer a liability, in the case of determining the fair value of a liability) in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under IFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, IFRS 13 includes extensive disclosure requirements.

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

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

Amendments to IAS 1 Presentation of Items of Other Comprehensive Income

The Group has applied the amendments to IAS 1 Presentation of Items of Other Comprehensive Income. Upon the adoption of the amendments to IAS 1, the Group's statement of comprehensive income is renamed as the statement of profit or loss and other comprehensive income and the income statement is renamed as the statement of profit or loss. The amendments to IAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. Furthermore, the amendments to IAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis - the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to IAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

IAS 19 Employee Benefits (as revised in 2011)

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

3. Application of New and Revised International Financial Reporting Standards ("IFRSs") - continued

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

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

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

IFRS 9 Financial Instruments

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

Key requirements of IFRS 9 are described as follows:

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

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

3. Application of New and Revised International Financial Reporting Standards ("IFRSs") - continued

IFRS 9 Financial Instruments - continued

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

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

4. Turnover and Segmental Information

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

	2013			2012		
	Group	**Share of associates**	**Total**	Group	Share of associates	Total
	RMB'million	RMB'million	RMB'million	RMB'million	RMB'million	RMB'million
Property development:						
Property sales	**8,361**	**230**	**8,591**	3,541	244	3,785
Property investment:						
Rental income received from investment properties	**1,048**	**31**	**1,079**	952	27	979
Income from hotel operations	**289**	**-**	**289**	193	-	193
Property management fee income	**25**	**-**	**25**	36	-	36
Rental related income	**78**	**-**	**78**	68	-	68
	1,440	**31**	**1,471**	1,249	27	1,276
Others	**27**	**-**	**27**	31	-	31
Total	**9,828**	**261**	**10,089**	4,821	271	5,092

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

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

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

Included in the Group’s property sales of RMB8,361 million (2012: RMB3,541 million) is revenue arising from sales of residential properties of RMB4,897 million (2012: RMB3,177 million), commercial properties of RMB3,086 million (2012: RMB70 million) and others of RMB378 million (2012: RMB294 million).

4. Turnover and Segmental Information - continued

For the year ended 31 December 2013

	Reportable segment				
	Property development RMB'million	**Property investment RMB'million**	**Total RMB'million**	**Others RMB'million**	**Consolidated RMB'million**
SEGMENT REVENUE					
Turnover of the Group	**8,361**	**1,440**	**9,801**	**27**	**9,828**
Share of turnover of associates	**230**	**31**	**261**	**-**	**261**
Total segment revenue	**8,591**	**1,471**	**10,062**	**27**	**10,089**
SEGMENT RESULTS					
Segment results of the Group	**1,747**	**3,631**	**5,378**	**9**	**5,387**
Interest income					**229**
Share of results of associates					**(178)**
Gain on disposal of subsidiaries					**159**
Finance costs, inclusive of exchange differences					**(448)**
Net unallocated expenses					**(372)**
Profit before taxation					**4,777**
Taxation					**(2,072)**
Profit for the year					**2,705**

For the year ended 31 December 2012

	Reportable segment				
	Property development RMB'million	**Property investment RMB'million**	**Total RMB'million**	**Others RMB'million**	**Consolidated RMB'million**
SEGMENT REVENUE					
Turnover of the Group	3,541	1,249	4,790	31	4,821
Share of turnover of associates	244	27	271	-	271
Total segment revenue	3,785	1,276	5,061	31	5,092
SEGMENT RESULTS					
Segment results of the Group	928	3,301	4,229	19	4,248
Interest income					181
Gain on acquisition of subsidiaries					50
Share of results of associates					82
Finance costs, inclusive of exchange differences					(459)
Net unallocated expenses					(384)
Profit before taxation					3,718
Taxation					(1,363)
Profit for the year					2,355

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

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

5. Operating Profit

	2013 RMB'million	2012 RMB'million
Operating profit has been arrived at after charging (crediting):		
Auditor's remuneration	**5**	5
Depreciation of property, plant and equipment	**193**	177
Less: Amount capitalised to properties under development for sale	**(1)**	(1)
	192	176
Release of prepaid lease payments	**13**	14
Less: Amount capitalised to property, plant and equipment	**(11)**	(12)
	2	2
Loss on disposal of property, plant and equipment	**-**	1
Employee benefits expenses		
Directors' emoluments		
Fees	**2**	2
Salaries, bonuses and allowances	**19**	29
Retirement benefits costs	**1**	2
Share-based payment expenses	**2**	6
	24	39
Other staff costs		
Salaries, bonuses and allowances	**463**	404
Retirement benefits costs	**36**	27
Share-based payment expenses	**9**	12
	508	443
Total employee benefits expenses	**532**	482
Less: Amount capitalised to investment properties under construction or development, properties under development for sale and hotels under development	**(149)**	(146)
	383	336
Cost of properties sold recognised as an expense	**6,049**	2,178
Minimum lease payment under operating leases	**43**	43

6. Finance Costs, Inclusive of Exchange Differences

	2013 RMB'million	2012 RMB'million
Interest on bank and other borrowings		
- wholly repayable within five years	**1,309**	910
- not wholly repayable within five years	**117**	153
Interest on loans from non-controlling shareholders of subsidiaries wholly repayable within five years	**141**	151
Imputed interest on loans from non-controlling shareholders of subsidiaries	**41**	15
Interest on amount due to a related company	**1**	5
Interest on convertible bonds	**292**	243
Interest on notes	**1,162**	972
Net interest expense from cross currency swaps designated as cash flow hedges	**23**	-
Net interest expense from interest rate swaps designated as cash flow hedges	**17**	38
Total interest costs	**3,103**	2,487
Less: Amount capitalised to investment properties under construction or development, properties under development for sale and hotels under development	**(2,500)**	(2,002)
Interest expense charged to profit or loss	**603**	485
Net exchange gain on bank borrowings and other financing activities	**(363)**	(54)
Others	**208**	28
	448	459

Borrowing costs capitalised during the year which arose on the general borrowing pool of the Group were calculated by applying a capitalisation rate of approximately 8.5% (2012: 7.6%) per annum to expenditure on the qualifying assets.

7. Taxation

	2013 RMB'million	2012 RMB'million
PRC Enterprise Income Tax		
- Current provision	**459**	419
Deferred taxation		
- Provision for the year	**973**	610
PRC Land Appreciation Tax		
- Provision for the year	**640**	334
	2,072	1,363

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

PRC Enterprise Income Tax has been provided for at the applicable income tax rate of 25% (2012: 25%) on the assessable profits of the companies in the Group during the year.

7. Taxation - continued

The PRC Enterprise Income Tax Law requires withholding tax to be levied on distribution of profits earned by PRC entities for profits generated after 1 January 2008 at rate of 5% for Hong Kong resident companies, and at rate of 10% for companies incorporated in BVI and Mauritius, which are the beneficial owners of the dividend received. As at 31 December 2013 and 31 December 2012, deferred tax was provided for in full in respect of the temporary differences attributable to such profits.

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

8. Dividends

	2013 **RMB'million**	2012 RMB'million
Interim dividend paid in respect of 2013 of HKD0.022 per share (2012: HKD0.025 per share)	**140**	122
Final dividend proposed in respect of 2013 of HKD0.04 per share (2012: HKD0.035 per share)	**253**	223
	393	345

A final dividend for the year ended 31 December 2013 of HKD0.04 (equivalent to RMB0.03) per share, amounting to HKD320 million (equivalent to RMB253 million) in aggregate, was proposed by the Directors on 19 March 2014 and is subject to the approval of the shareholders at the forthcoming annual general meeting.

In September 2013, an interim dividend in respect of 2013 of HKD0.022 (equivalent to RMB0.017) per share, amounting to HKD176 million (equivalent to RMB140 million) in aggregate, was paid to the shareholders of the Company.

In May 2013, a final dividend in respect of 2012 of HKD0.035 (equivalent to RMB0.028) per share, amounting to HKD280 million (equivalent to RMB223 million) in aggregate, was approved by the shareholders of the Company at the annual general meeting on 29 May 2013 and was paid to the shareholders of the Company in June 2013.

In October 2012, an interim dividend in respect of 2012 of HKD0.025 (equivalent to RMB0.021) per share, amounting to HKD145 million (equivalent to RMB122 million) in aggregate was paid to the shareholders of the Company. The 2012 interim dividend was paid in the form of cash and/or shares of the Company as the shareholders were given the option to elect to receive their dividend in new, fully paid shares in lieu of all or part of cash. 65.5% of the shareholdings elected to receive shares in lieu of cash dividends at share price of HKD2.932 per share and accordingly, 33,360,452 new and fully paid ordinary shares of the Company were issued. These new ordinary shares rank pari passu to the existing shares of the Company.

In June 2012, a final dividend in respect of 2011 of HKD0.10 (equivalent to RMB0.08) per share was approved by the shareholders of the Company at the annual general meeting on 7 June 2012. The 2011 final dividend was paid in July 2012 in the form of cash and/or shares of the Company as the shareholders were given option to receive their dividend in new, fully paid shares in lieu of all or part of cash. 70.5% of the shareholdings elected to receive shares in lieu of cash dividends at share price of HKD3.176 per share and accordingly, 129,436,566 new and fully paid ordinary shares of the Company were issued. These new ordinary shares rank pari passu to the existing shares of the Company.

162,797,018 ordinary shares of the Company in aggregate were issued during the year ended 31 December 2012 on the shareholders' election to receive shares. Details of these shares issuance are set out in note 12.

9. Earnings Per Share

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

	2013	2012
	RMB'million	RMB'million
Earnings		
Earnings for the purposes of basic earnings per share and diluted earnings per share, being profit for the year attributable to shareholders of the Company	**2,125**	2,029

	2013	2012
	'million	'million
		(Restated)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**7,491**	6,350
Effect of dilutive potential shares:		
Convertible bonds	**128**	766
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**7,619**	7,116
Basic earnings per share (*note (c)*)	**RMB0.28**	RMB0.32
	HKD0.35	HKD0.39
Diluted earnings per share (*note (c)*)	**RMB0.28**	RMB0.29
	HKD0.35	HKD0.36

Notes:

(a) The weighted average number of ordinary shares for the purpose of basic earnings per share for 2013 and 2012 have been adjusted for the bonus element of the rights issue completed on 20 May 2013.

(b) There are no dilution effects for share options granted as the exercise prices of these share options granted were higher than the average market price for 2013 and 2012.

(c) The Hong Kong dollar figures presented above are shown for reference only and have been arrived at based on the exchange rate of RMB1.000 to HKD1.253 for 2013 and RMB1.000 to HKD1.229 for 2012, being the average exchange rates that prevailed during the respective years.

10. Accounts Receivable, Deposits and Prepayments

	2013 **RMB'million**	2012 RMB'million
Non-current accounts receivable comprise:		
Rental receivables in respect of rent-free periods	**96**	102
Trade receivables	**75**	-
	171	102
Current accounts receivable comprise:		
Trade receivables	**561**	316
Prepayments of relocation costs (*note*)	**3,677**	1,695
Other deposits, prepayments and receivables	**828**	595
	5,066	2,606

Note:

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

Trade receivables comprise:

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

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

Included in the Group's accounts receivable, deposits and prepayments are trade receivable balances of RMB636 million (2012: RMB316 million), of which 67% (2012: 71%) are aged less than 90 days, and 33% (2012: 29%) are aged over 180 days, based on the dates on which revenue was recognised.

Included in the Group's trade receivable balances are debtors with aggregate carrying amount of RMB45 million (2012: RMB13 million) which are past due at the end of the reporting period for which the Group has not provided for impairment loss, of which 84% (2012: 54%) are past due within 90 days, and 16% (2012: 46%) are past due over 90 days, based on the repayment terms set out in the sales and purchase agreements or debit notes to the tenants. No provision for impairment is considered necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the date of the reporting period. Allowance for bad and doubtful debts are generally not required for rental receivables as the Group has collected rental deposits from the tenants to secure any potential losses from uncollectible debts.

11. Accounts Payable, Deposits Received and Accrued Charges

	2013 RMB'million	2012 RMB'million
Trade payables	**3,466**	2,568
Retention payables (*note*)	**458**	448
Deed tax, business tax and other tax payables	**355**	325
Deposits received and receipt in advance from property sales	**5,805**	3,551
Deposits received and receipt in advance in respect of rental of investment properties	**396**	324
Deposit received in respect of partial disposal of equity interests in subsidiaries	**-**	352
Accrued charges	**566**	335
	11,046	7,903

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

Included in the Group's accounts payable, deposits received and accrued charges are trade payable balances of RMB3,466 million (2012: RMB2,568 million), of which 76% (2012: 95%) are aged less than 30 days, 19% (2012: 1%) are aged between 31 to 60 days, 1% (2012: 1%) are aged between 61 days to 90 days, and 4% (2012: 3%) are aged more than 90 days, based on invoice date.

12. Share Capital

	Authorised		Issued and fully paid	
Ordinary shares of USD0.0025 each	Number of shares	USD'000	Number of shares	USD'000
At 1 January 2012	12,000,000,000	30,000	5,211,587,981	13,029
Issue of shares in lieu of cash dividends (*note 8*)	-	-	162,797,018	407
Issue of new shares for the acquisition of equity interests in subsidiaries	-	-	626,909,643	1,567
At 31 December 2012	12,000,000,000	30,000	6,001,294,642	15,003
Issue of shares under rights issue (*note*)	**-**	**-**	**2,000,431,547**	**5,001**
At 31 December 2013	**12,000,000,000**	**30,000**	**8,001,726,189**	**20,004**

	2013 RMB'million	2012 RMB'million
Shown in the consolidated statement of financial position as	**145**	114

Note:

On 20 May 2013, the Company completed the rights issue by issuing 2,000,431,547 rights shares on the basis of one rights share for every three existing shares, at a subscription price of HKD1.84 per rights share ("Rights Issue"). The cash proceeds of approximately HKD3,681 million (equivalent to RMB2,937 million), before share issue expenses of HKD48 million (equivalent to RMB38 million), are used to finance the land relocation, repayment of existing debts, and for general working capital of the Group. These shares rank pari passu with the then existing shares in issue in all aspects.

Financial Review

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

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

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

Gross profit for 2013 increased to RMB3,155 million (2012: RMB2,060 million). Gross profit margin decreased to 32% (2012: 43%). The decline in gross profit margin was mainly because in 2013, more turnover of the Group came from property sales where the gross profit margins were lower than rental and related income. Gross profit margin from property sales decreased to 27% (2012: 38%) as a result of more deliveries from the Chonqqing Tiandi where the gross profit margin was lower. Chongqing Tiandi property sales accounted for 51% (2012: 34%) of the total property sales.

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

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

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

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

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

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

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

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

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

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

Core earnings of the Group were as follows:

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

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

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

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

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

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

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

Capital Structure, Gearing Ratio and Funding

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

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

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

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

The structure of the Group's borrowings as of 31 December 2013 is summarised below:

	Total (in RMB equivalent)	**Due within one year**	**Due in more than one year but not exceeding two years**	**Due in more than two years but not exceeding five years**	**Due in more than five years**
	RMB'million	RMB'million	RMB'million	RMB'million	RMB'million
Bank and other borrowings					
– RMB	13,774	3,042	2,904	6,935	893
Bank borrowings – HKD	7,906	2,639	3,565	1,702	-
Bank borrowings – USD	2,686	634	1,820	232	-
	24,366	6,315	8,289	8,869	893
Convertible bonds – RMB	395	-	395	-	-
Notes – RMB	3,591	-	3,591	-	-
Notes – SGD	1,238	-	1,238	-	-
Notes – USD	5,501	-	5,501	-	-
Total	35,091	6,315	19,014	8,869	893

Total cash and bank deposits amounted to RMB10,180 million as of 31 December 2013 (31 December 2012: RMB8,633 million), which included RMB3,571 million (31 December 2012: RMB2,163 million) of deposits pledged to banks and RMB1,231 million (31 December 2012: RMB183 million) of restricted bank deposits which can only be applied to designated property development projects of the Group.

As of 31 December 2013, the Group's net debt balance was RMB24,911 million (31 December 2012: RMB26,035 million) and its total equity was RMB42,174 million (31 December 2012: RMB37,268 million). The Group's net gearing ratio was 59% as of 31 December 2013 (31 December 2012: 70%), calculated on the basis of the excess of the sum of convertible bonds, notes, bank and other borrowings net of bank balances and cash (including pledged bank deposits and restricted bank deposits) over the total equity.

Total undrawn banking facilities available to the Group were approximately RMB13,930 million as of 31 December 2013 (31 December 2012: RMB7,578 million).

Pledged Assets

As of 31 December 2013, the Group had pledged certain land use rights, completed properties for investment and sale, properties under development, accounts receivable, and bank and cash balances totalling RMB60,785 million (31 December 2012: RMB43,203 million) to secure its borrowings of RMB21,857 million (31 December 2012: RMB16,692 million).

Capital and Other Development Related Commitments

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

Future Plans for Material Investments and Sources of Funding

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

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

Cash Flow Management and Liquidity Risk

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

The Group's objective is to maintain a balance between continuity of funding and flexibility through a combination of internal resources, bank borrowings, and debt or equity securities, as appropriate. The Group is comfortable with the present financial and liquidity position, and will continue to maintain a reasonable liquidity buffer to ensure sufficient funds are available to meet liquidity requirements at all times.

Exchange Rate and Interest Rate Risks

The revenue of the Group is denominated in RMB. The convertible bonds and the notes issued in 2010 and 2011 were also denominated in RMB. As a result, the coupon payments and the repayment of the principal amounts of the convertible bonds and notes issued in 2010 and 2011 do not expose the Group to any exchange rate risk. A portion of the revenue, however, is converted into other currencies to meet our foreign-currency-denominated debt obligations, such as bank borrowings denominated in HKD and USD, and senior notes denominated in SGD and USD issued in 2012. As a result, to the extent that the Group may have a net currency exposure, this exposure would be subject to fluctuations in foreign exchange rates.

As at 31 December 2013, the Group entered into cross currency swaps to hedge against the variability of cash flows arising from the Group's SGD250 million notes with a maturity of three years, due on 26 January 2015 ("2015 SGD Notes"). The 2015 SGD Notes are denominated and settled in SGD, and bear coupon at 8% per annum, payable semi-annually in arrears. Under these swaps, the Group would receive interest at a fixed rate of 8% per annum and pay interest semi-annually at fixed rates ranging from 9.57% to 9.68% per annum, based on the notional amounts of RMB1,269 million in aggregate.

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

The Group's exposure to interest rate risk results from fluctuations in interest rates. Most of the Group's bank and other borrowings consist of variable rate debt obligations with original maturities ranging from two to six years for project construction loans, and two to twelve years for mortgage loans. Increases in interest rates would raise interest expenses relating to the outstanding variable rate borrowings and cost of new debts. Fluctuations in interest rates may also lead to significant fluctuations in the fair value of the debt obligations.

At 31 December 2013, the Group had various outstanding loans that bear variable interests linked to Hong Kong Inter-bank Borrowing Rates ("HIBOR"), London Inter-bank Borrowing Rates ("LIBOR") and People's Bank of China ("PBOC") Prescribed Interest Rate. The Group has hedged against the variability of cash flow arising from interest rate fluctuations by entering into interest rate swaps in which the Group would receive interest at variable rates at HIBOR and pay interests at fixed rates ranging from 0.53% to 0.64%; receive interests at variable rates at LIBOR and pay interests at fixed rates ranging from 0.54% to 0.71%; and receive interests at 110% of the PBOC Prescribed Interest Rate and pay interests at a fixed rate of 7.52% and 7.85%, based on the notional amounts of HKD3,227 million, USD305 million and RMB456 million, in aggregate. The Group continues to monitor closely its exposure to interest rate risk, and may further consider additional derivative financial instruments to hedge against its remaining exposure to interest rate risk, if necessary.

Save as disclosed above, as of 31 December 2013, the Group did not hold any other derivative financial instruments which were linked to exchange or interest rates. The Group continues to monitor closely its exposure to exchange rate and interest rate risks, and may employ derivative financial instruments to hedge against risk when necessary.

FINAL DIVIDEND

The Board has resolved to recommend the payment of a final dividend of HKD0.04 per share for the year ended 31 December 2013 (2012: HKD0.035 per share). Subject to the Company's shareholders' approval of the final dividend at the annual general meeting to be held on 28 May 2014 (the "AGM"), the final dividend is expected to be paid on or about 18 June 2014 to shareholders whose names appear on the register of members of the Company on 5 June 2014, being the record date. In order to qualify for the proposed final 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, 17/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration not later than 4:30 p.m. on 4 June 2014.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Friday, 16 May 2014 to Wednesday, 28 May 2014, both days inclusive, during which period no transfer of shares will be registered. Shareholders whose names appear on the register of members of the Company on 28 May 2014 shall be entitled to attend and vote at the AGM. In order to be eligible to attend and vote at the AGM, 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, 17/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration not later than 4:30 p.m. on Thursday, 15 May 2014.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

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

In addition, on 29 September 2013, the Company redeemed an aggregate principal amount of RMB2,206,500,000 of the CB as a result of certain holders of the CB exercised their options to require the Company to redeem the CB in accordance with the terms of the CB. Details of the transaction are set out in the announcement of the Company dated 2 September 2013. Immediately after the redemption and as at 31 December 2013, the aggregate principal amount of the CB remaining outstanding was RMB433,500,000.

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

CORPORATE GOVERNANCE

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

Model Code for Securities Transactions

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

Specific enquiry has been made of all the Directors and the Directors have confirmed that they have complied with the required standard set out in the Model Code throughout the year ended 31 December 2013.

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

No incident of non-compliance with the Model Code and the above written guidelines by the Directors and relevant employees was noted by the Company.

Board Composition
During the year ended 31 December 2013, the members of the Board of Directors of the Company (the “Board”) were as follows:

<u>Executive Directors</u>
Mr. Vincent H. S. LO (Chairman)
Mr. Freddy C. K. LEE (Managing Director and Chief Executive Officer)
Mr. Daniel Y. K. WAN (Managing Director and Chief Financial Officer)

<u>Non-executive Director</u>
Mr. Frankie Y. L. WONG

<u>Independent Non-executive Directors (“INEDs”)</u>
Sir John R. H. BOND
Dr. William K. L. FUNG
Professor Gary C. BIDDLE
Dr. Roger L. McCARTHY
Mr. David J. SHAW

During the year ended 31 December 2013, the majority of the members of the Board were INEDs.

Subsequent to the financial year ended 31 December 2013, Mr. Freddy C. K. LEE resigned as an Executive Director, the Chief Executive Officer, a Managing Director and a member of the Finance Committee of the Company with effect from 10 January 2014. Mr. Philip K. T. WONG has been appointed as an Executive Director, a Managing Director and a member of the Finance Committee of the Company with effect from 10 January 2014.

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

Audit Committee
During the year ended 31 December 2013, the Audit Committee consisted of three members. The members of the Audit Committee during the year were Professor Gary C. BIDDLE (“Professor BIDDLE”), Dr. Roger L. McCARTHY (“Dr. McCARTHY”) and Mr. Frankie Y. L. WONG.

Professor BIDDLE and Dr. McCARTHY are INEDs. The Chairman of the Audit Committee is Professor BIDDLE.

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

Remuneration Committee
During the year ended 31 December 2013, the Remuneration Committee consisted of three members. The members of the Remuneration Committee during the year were Dr. William K. L. FUNG ("Dr. FUNG"), Mr. Vincent H. S. LO ("Mr. LO") and Professor BIDDLE.

Dr. FUNG and Professor BIDDLE are INEDs. The Chairman of the Remuneration Committee is Dr. FUNG.

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

Nomination Committee
During the year ended 31 December 2013, the Nomination Committee consisted of three members. The members of the Nomination Committee during the year were Mr. LO, Sir John R. H. BOND and Professor BIDDLE.

Sir John R. H. BOND and Professor BIDDLE are INEDs. The Chairman of the Nomination Committee is Mr. LO.

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

Finance Committee

During the year ended 31 December 2013, the Directors who were members of the Finance Committee were Mr. LO, Sir John R. H. BOND, Dr. FUNG, Professor BIDDLE, Mr. Freddy C. K. LEE, Mr. Daniel Y. K. WAN and Mr. Frankie Y. L. WONG.

Sir John R. H. BOND, Dr. FUNG and Professor BIDDLE are INEDs. The Chairman of the Finance Committee is Mr. LO.

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

Compliance with the CG Code

During the year ended 31 December 2013, the Company has applied the principles of and complied with all the applicable code provisions of the CG Code.

Further information on the Company's corporate governance practices during the year under review will be set out in the corporate governance report to be contained in the Company's 2013 annual report which will be sent to the shareholders of the Company by mid April 2014.

EMPLOYEES AND REMUNERATION POLICY

As of 31 December 2013, the number of employees in the Group was 3,141 (31 December 2012: 2,964); which included the headcount of China Xintiandi at 432 (31 December 2012: 0), the headcount of the property management business at 1,569 (31 December 2012: 1,438). The Group provides a comprehensive benefits package for all employees as well as career development opportunities. This includes retirement schemes, share option scheme, medical insurance, other insurances, in-house training, on-the-job training, external seminars, and programs organized by professional bodies and educational institutes.

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

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position as of 31 December 2013, and the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, and the related notes thereto for the year then ended as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

APPRECIATION

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

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

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

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

Hong Kong, 19 March 2014

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

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

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

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

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

** For identification purposes only*