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 2014 Annual Results

HIGHLIGHTS

- For the year ended 31 December 2014, the Group recorded turnover of RMB10,249 million, an increase of 4% over 2013. In addition to the property sales recognised as turnover, the Group also recognised RMB4,924 million in property sales as disposal of investment properties, disposal of equity in subsidiary holding commercial properties and turnover of associate in 2014.

- Rental and related income increased by 10% to RMB1,578 million for 2014, from RMB1,440 million in 2013, aided by new income contributions from the Showroom Office Towers 2 and 3 at THE HUB, which were competed in 2013; as well as the increase of occupancy rate and positive rental reversion recorded for the Group's existing portfolio.

- Overall gross profit margin rose marginally to 34% in 2014 compared to 32% in 2013.

- The Group recorded a fair value gain of RMB2,978 million, representing 7% of its RMB45,262 million investment properties portfolio at valuation as of 31 December 2014.

- Profit for the year decreased by 8% to RMB2,485 million in 2014 compared to RMB2,705 million in 2013, mainly due to higher finance costs which included an exchange loss, other loss, and higher general and administrative expenses associated with the establishment of China Xintiandi Holding Company Limited ("CXTD Holding") and preparation of its IPO.

- Profit attributable to shareholders decreased by 16% to RMB1,778 million in 2014, from RMB2,125 million in 2013, mainly due to a distribution of RMB224 million to the owners of Convertible Perpetual Securities of CXTD Holding.

- Contracted sales for 2014, including contributions from Dalian associates, decreased by 41% to RMB9,750 million compared to 2013. A total gross floor area ("GFA") of 441,000 square metres ("sq.m.") was sold and pre-sold at an average selling price ("ASP") of RMB22,100 per sq.m.. As of 31 December 2014, total locked-in sales including disposal of commercial properties for delivery in 2015 and beyond, reached RMB4,391 million (including contributions from Dalian associates), with a total GFA of 255,000 sq.m..

- As of 31 December 2014, total assets grew by 10% to RMB108,323 million.

- As of 31 December 2014, the Group's total cash and bank deposits rose by 22% to RMB12,430 million which was prepared for the repayment of three bonds due in first quarter of 2015. The net gearing ratio was 79%, an increase of 20% over 2013.

Website: www.shuionland.com

BUSINESS REVIEW

For the year ended 31 December 2014, the Group recorded turnover of RMB10,249 million, with property sales and rental and related income from investment properties accounting for RMB8,543 million or 83% and RMB1,578 million or 16%, respectively, of total turnover. The remaining 1%, or RMB128 million, was generated from other income.

In addition to property sales recognised as turnover, another RMB4,924 million of property sales was recognised as disposal of investment properties mainly for 2 Corporate Avenue in Chongqing Tiandi, disposal of equity in subsidiary holding the Langham Xintiandi Hotel, and turnover of associates. Going forward, the Group will continue to dispose investment properties and undertake *en-bloc* sales of commercial properties at appropriate time to realise the value of the Group's commercial properties as well as to increase asset turnover and capital recycling.

As of 31 December 2014, total locked-in sales including disposal of commercial properties for delivery in 2015 and beyond, was RMB4,391 million (including contributions from Dalian associates), with a total gross floor area ("GFA") of 255,000 square metres ("sq.m.").

Property Sales

Recognised Property Sales

The total recognised property sales, including property sales recognised as turnover, disposal of investment properties, disposal of equity in subsidiary holding commercial properties and turnover of associates, was RMB13,467 million, an increase of 2%, for a total GFA of 552,400 sq.m. for the reporting year. Average Selling Price ("ASP") increased by 18% to RMB25,800 per sq.m.. The changes were mainly due to a change in city sales mix.

Property sales recognised as turnover increased by 2% to RMB8,543 million, on a total GFA of 313,500 sq.m.. ASPs increased by 64% due mainly to a higher contribution of property sales from Shanghai Rui Hong Xin Cheng ("RHXC") Phase 5. Gross profit margin of the recognised property sales as turnover was 29% in 2014 compared to 27% in 2013.

En-bloc sales of 2 Corporate Avenue in Chongqing Tiandi for a total GFA of 119,500 sq.m. amounting to RMB2,412 million was recognised as disposal of investment properties.

En-bloc sales of Langham Xintiandi Hotel in Shanghai Taipingqiao for a total GFA of 34,200 sq.m. was recognised as disposal of equity in subsidiary holding commercial properties.

Recognised property sales for Dalian Tiandi stood at RMB857 million, and its related profit or loss was recorded in the share of results of associates.

The table below summarises by project the recognised sales (stated after the deduction of business tax of 5% and other surcharges/taxes) for 2014 and 2013:

	2014			2013			ASP
Project	**Sales revenue**	**GFA sold**	**ASP**	**Sales revenue**	**GFA sold**	**ASP**	**Growth rate**
	RMB' million	sq.m.	RMB per sq.m.	RMB' million	sq.m.	RMB per sq.m.	%
Shanghai Taipingqiao							
Grade A Office	-	-	-	4,057	79,000	54,400	-
Langham Xintiandi Hotel	1,641	34,200	50,800	-	-	-	-
Shanghai RHXC	5,260	115,800	48,100	-	-	-	-
Shanghai Knowledge and Innovation Community ("KIC")							
Office	173	6,300	29,000	100	4,200	25,200	15%
Grade A Office	-	-	-	160	4,600	36,900	-
Residential	47	1,400	35,600	1,864	51,800	38,100	(7%)
Wuhan Tiandi							
Site B Residential	1,263	56,400	23,700	1,426	66,700	22,700	4%
Site B Retail	-	-	-	68	1,500	48,000	-
Chongqing Tiandi							
Residential[1]	1,016	110,100	11,900	1,154	117,800	12,700	(6%)
Office & Retail	2,297	122,600	19,800	2,997	238,700	13,300	49%
Foshan Lingnan Tiandi							
Apartments & Retail	335	21,400	16,600	475	26,300	19,200	(14%)
Townhouses & Retail	173	4,100	44,800	111	2,400	49,100	(9%)
Subtotal	**12,205**	**472,300**	**27,400**	**12,412**	**593,000**	**22,200**	**23%**
Carparks and others	405	-	-	378	-	-	
Dalian Tiandi[2]							
Mid-/high-rises	799	76,200	11,100	409	44,200	9,800	13%
Villas	58	3,900	15,800	68	3,800	19,000	(17%)
Total	**13,467**	**552,400**	**25,800**	**13,267**	**641,000**	**21,900**	**18%**
Recognised as:							
- property sales in turnover of the Group[3]	8,543	313,500	28,900	8,361	502,100	17,600	64%
- disposal of investment properties[3]	2,426	124,600	20,600	372	11,900	33,100	(38%)
- disposal of equity in subsidiary holding commercial properties	1,641	34,200	50,800	4,057	79,000	54,400	(7%)
- turnover of associates	857	80,100	11,300	477	48,000	10,500	8%
Total	**13,467**	**552,400**	**25,800**	**13,267**	**641,000**	**21,900**	**18%**

[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 2014, contracted property sales from general property sales and carparks (including those from Dalian associates) was RMB6,107 million, a decrease of 38% over RMB9,901 million in 2013. The decrease was mainly due to a decrease in contributions from Shanghai projects to RMB1,786 million in 2014 compared to RMB4,853 million in 2013. This is mainly due to an absence of saleable resources in Shanghai after The View, Residential Phase 5 (Lot 6) of RHXC and KIC Jiangwan Regency were sold out during the reporting year. With the completion of the relocation of RHXC Lots 2 and 9 as well as Taipingqiao Lot 116 in 2014, the Group's saleable resources to be contributed from Shanghai is expected to be substantially increased from the second half of 2015 ("2H 2015").

The ASPs of Shanghai RHXC, Shanghai KIC office, Shanghai KIC residential, Wuhan Tiandi Site B residential increased by 16%, 20%, 17% and 17%, respectively. On the other hand, the ASP of Foshan Lingnan Tiandi low-/mid-/high-rises decreased by 30%, as the newly launched bare-shell high-rise units are located at a further distance from the core retail area of the project.

In 2014, three *en-bloc* commercial property sales, for a total consideration of RMB3,643 million, were completed. The properties were earmarked for hotel and office use, comprising a total GFA of 123,000 sq.m., namely the Langham Xintiandi Hotel located at Shanghai Taipingqiao, THE HUB Hotel located at THE HUB and Corporate Centre 2 located at Lot A2 in Wuhan Tiandi.

Beyond the contracted property sales outlined above, as of 31 December 2014, a total GFA of 49,100 sq.m., accounted for a total value of RMB1,065 million, was subscribed and subject to formal sale and purchase agreements. The Group also achieved RMB531 million of contracted sales in the first two months of 2015.

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 2014 and 2013:

Project	2014 Contracted amount	2014 GFA sold	2014 ASP	2013 Contracted amount	2013 GFA sold	2013 ASP	ASP Growth rate
	RMB' million	sq.m.	RMB per sq.m.	RMB' million	sq.m.	RMB per sq.m.	%
General property sales:							
Shanghai RHXC	1,421	26,300	54,000	4,284	92,000	46,600	16%
Shanghai KIC							
Office	186	6,200	30,000	92	3,700	24,900	20%
Residential	9	200	45,000	452	11,700	38,600	17%
Wuhan Tiandi							
Site B Residential	1,489	55,100	27,000	1,823	78,900	23,100	17%
Site B Retail	-	-	-	72	1,600	45,000	-
Chongqing Tiandi							
Residential[1]	1,179	121,200	11,900	1,349	133,900	12,300	(3%)
Retail	300	11,700	25,600	153	3,800	40,300	(36%)
Foshan Lingnan Tiandi							
Low-/mid-/high-rises	538	45,300	11,900	434	25,400	17,100	(30%)
Townhouses	99	4,200	23,600	127	3,300	38,500	(39%)
Retail	77	1,100	70,000	154	2,400	64,200	9%
Subtotal	**5,298**	**271,300**	**19,500**	**8,940**	**356,700**	**25,100**	**(22%)**
Dalian Tiandi[2]							
Mid-/high-rises	440	43,000	10,200	685	62,300	11,000	(7%)
Villas	51	3,700	13,800	76	4,000	19,000	(27%)
Carparks and others	318	-	-	200	-	-	
Subtotal for general property sales	**6,107**	**318,000**	**19,200**	**9,901**	**423,000**	**23,400**	**(18%)**
En-bloc commercial property sales:							
Shanghai Taipingqiao							
Langham Xintiandi Hotel	1,739	34,200[3]	50,800	-	-	-	-
5 Corporate Avenue (Offices & Retail)	-	-	-	4,300	79,000	54,400	-
THE HUB							
THE HUB Hotel	965	45,000[3]	21,400	-	-	-	-
Wuhan Tiandi							
Corporate Centre 2 (Offices)	939	43,800[4]	21,400	-	-	-	-
Chongqing Tiandi							
2 Corporate Avenue (Offices)	-	-	-	2,412	119,500	20,200	-
Subtotal for en-bloc commercial property sales	**3,643**	**123,000**	**29,600**	**6,712**	**198,500**	**33,800**	**(12%)**
Grand total	**9,750**	**441,000**	**22,100**	**16,613**	**621,500**	**26,700**	**(17%)**

[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] *Representing the leasable and saleable GFA.*
[4] *Change of saleable GFA due to revised floor area measured.*

Residential GFA Available for Sale and Pre-sale in 2015

The Group has approximately 680,900 sq.m. of residential GFA spanning six projects, available for sale and pre-sale during 2015, as summarised below:

Project		**Available for sale and pre-sale in 2015**
		GFA in sq.m.
Shanghai Taipingqiao	Lakevilleluxe (Lot 116)	45,000
Shanghai RHXC	The View (High-rises)	300
	Residential Phase 6 (High-rise)	86,000
Wuhan Tiandi	Wuhan Tiandi B14 (Low-/mid-/high-rises)	68,200
Chongqing Tiandi	The Riviera II - VI (Low-/mid-/high-rises)	207,100
Foshan Lingnan Tiandi	The Regency Phase 2, Lingnan Tiandi • Park Royale and Lingnan Tiandi • The Imperial (Low-/mid-/high-rises)	41,800
	The Legendary Phases 1 - 2 (Townhouses)	5,700
	Lingnan Tiandi The • Metropolis (High-rises)	68,100
Dalian Tiandi	Huangnichuan (Mid-/high-rises)	91,000
	Huangnichuan (Villas)	13,200
	Hekou Bay (Mid-/high-rises)	54,500
Total		**680,900**

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 2014 and Development Plans for 2015 and 2016

The table below summarises the projects with construction completed in 2014 and construction work that is planned for completion in 2015 and 2016:

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 2014							
Shanghai RHXC	118,000	-	19,000	-	137,000	49,000	186,000
Shanghai KIC	-	86,000	10,000	-	96,000	44,000	140,000
THE HUB	-	33,000	124,000	-	157,000	115,000	272,000
Wuhan Tiandi	56,000	-	-	-	56,000	22,000	78,000
Chongqing Tiandi	168,000	-	2,000	-	170,000	39,000	209,000
Foshan Lingnan Tiandi	55,000	-	7,000	-	62,000	39,000	101,000
Dalian Tiandi[1]	91,000	-	-	-	91,000	45,000	136,000
Total	**488,000**	**119,000**	**162,000**	**-**	**769,000**	**353,000**	**1,122,000**
Planned for delivery in 2015							
Shanghai Taipingqiao	-	56,000	38,000	-	94,000	32,000	126,000
Shanghai KIC	-	5,000	-	-	5,000	2,000	7,000
THE HUB	-	11,000	3,000	45,000	59,000	3,000	62,000
Wuhan Tiandi	-	101,000	111,000	-	212,000	123,000	335,000
Chongqing Tiandi	70,000	-	7,000	-	77,000	21,000	98,000
Foshan Lingnan Tiandi	98,000	15,000	98,000	-	211,000	76,000	287,000
Dalian Tiandi[1]	19,000	-	-	-	19,000	-	19,000
Total	**187,000**	**188,000**	**257,000**	**45,000**	**677,000**	**257,000**	**934,000**
Planned for delivery in 2016							
Shanghai RHXC	193,000	-	65,000	16,000	274,000	101,000	375,000
Shanghai KIC	-	-	-	23,000	23,000	-	23,000
Wuhan Tiandi	88,000	-	-	-	88,000	25,000	113,000
Chongqing Tiandi	159,000	-	5,000	-	164,000	59,000	223,000
Foshan Lingnan Tiandi	46,000	-	-	-	46,000	2,000	48,000
Dalian Tiandi[1]	87,000	-	14,000	-	101,000	31,000	132,000
Total	**573,000**	**-**	**84,000**	**39,000**	**696,000**	**218,000**	**914,000**

[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 87,000 sq.m., 3 Corporate Avenue accommodates a Grade A office building with a GFA of 56,000 sq.m. and a 31,000 sq.m. high-end shopping mall, which will be completed in the first half of 2015 ("1H 2015")`.

Construction work on Lakevilleluxe (Lot 116) with a total GFA of 87,000 sq.m. commenced in the second half of 2014 ("2H 2014"). The development is scheduled to be launched for pre-sales in late 2015 and completed progressively from the first half of 2017.

Shanghai RHXC
The View, the residential Phase 5 (Lot 6) of RHXC, was completed and a total GFA of 116,000 sq.m. had been delivered to the buyers in 2014.

Relocation of Lots 2 and 9, with a total GFA of 196,000 sq.m. was completed in 2014 and construction work commenced immediately afterwards. Lots 2 and 9 are planned to be developed into high-end residential apartments with ancillary retail space. Lot 9 is scheduled to be launched for pre-sale starting from the second half of 2015 and is scheduled for completion progressively from 2016. Lot 2 is scheduled to be launched for pre-sales starting from the first half of 2016 and completion is planned from late 2016.

Retail space in Lot 6 with a total GFA of 19,000 sq.m. was completed in late 2014 and is to be held as investment properties. It is scheduled to be opened for operation in 1H 2015.

Rui Hong Tiandi Lot 3 with a total GFA of 78,000 sq.m. is currently under construction and is planned to be completed in 2016. It is planned to be opened for operation in 2016.

Shanghai KIC
At Lot 311, 1-7 KIC Corporate Avenue with GFA of 86,000 sq.m. for office use and 10,000 sq.m. for retail use were completed in 2014. A hotel with a total GFA of 23,000 sq.m. is scheduled for completion in 2016.

THE HUB
A total GFA of 157,000 sq.m. was completed during 2014, comprising 33,000 sq.m. of office space, 2,000 sq.m. of entertainment and restaurant facilities, 87,000 sq.m. of a shopping mall, 5,000 sq.m. of Xintiandi and 30,000 sq.m. of underground retail area. A 5-Star hotel of 45,000 sq.m. and a performance and exhibition centre of 14,000 sq.m. are under construction and completion is scheduled in 2015. The hotel was sold for a consideration of RMB965 million in 2014 and the transaction is expected to be completed in 2015.

Wuhan Tiandi
The residential development at Wuhan Tiandi B13, which has a total GFA of 56,000 sq.m., was completed and delivered to the buyers in 2014.

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

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

In 2014, Wuhan Tiandi increased the plot ratio of Lot B with a total GFA of 187,000 sq.m. for commercial use and 2,000 sq.m. for residential use. An initial payment of RMB700 million was paid in 2014.

Chongqing Tiandi
The Riviera V, Stage 2, with a total GFA of 170,000 sq.m., was completed in 2014. Amongst which, GFA of 168,000 sq.m. are for residential use and are now in the delivery progress to the buyers. The remaining GFA of 2,000 sq.m. are retail space to be sold.

The Riviera VI and VII, with an aggregated GFA of 241,000 sq.m., are currently under construction and are scheduled for completion from 2015 to 2016.

Foshan Lingnan Tiandi
Lingnan Tiandi • Park Royal (Lot 6) and Lingnan Tiandi • The Imperial (Lot 16) with a total GFA of 60,000 sq.m., together with a retail space of GFA 2,000 sq.m. at Lot 3 Phase 1, were completed in 2014.

Development work for a total GFA of 211,000 sq.m. at Lingnan Tiandi • The Metropolis (Lot 18) which is slated for residential use, and Lots E and Lot 1 Phase 3 for office and retail use, is in progress. The developments are scheduled for completion in 2015.

Dalian Tiandi
A total GFA of 91,000 sq.m. of residential development in the Hekou Bay area (Site A of Dalian Tiandi) was completed in 2014 and has been progressively handed over to the buyers.

At Huangnichuan (Site C of Dalian Tiandi), a total GFA of 69,000 sq.m. for commercial use and a total GFA of 156,000 sq.m. for residential properties, are under construction. They are scheduled for completion from 2015.

At Hekou Bay (Site A of Dalian Tiandi), GFA of 45,000 sq.m. for residential use, 29,000 sq.m. for office space, 15,000 sq.m. for retail space and 13,000 sq.m. for service apartments are under construction. They are planned for completion progressively from 2016 to 2017.

Investment Property

Rental and related income from investment properties increased by 10% to RMB1,578 million in 2014. The sum of RMB1,278 million was generated by rental and related income from the investment properties, representing an annual growth rate of 11%. The increase was mainly due to additional income contributed by the Showroom Office Towers 2 and 3 at THE HUB in Shanghai Hongqiao Transportation Hub which were completed in 2013, and rental growth from the existing completed investment property portfolio. The remaining sum of RMB300 million was generated from hotel operations.

A total GFA of 176,000 sq.m. of investment properties from the following two projects was newly completed in 2014:

1) THE HUB: The basement area, Showroom Office Tower 1 and Xintiandi in D17; and the basement area, Showroom Office Tower 5 and the shopping mall in D19, contributing a total GFA of 33,000 sq.m. of Grade A office space and a total GFA of 124,000 sq.m. of retail space.
2) Shanghai RHXC: A total GFA of 19,000 sq.m. of retail space at Rui Hong Tiandi Lot 6.

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 2014, 2013 and 2012 and the percentage of leases in GFA by property that are scheduled to expire from 2015 to 2017:

Project	Product	Leasable GFA	Rental & related income RMB'million			Year on year change		Leases expire in % of GFA		
		sq.m.	2014	2013	2012	2014	2013	2015	2016	2017
China Xintiandi Initial Portfolio in co-operation with Brookfield										
Shanghai Taipingqiao										
Shanghai Xintiandi	**Offices/ Retail**	47,000	297	295	282	1%	5%	31%	30%	17%
Xintiandi Style	**Retail**	26,000	69	58	66	19%	(12%)	23%	26%	29%
1&2 Corporate Avenue	**Offices/ Retail**	83,000	253	245	240	3%	2%	40%	26%	27%
Shui On Plaza [1]	**Offices/ Retail**	50,000	126	124	101	2%	23%	19%	7%	68%
THE HUB										
D17 Showroom Office Towers 2 & 3	**Offices/ Retail**	58,000	39	-	-	-	-	0%	2%	80%
Subtotal		**264,000**	**784**	**722**	**689**	**9%**	**5%**	**26%**	**19%**	**42%**
Shui On Land Portfolio										
Shanghai Taipingqiao										
Langham Xintiandi Hotel Retail Portion [2]	**Retail**	1,000	14	15	13	(7%)	15%	-	-	-
Shanghai RHXC	**Retail**	47,000	65	58	54	12%	7%	15%	10%	20%
Shanghai KIC[1]	**Offices/ Retail**	154,000	219	190	155	15%	23%	35%	26%	20%
Hangzhou Xihu Tiandi[3]	**Retail**	-	8	17	18	(53%)	(6%)	-	-	-
Wuhan Tiandi	**Retail**	46,000	74	60	58	23%	3%	29%	18%	15%
Chongqing Tiandi	**Retail**	58,000	33	21	16	57%	31%	19%	11%	6%
Foshan Lingnan Tiandi	**Retail**	63,000	81	68	53	19%	28%	5%	13%	14%
Subtotal		**369,000**	**494**	**429**	**367**	**15%**	**17%**	**26%**	**19%**	**17%**
Total		**633,000**[4]	**1,278**	**1,151**	**1,056**	**11%**	**9%**	**26%**	**19%**	**28%**

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

[2] The Langham Xintiandi Hotel Retail Portion with a total GFA of 1,000 sq.m. was sold to Great Eagles Holdings in 2014.

[3] Hangzhou Xihu Tiandi has a leasable GFA of 6,000 sq.m. and featured restaurants, cafes and other entertainment properties. The Group had the right to use the properties for a term of 20 years expiring in 2023 pursuant to the joint venture contracted establishment of Hangzhou Xihu Tiandi Management Co. Ltd. It was disposed on 30 May 2014 and therefore only 5 months' rental and related income were reflected.

[4] A total GFA of 255,000 sq.m. of investment properties was under pre-leasing. It is not included in this table for comparison because there was no contribution to rental and related income in 2014.

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

Project	Leasable GFA (sq.m.) Office	Retail	Total	Occupancy rate 31 December 2014	31 December 2013	31 December 2012	Group's interest
Completed before 2014							
Shanghai Taipingqiao							
Shanghai Xintiandi	4,000	43,000	47,000	98%	97%	100%	100.0%
Shanghai Xintiandi Style	-	26,000	26,000	96%	88%	100%	99.0%
Shanghai 1&2 Corporate Avenue	76,000	7,000	83,000	98%	94%	100%	100.0%
Shanghai Shui On Plaza	30,000	28,000	58,000	100%	98%	100%	80.0%
Shanghai RHXC							
The Palette 1, 2, 3 and 5	-	47,000	47,000	100%	95%	94%	99.0%[1]
Shanghai KIC							
1, 2, 3 and 10 KIC Plaza (Phase 1)	29,000	21,000	50,000	98%	77%	84%	86.8%
5 - 9 KIC Plaza (Phase 2)	39,000	10,000	49,000	100%	96%	77%	86.8%
KIC Village (R1 and R2)	12,000	11,000	23,000	98%	91%	84%	86.8%
11 - 12 KIC Plaza (C2)	27,000	11,000	38,000	81%	78%	54%	86.8%
THE HUB							
D17 Showroom Offices (Towers 2 & 3)	57,000	1,000	58,000	53%	N/A	N/A	100.0%
Wuhan Tiandi							
Wuhan Tiandi (Lot A4-1)	-	16,000	16,000	91%	89%	91%	100.0%
Wuhan Tiandi (Lots A4-2 and A4- 3)	-	30,000	30,000	97%	92%	84%	100.0%
Chongqing Tiandi							
The Riviera I & II	-	5,000	5,000	94%	85%	81%	99.0%
The Riviera III	-	4,000	4,000	47%	0%	N/A	99.0%
Chongqing Tiandi (Lot B3/01)	-	49,000	49,000	67%	62%	78%	99.0%
2 Corporate Avenue (Lot B11-1/02)	-	11,000	11,000	100%	N/A	N/A	99.0%
6, 7, and 8 Corporate Avenue Retail (Lots B12-3 & B12-4)	-	68,000	68,000	53%	N/A	N/A	99.0%
Foshan Lingnan Tiandi							
Lingnan Tiandi Phase 1 (Lot 1 Phase 1)	-	15,000	15,000	94%	87%	87%	100.0%
Lingnan Tiandi Phase 2 (Lot 1 Phase 2)	-	34,000	34,000	50%	N/A	N/A	100.0%
Shui On New Plaza (Lot D retail podium)		14,000	14,000	2%	2%	N/A	100.0%
Dalian Tiandi							
Software office buildings (D22)	42,000	-	42,000	80%	78%	76%	48.0%
Software office buildings (D14 – SO2/SO4)	52,000	-	52,000	77%	73%	N/A	48.0%
Ambow training school	113,000	-	113,000	100%	100%	100%	48.0%
ITTD (D10 Retail)	-	41,000	41,000	56%	N/A	N/A	48.0%
Subtotal	**481,000**	**492,000**	**973,000**				

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

	Leasable GFA (sq.m.)			Occupancy rate			
Project	**Office**	**Retail**	**Total**	**31 December 2014**	**31 December 2013**	**31 December 2012**	**Group's interest**
New completions in 2014							
Shanghai RHXC							
Rui Hong Tiandi Lot 6	-	19,000	19,000				99.0%
THE HUB							
D17 Showroom Office Tower 1	17,000	1,000	18,000				100.0%
D17 Xintiandi	-	5,000	5,000				100.0%
D19 Shopping Mall	-	87,000	87,000				100.0%
D19 Showroom Office Tower 3	16,000	1,000	17,000				100.0%
D17 Basement	-	10,000	10,000				100.0%
D19 Basement	-	20,000	20,000				100.0%
Subtotal	**33,000**	**143,000**	**176,000**				
Total leasable GFA	**514,000**	**635,000**	**1,149,000**				
Investment property held by:							
- Subsidiaries of the Group	307,000	594,000	901,000				
- Associated companies	207,000	41,000	248,000				
As of 31 December 2014	**514,000**	**635,000**	**1,149,000**				
As of 31 December 2013	**605,000**	**512,000**	**1,117,000**				

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

The carrying value of the completed investment properties (excluding hotels and self-use properties) with a total GFA of 887,000 sq.m., was RMB33,804 million as of 31 December 2014. Of this sum, RMB1,005 million (representing 3% of the carrying value) arose from increased fair value during 2014. Contributing factors included an increase in rental and related income generated from the existing completed investment properties portfolio, and the new completion of investment properties located in THE HUB. The properties located in Shanghai, Wuhan, Chongqing and Foshan, respectively contributed 84%, 4%, 6% and 6% of the carrying value.

The carrying value of the investment properties under development at valuation for a total GFA of 761,000 sq.m. was RMB11,458 million as of 31 December 2014. Of this sum, RMB1,973 million (representing 17% of the carrying value) arose from increased fair value during 2014. The increase was mainly due to the accelerated construction work on 3 Corporate Avenue located at Shanghai Taipingqiao, the retail podium at Lots A1/A2/A3 and Lots B4, B5 in Wuhan Tiandi and Lot E in Foshan Lingnan Tiandi. Except for the super-high-rise office buildings in Chongqing Tiandi, the rest of the portfolio was planned for progressive completion from 2015 to 2017.

Except for the above mentioned investment properties at valuation, the carrying value of the remaining commercial-use landbank was stated at cost of RMB12,900 million.

The table below summarises the carrying value of the investment properties at valuation as of 31 December 2014 together with the change in fair value for 2014:

Project	Leasable GFA	Increase /(decrease) in fair value for 2014	Carrying value as of 31 December 2014	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	73,000	176	6,100	83,600	3%
1&2 Corporate Avenue	83,000	214	4,805	57,900	4%
Shui On Plaza	50,000	118	2,949	59,000	4%
THE HUB	215,000	87	8,011	37,300	1%
Subtotal	**421,000**	**595**	**21,865**	**51,900**	**3%**
Shui On Land Portfolio					
Shanghai Taipingqiao					
Langham Xintiandi Hotel Retail Portion	-	3	-	-	-
Shanghai RHXC	66,000	202	1,724	26,100	12%
Shanghai KIC	154,000	135	4,746	30,800	3%
Wuhan Tiandi	46,000	209	1,505	32,700	14%
Chongqing Tiandi	137,000	(175)	1,947	14,200	(9%)
Foshan Lingnan Tiandi	63,000	36	2,017	32,000	2%
Subtotal	**466,000**	**410**	**11,939**	**25,600**	**3%**
Total	**887,000**	**1,005**	**33,804**	**38,100**	**3%**
Investment properties under development at valuation					
China Xintiandi Initial Portfolio in co-operation with Brookfield					
Shanghai Taipingqiao	94,000	458	5,029	53,500	9%
THE HUB	14,000	247	404	28,900	61%
Subtotal	**108,000**	**705**	**5,433**	**50,300**	**13%**
Shui On Land Portfolio					
Shanghai KIC	5,000	25	71	14,200	35%
Wuhan Tiandi	185,000	492	2,676	14,500	18%
Chongqing Tiandi	388,000	(30)	1,751	4,500	(2%)
Foshan Lingnan Tiandi	75,000	781	1,527	20,400	51%
Subtotal	**653,000**	**1,268**	**6,025**	**9,200**	**21%**
Total	**761,000**	**1,973**	**11,458**	**15,100**	**17%**
Total of investment properties portfolio at valuation	**1,648,000**	**2,978**	**45,262**	**27,500**	**7%**

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

Landbank

As of 31 December 2014, the Group's landbank, including the contribution of its Dalian associates, stood at a total GFA of 12.3 million sq.m. (comprising 9.9 million sq.m. of leasable and saleable area, and 2.4 million sq.m. for clubhouses, car parking spaces and other facilities) spread across eight development projects located in the prime areas of five major PRC cities: Shanghai, Wuhan, Chongqing, Foshan and Dalian.

Of the total leasable and saleable GFA of 9.9 million sq.m., the sum of 1.5 million sq.m. was completed, and held for sale and/or investment. Approximately 3.6 million sq.m. was under development, and the remaining 4.8 million sq.m. was held for future development.

Relocation of Shanghai Taipingqiao and RHXC

The relocation of Taipingqiao Lot 116, and RHXC Lots 2 and 9, with a total GFA of 283,000 sq.m., was completed in mid-2014. Construction work was started immediately afterwards. Both projects are scheduled to be launched for pre-sale commencing 2H 2015.

The relocation of RHXC Lots 1, 7 and 10 is in progress. 94% of residents in Lots 1 and 7 and 86% of residents in Lot 10 had signed relocation agreements as of 31 December 2014. The total relocation cost of these three sites is estimated to be RMB11,205 million. As of 31 December 2014, a total amount of RMB8,489 million had been paid. The estimated outstanding relocation cost of RMB2,716 million is scheduled to be paid progressively in 2015 and beyond. The relocation of these three sites is planned to be completed in 2015. Lots 1 and 7 will be developed into high-end residential apartments and Lot 10 will be developed into a commercial complex with two Grade-A office buildings and a shopping mall.

The relocation of Taipingqiao Lot 118 started in the fourth quarter of 2014 and 76% of residents had signed relocation agreement as of 31 December 2014. As of 31 December 2014, relocation cost of RMB1,700 million had been paid. Lot 118 is planned to be developed into a high-end residential apartments.

Relocation plans and the timetable for the remaining 416,000 sq.m. and 230,000 sq.m. of GFA located at Shanghai Taipingqiao and RHXC, respectively, have yet to be determined. The relocation plans of these sites are subject to 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 2014**	**Leasable and saleable GFA**	**Relocation cost paid as of 31 December 2014**	**Estimated outstanding relocation cost as of 31 December 2014**	**Actual/ Estimated relocation completion year**
		sq.m.	RMB'million	RMB'million	
Sites cleared in 2014					
Taipingqiao Lot 116 (Phase 4 Residential)	100%	87,000	3,973	200	2014
RHXC Lot 9 (Phase 6 Residential)	100%	88,000	1,749	198	2014
RHXC Lot 2 (Phase 7 Residential)	100%	108,000	1,731	128	2014
		283,000	7,453	526	
Sites under relocation in 2014					
RHXC Lot 10	86%	308,000	2,363	644	2015
RHXC Lot 1 (Residential)	94%	110,000	3,063	1,037	2015
RHXC Lot 7 (Residential)	94%	160,000	3,063	1,035	2015
		578,000	8,489	2,716	
Site started relocation in 2014					
Taipingqiao Lot 118 (Phase 5 Residential)	76%	80,000	1,700	2,500	2016
Total		**941,000**	**17,642**	**5,742**	

The Group's total landbank as of 31 December 2014, including that of its associates, is summarised below:

Project	Approximate/Estimated leasable and saleable GFA Residential	Office	Retail	Hotel/ serviced apartments	Subtotal	Clubhouse, carpark and other facilities	Total	Group's interest
	sq.m.	sq.m.	sq.m.	sq.m.	sq.m.	sq.m.	sq.m.	%
Completed properties:								
Shanghai Taipingqiao	-	110,000	104,000	-	**214,000**	76,000	**290,000**	99.0%[1]
Shanghai RHXC	3,000	-	66,000	-	**69,000**	79,000	**148,000**	100.0%[2]
Shanghai KIC	-	190,000	63,000	-	**253,000**	165,000	**418,000**	86.8%[3]
THE HUB	-	90,000	125,000	-	**215,000**	117,000	**332,000**	100.0%
Wuhan Tiandi	-	-	46,000	-	**46,000**	47,000	**93,000**	100.0%
Chongqing Tiandi	98,000	-	142,000	-	**240,000**	189,000	**429,000**	99.0%
Foshan Lingnan Tiandi	57,000	-	69,000	38,000	**164,000**	102,000	**266,000**	100.0%[4]
Dalian Tiandi	75,000	207,000	41,000	-	**323,000**	156,000	**479,000**	48.0%[5]
Subtotal	233,000	597,000	656,000	38,000	**1,524,000**	931,000	**2,455,000**	
Properties under development:								
Shanghai Taipingqiao	167,000	56,000	38,000	-	**261,000**	78,000	**339,000**	99.0%[1]
Shanghai RHXC	461,000	203,000	172,000	16,000	**852,000**	108,000	**960,000**	99.0%
Shanghai KIC	-	5,000	-	23,000	**28,000**	2,000	**30,000**	86.8%[3]
THE HUB	-	11,000	3,000	45,000	**59,000**	3,000	**62,000**	100.0%
Wuhan Tiandi	130,000	236,000	185,000	45,000	**596,000**	225,000	**821,000**	100.0%
Chongqing Tiandi	173,000	259,000	116,000	25,000	**573,000**	179,000	**752,000**	99.0%
Foshan Lingnan Tiandi	98,000	15,000	100,000	-	**213,000**	76,000	**289,000**	100.0%
Dalian Tiandi	489,000	206,000	189,000	143,000	**1,027,000**	320,000	**1,347,000**	48.0%[5]
Subtotal	1,518,000	991,000	803,000	297,000	**3,609,000**	991,000	**4,600,000**	
Properties for future development:								
Shanghai Taipingqiao	86,000	174,000	118,000	38,000	**416,000**	44,000	**460,000**	99.0%
Shanghai RHXC	83,000	69,000	78,000	-	**230,000**	2,000	**232,000**	100.0%
Wuhan Tiandi	243,000	166,000	91,000	7,000	**507,000**	4,000	**511,000**	100.0%
Chongqing Tiandi	676,000	-	307,000	50,000	**1,033,000**	374,000	**1,407,000**	99.0%
Foshan Lingnan Tiandi	377,000	450,000	125,000	80,000	**1,032,000**	10,000	**1,042,000**	100.0%
Dalian Tiandi[6]	394,000	867,000	262,000	42,000	**1,565,000**	-	**1,565,000**	48.0%[5]
Subtotal	1,859,000	1,726,000	981,000	217,000	**4,783,000**	434,000	**5,217,000**	
Total landbank GFA	**3,610,000**	**3,314,000**	**2,440,000**	**552,000**	**9,916,000**	**2,356,000**	**12,272,000**	

1 *The Group has a 99.0% interest in all the remaining lots, except for Shanghai Xintiandi, 1&2 Corporate Avenue, Lot 116 and Shui On Plaza, in which the Group has an effective interest of 100.0%, 100.0%, 19.34% and 80.0% respectively. In addition, after the completion of the exercise of Sale Option and Purchase Option pursuant to the JV Agreement which is expected to occur in or before June 2015, the Group will have a 39.86% interest in Lot 116.*

2 *The Group has a 100.0% effective interest in RHXC Phase 1, Lot 167A and Lot 167B and 99.0% 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 100.0% interest in Foshan Lingnan Tiandi, except for Lot 6 and Lot 16 in which the Group has an effective interest of 55.9%.*

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

6. *Dalian Tiandi is expected to have a Landbank of 3.4 million in GFA. As of 31 December 2014, 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.*

Business Updates of China Xintiandi Holding Limited ("CXTD Holding")

With the successful completion of the Initial Investment of Brookfield Property L.P. and BSREP CXTD Holdings L.P. ("Brookfield") into CXTD Holding in February 2014, two senior managing directors of Brookfield were appointed as board of directors of CXTD Holding. The integrated asset management platform was established with 459 employees as of 31 December 2014.

During the reporting period, CXTD Holding made solid progress in pursuing the proposed IPO in the following aspects: (1) achieving construction milestones of the Initial Portfolio in co-operation with Brookfield ("Initial Portfolio"); (2) monetisation of mature and stabilised or non-core assets; (3) completion of the identified asset enhancement initiatives at the completed properties; (4) leasing and pre-leasing of the office properties of Shanghai Taipingqiao and THE HUB; (5) leasing and pre-leasing of the retail properties of Shanghai Taipingqiao and THE HUB; (6) providing asset management services for Shui On Land and third party owned commercial property portfolio; and (7) implementation of the Business Intelligence ("BI") solution.

Management believes that the completion of these initiatives should lay a solid foundation for a successful IPO of CXTD Holding which could take place at some point during the next 18 months. However, there is no assurance that the Proposed China Xintiandi IPO will occur at all or, if it does occur, when it may occur.

Achieving Construction Milestones of the Initial Portfolio

The Initial Portfolio comprises Shanghai Xintiandi, Xintiandi Style, 1&2 Corporate Avenue, 3 Corporate Avenue, Shui On Plaza and The House (formerly the 88 Xintiandi Hotel) in Shanghai Taipingqiao and THE HUB. The Initial Portfolio has a total leasable GFA of 582,000 sq.m., of which a total leasable GFA of 272,000 sq.m. was completed before 2014.

In 2014, a total leasable GFA of 157,000 at THE HUB, namely, Showroom Office Tower 1, Xintiandi, and the underground area located at D17; Showroom Office Tower 5, shopping mall, and the underground area located at D19, was newly completed, increasing the total completed area to a total leasable GFA of 429,000 sq.m..

The remaining properties under development of the Initial Portfolio, comprising 3 Corporate Avenue and The House (formerly the 88 Xintiandi Hotel) at Shanghai Taipingqiao, the Hotel at D17 and the Performance & Exhibition Centre located at D19 at THE HUB, are scheduled to be completed in 2015 with a total leasable GFA of 153,000 sq.m.. The Hotel at D17 at THE HUB was sold in 2014.

Monetisation of Mature and Stabilised or Non-core Assets

CXTD Holding is refining its business strategy for the proposed IPO plan. In 2014, CXTD Holding disposed the hotel at THE HUB for a total consideration of RMB965 million. CXTD Holding will continue to seize opportunity to unlock the value of the mature and stabilised or non-core assets in order to provide financial resources for future growth.

Asset Enhancement Initiatives

CXTD Holding constantly reviews the properties under management to identify and pursue opportunities to add value to the portfolio through asset enhancement initiatives ("AEI") ranging from minor to complete renovations. In 2014, the AEI projects at Shanghai Taipingqiao had made satisfactory progress.

The AEI work on shop fronts located in Xintiandi Style along Madang Road was successfully completed in May 2014. With the introduction of 29 new tenant brands, the mall is now established with a more diversified tenant mix and offers abundant Food and Beverage ("F&B") choices to shoppers. Following the completion of the AEI work, the shopper traffic at Xintiandi Style recorded a 41% year-on-year growth, and a 34% year-on-year growth in tenant sales in 2H 2014 compared to the corresponding period in 2013. During the reporting year, a rental reversion of 23% was recorded for the new tenancy agreements signed for a total leasable GFA of 8,000 sq.m..

The AEI for converting 88 Xintiandi Hotel in Shanghai Xintiandi into a new concept of retail space commenced in July 2014 and is scheduled for completion by the end of 2015. Upon completion, the new space named “The House” will have a total leasable GFA of approximately 7,000 sq.m. for retail use, and will introduce the concept of “Created in China” which provides a creative platform for innovative F&B, fashion, lifestyle and entertainment operators. Pre-leasing activities have started and are seeing good market response.

Office Leasing

Shanghai Taipingqiao

The Shanghai Taipingqiao office portfolio comprised a total leasable GFA of 166,000 sq.m., of which a total leasable GFA of 110,000 sq.m. of Shui On Plaza, Shanghai Xintiandi, and 1&2 Corporate Avenue was completed, and a total leasable GFA of 56,000 sq.m. of 3 Corporate Avenue remains under construction.

As of 31 December 2014, Shui On Plaza was fully occupied while occupancy rates of Shanghai Xintiandi and 1&2 Corporate Avenue remained high at 98%. A total leasable GFA of 36,000 sq.m. was newly leased in 2014 with the rental reversion of the area recorded 11% of growth with an introduction of 14 new tenants.

Despite an increasingly competitive market environment due to large amounts of pipeline supply launching in the city, pre-leasing of 3 Corporate Avenue achieved outstanding performance with quality tenants committed for around 47% of the total leasable area at market rate. The building is planned to be completed in 1H 2015.

THE HUB

At THE HUB, the above ground area of Showroom Office Towers 2 & 3 located at D17 with a total leasable GFA of 57,000 sq.m., was handed over to tenants in 1H 2014 and started contributing rental and related income to the Group. The remaining office area of a total leasable GFA of 33,000 sq.m., comprising Showroom Office Tower 1 located at D17 and Showroom Office Tower 5 located at D19, was completed in 2H 2014, bringing the total completed leasable area to 90,000 sq.m..

Combined occupancy rate of Showroom Office Towers 2 & 3 was 53% as of 31 December 2014, or 66% when including the contracted tenants. Active leasing and pre-leasing activities successfully brought a number of quality tenants including Fortune 500 companies and leaders in pharmaceutical, energy, manufacturing, banking and finance industries as the tenants of THE HUB. This includes, namely, the Greater China Headquarters of Roche Diagnostics and the Eastern China Headquarters of Shell. Leasing activities of the remaining space of Showroom Office Towers 2 & 3 and the newly completed Showroom Office Towers 1 & 5 are being launched.

Backed by its excellent location, the superior quality of the building and supported by an experienced leasing team, average rental rate commanded by THE HUB outperformed the neighbourhood area by at least 15% above average rental rate of Shanghai Puxi decentralised Grade A .

Retail Leasing

Shanghai Taipingqiao

The Shanghai Taipingqiao retail portfolio comprised a total leasable GFA of 142,000 sq.m., of which a total leasable GFA of 104,000 sq.m. of Shui On Plaza, Shanghai Xintiandi, Xintiandi Style and 1&2 Corporate Avenue was completed, and a total leasable GFA of 38,000 sq.m. of Hubindao (the retail podium at 3 Corporate Avenue facing the Taipingqiao Man-made Lake) and The House (formerly the 88 Xintiandi Hotel) at Shanghai Xintiandi is under construction.

Active leasing management and the completed AEI work laid a foundation for ongoing consolidation of the leading position of the retail portfolio at Shanghai Taipingqiao. Overall occupancy rate of the completed retail portfolio remained high at 98% as of 31 December 2014. A total leasable GFA of 26,000 sq.m. has new lease agreements with rental reversion recorded at 23% growth compared to the previous tenancy. Tenant mix was successfully rejuvenated as a result of introduction of 46 new brands to the area.

Pre-leasing of Hubindao received positive market response. The shopping mall with a total leasable GFA of 31,000 sq.m. will feature a broad spectrum of F&B, retail and services tenants. 60% of the total leasable area was with tenant commitment or under positive discussion. Hubindao is scheduled to have its opening in late 2015.

THE HUB

The newly completed retail portfolio of THE HUB has a total leasable GFA of 124,000 sq.m.. Of the completed retail spaces, Xintiandi and its underground area located at D17 has a total leasable GFA of 15,000 sq.m., Shopping Mall and its underground retail spaces located at D19 has a total leasable GFA of 107,000 sq.m., Office Retail (the ancillary retail space and underground retail area) located at D17 and D19 has a total leasable GFA of 3,000 sq.m.

By year end of 2014, notwithstanding the various pressures imposed on retail leasing activity under the challenging market environment, pre-leasing of Xintiandi, Shopping Mall, and Office Retail have respectively achieved encouraging progress, with tenants' committed and under active discussion at 82%, 55%, and 66%, respectively. These retail properties are scheduled to open in the third quarter of 2015.

<u>Asset Management Services</u>

CXTD Holding provides asset management services for a portfolio of commercial properties owned by Shui On Land and third parties, which has a total leasable GFA of 995,000 sq.m..

Shui On Land's commercial property portfolio comprising office and retail properties located at Shanghai RHXC, Wuhan Tiandi, Chongqing Tiandi, and Foshan Lingnan Tiandi. Of the total leasable GFA of 638,000 sq.m. under management, 270,000 sq.m. was completed before 2014, 19,000 sq.m. was completed in 2014, and 349,000 sq.m. is under construction.

In 2014, total rental and related income generated by the completed commercial property portfolio increased by 20% to RMB266 million compared to RMB222 million in 2013. The growth was mainly attributable to the increase in occupancy at Chongqing Tiandi and Foshan Lingnan Tiandi, and strong rental reversion achieved at Wuhan Xin Tiandi.

Of the total leasable GFA of 19,000 sq.m. newly completed Rui Hong Tiandi Lot 6 at Shanghai RHXC, 67% was leased ahead of a targeted soft-opening in the first quarter of 2015. Pre-leasing of Rui Hong Tiandi Lot 3 which is scheduled to open in the third quarter of 2016 has yet to be started.

Pre-leasing of HORIZON (Lots A1/A2/A3 shopping mall) at Wuhan Tiandi, which is targeted for soft opening in the fourth quarter of 2015, achieved 37% tenancy commitment on the total leasable GFA of 111,000 sq.m.. A soft opening for Jialing Tiandi Phase 1 (retail space of 6, 7 and 8 Corporate Avenue) in Chongqing is scheduled in the second quarter of 2015. Pre-leasing activities have committed 79% of the total leasable GFA of 68,000 sq.m.. Pre-leasing of NOVA (Lot E shopping mall) at Foshan Lingnan Tiandi has achieved tenancy commitment of 36% of its total leasable GFA of 75,000 sq.m. ahead of a targeted opening in the first quarter of 2016.

The portfolio owned by third parties comprises various commercial properties located in Shanghai, Wuhan and Chongqing, with a total leasable GFA of 357,000 sq.m..

Implementation of Business Intelligence Solution

CXTD Holding is committed to continuous enhancement on its asset management capability through leveraging Brookfield's experience and expertise in this field. The implementation of the Business Intelligence ("BI") solution introduced by Brookfield was initiated starting from upgrading CXTD Holding's current information technology infrastructure.

In order to generate sustainable organic growth and enhance value of its existing portfolio, CXTD Holding assesses the business by executing multiple property level sensitivity scenarios to evaluate the possible impact to the portfolio using a range of financial and non-financial measures by analysing historical as well as forecasting data. A BI solution is an integrated platform that supports collaboration across all functions along the commercial real estate asset management workflow from strategy, budget and planning to leasing, property management, and capital management to allow free movement of information.

In 2014, CXTD Holding has also successfully adopted a forecasting and valuation system, as part of the BI solution implementation. With all existing data, valuation model and leasing plans of each property in the portfolio imported, the system is ready for senior management and project executives to easily review and evaluate the commercial and operational decisions against the system on a more investment return driven basis.

The remaining work on BI solution implementation will be completed in 2015, whereupon CXTD Holding will enjoy an improved quality, ability and speed of reporting, reduce reliance on manpower to drive results, and strengthen the ability to grow the return of the portfolio while containing cost and driving consistency of management across the portfolio.

Market Outlook

The economic recovery was gradual and highly unbalanced across the world's economies during 2014. In the US, where there was steady improvement in GDP growth and employment, the Federal Reserve fully exited its quantitative easing (QE) programme in 2014, and is on course to raise interest rates in 2015. In contrast, the EU announced that it would launch a QE programme of its own in March 2015 due to rising deflation risks.

This asynchrony in the global economy is generating uncertainties in the monetary policies of economies worldwide, thus raising volatility in financial markets and cross-border capital flows. In addition, geopolitical risks such as in Russia and the Middle East remained a threat to global economic stability. Against this backdrop, Chinese authorities faced enormous challenges in stabilising its growth pace, which is essential for on-going economic restructuring and reform. Although China's economic growth moderated slightly to 7.4% in 2014, this rate of growth was enough to add 13.2 million new jobs and contributed USD800 billion to global GDP growth. China's economy is likely to grow at around 7% in 2015, which is a slower but more sustainable pace.

During the year, the Chinese authorities eased property policies, which included relaxing housing purchase restrictions (except for Tier One cities), and lowering its lending interest rate by 40 basis points in November of 2014. These measures helped the recovery of both the land and residential markets towards the year end, yet residential inventory still increased by 25.6%, with full-year contracted sales declining 7.8% year-on-year to RMB6.24 trillion. The average selling price in 2014 increased marginally by 1.4% compared with 2013. This policy environment continued into 2015. On 28 February 2015, China's central bank announced to cut both lending and deposit rates by 0.25 points starting 1 March 2015. Thus, residential demand will be expected to remain stable. Residential property prices are projected to rebound in Tier One and major Tier Two cities, where supply was limited due to weakened property investment in 2014. Divergence across residential markets will continue to be a key theme, with market conditions remaining soft in low tier cities with high inventory levels.

The commercial property market benefited from China's rebalancing towards a consumption driven model during the year. In 2014, consumption contributed 51.2% to GDP growth in China, which bodes well for commercial real estate. On the other hand, challenges for commercial property development are mounting from e-commerce. Online sales have become a significant competitor to retail sales through traditional stores, with e-commerce accounting for 10.6% of retail sales in 2014 and projected to increase to 13% in 2015. There was also intense competition stemming from the increase in commercial property inventory, which grew by 5% year-on-year in 2014 to reach 76 million sq.m. in China's 20 major cities, according to consultancy firm INSITE China. To counter these challenges, an omni-channel strategy has been increasingly adopted by retailers to take advantage of online marketing and payment methods. Moreover, brick-and-mortar commercial property is also evolving to embrace innovation and create enhanced customer experiences. All of these factors are causing a dramatic transformation in China's commercial property market sector.

Shanghai is a test bed for China's economic reform and restructuring. In 2014, the contribution from Shanghai's tertiary sector (services) to GDP rose to 64.8%, or 1.6 percentage points higher than the previous year. At the end of 2014, the State Council announced the expansion of Shanghai's Free Trade Zone from the original 28.78 square kilometres ("sq.km.") to 120.72 sq.km.. Included in this area are the Jinqiao Export Processing Zone, Zhangjiang Hi-tech Park, and the Lujiazui Financial Zone. The expansion of the Free Trade Zone provides enlarged scope for businesses to attract talent and capital flows into the tertiary sector. According to Jones Lang LaSalle, Grade A office rentals in Shanghai increased 2.6% year-on-year to RMB9.4 per square metre per day in the fourth quarter of 2014, owing to strengthening demand. Commercial retail ground floor rentals in Shanghai's core area also increased by 1.3% quarter-on-quarter to RMB51.2 per square metre per day in the fourth quarter of 2014.

Despite a slowing national economy, Chongqing maintained strong and stable GDP growth of 10.9% in 2014, putting the city among the top performers in China. Meanwhile, the value of Chongqing's tertiary sector exceeded the secondary sector (manufacturing and construction) for the first time. Chongqing is also on track to become a more externally-oriented economy with the commencement of the Yu-Xin-Ou railway to Europe. Total foreign trade grew by 39% in 2014, ranking Chongqing first in central-western China. These developments have further consolidated the role of Chongqing as China's leading regional economic hub. Under Chongqing's new urbanisation plan the Yuzhong District, where our project is located, will be a core metropolitan function area specialising in financial and professional services.

Located in Central China, Wuhan is an increasingly important transport hub, linking different regions of China by a high speed rail network. It has been included as a key city in the City Cluster in the Middle Reaches of the Yangtze River national development strategy and declared a potential candidate for the third batch of pilot Free Trade Zones. These policies will provide further support for Wuhan's future economic and industrial development. During the year, Wuhan achieved GDP growth of 9.7%. Wuhan’s retail sales reached RMB436.9 billion, with a year-on-year increase of 12.7%. FAI increased by 16.7% year-on-year to RMB700.3 billion, and FDI increased by 18.1% year-on-year to USD6.20 billion.

Foshan’s economy remained stable in 2014, registering 8.6% growth. In order to spur the city’s economy, the prime economic objectives for Foshan are to accelerate the upgrade of its manufacturing sector through innovation and further develop tertiary industry. In support of these goals, the government aims to push forward industrial upgrading and develop the west bank of the Pearl River into an equipment manufacturing industrial zone.

As one of China’s leading destinations for foreign investment, Dalian attracted more than USD14 billion of FDI in 2014. The city registered retail sales growth of 12% in 2014, making it one of the top three retailing centres in China’s north-eastern region. One of the strategic initiatives of the Dalian government is to build a 123-kilometre railway tunnel under the Bohai Strait. This tunnel will shorten travel time between Dalian and Yantai to approximately 40 minutes from over six hours currently.

Financial market liberalisation, SOE reforms and enhanced government efficiency are the priority tasks outlined in China’s economic work conference. The government is emphasising steady, robust growth this year through accommodative fiscal and monetary conditions that should support the property market. Nevertheless, market volatility and a strengthening US dollar could bring about a rise in funding costs. To cope with the changing operational environment, developers need to be vigilant and take steps to improve their cash flows and speed up asset turnover. We will continue to track changes in market conditions and make any necessary adaptations to our business model in line with 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 2014 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Notes	**2014**		2013	
		HKD'million *(Note 2)*	**RMB'million**	HKD'million *(Note 2)*	RMB'million
Turnover					
- The Group	*4*	**12,934**	**10,249**	12,314	9,828
- Share of associates		**563**	**446**	327	261
		13,497	**10,695**	12,641	10,089
Turnover of the Group	*4*	**12,934**	**10,249**	12,314	9,828
Cost of sales		**(8,585)**	**(6,803)**	(8,361)	(6,673)
Gross profit		**4,349**	**3,446**	3,953	3,155
Other income		**439**	**348**	555	443
Selling and marketing expenses		**(319)**	**(253)**	(411)	(328)
General and administrative expenses		**(1,238)**	**(981)**	(1,175)	(938)
Operating profit	*5*	**3,231**	**2,560**	2,922	2,332
Increase in fair value of investment properties		**3,758**	**2,978**	3,649	2,912
Other gains and losses	*6*	**(33)**	**(26)**	199	159
Share of losses of associates		**(218)**	**(173)**	(223)	(178)
Finance costs, inclusive of exchange differences	*7*	**(1,162)**	**(921)**	(562)	(448)
Profit before taxation		**5,576**	**4,418**	5,985	4,777
Taxation	*8*	**(2,440)**	**(1,933)**	(2,596)	(2,072)
Profit for the year		**3,136**	**2,485**	3,389	2,705
Attributable to:					
Shareholders of the Company		**2,244**	**1,778**	2,663	2,125
Owners of convertible perpetual securities		**283**	**224**	–	-
Owners of perpetual capital securities		**392**	**311**	393	314
Other non-controlling shareholders of subsidiaries		**217**	**172**	333	266
		892	**707**	726	580
		3,136	**2,485**	3,389	2,705
Earnings per share	*10*				
Basic		**HKD0.28**	**RMB0.22**	HKD0.35	RMB0.28
Diluted		**HKD0.28**	**RMB0.22**	HKD0.35	RMB0.28

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	2014		2013	
	HKD'million *(Note 2)*	**RMB'million**	HKD'million *(Note 2)*	RMB'million
Profit for the year	**3,136**	**2,485**	3,389	2,705
Other comprehensive income (expense)				
Items that may be subsequently reclassified to profit or loss:				
Exchange difference arising on translation of foreign operations	**(4)**	**(3)**	(18)	(14)
Fair value adjustments on interest rate swaps designated as cash flow hedges	**3**	**2**	18	14
Fair value adjustments on cross currency swaps designated as cash flow hedges	**(66)**	**(52)**	(123)	(98)
Reclassification from hedge reserve to profit or loss	**69**	**55**	94	75
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit obligations	**8**	**6**	(48)	(38)
Gain on revaluation of properties transferred from property, plant and equipment and prepaid lease payments to investment properties, net of tax	**42**	**33**	39	31
Other comprehensive income (expense) for the year	**52**	**41**	(38)	(30)
Total comprehensive income for the year	**3,188**	**2,526**	3,351	2,675
Total comprehensive income attributable to:				
Shareholders of the Company	**2,296**	**1,819**	2,625	2,095
Owners of convertible perpetual securities	**283**	**224**	-	-
Owners of perpetual capital securities	**392**	**311**	393	314
Other non-controlling shareholders of subsidiaries	**217**	**172**	333	266
	892	**707**	726	580
	3,188	**2,526**	3,351	2,675

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**2014 RMB'million**	2013 RMB'million
Non-current assets			
Investment properties		**58,162**	50,273
Property, plant and equipment		**1,418**	3,577
Prepaid lease payments		**131**	586
Interests in associates		**913**	1,086
Interests in joint ventures		**70**	25
Loans to associates		**1,804**	1,654
Loan to joint ventures		**1,735**	675
Accounts receivable and prepayments	*11*	**406**	171
Amounts due from associates		**1,242**	-
Pledged bank deposits		**2,300**	2,747
Deferred tax assets		**402**	100
		68,583	60,894
Current assets			
Properties under development for sale		**14,684**	22,711
Properties held for sale		**4,648**	1,536
Accounts receivable, deposits and prepayments	*11*	**8,816**	5,066
Amounts due from associates		**-**	564
Amounts due from related companies		**659**	347
Amounts due from non-controlling shareholders of subsidiaries		**34**	51
Pledged bank deposits		**991**	824
Restricted bank deposits		**2,471**	1,231
Bank balances and cash		**6,668**	5,378
		38,971	37,708
Assets classified as held for sale		**769**	-
		39,740	37,708
Current liabilities			
Accounts payable, deposits received and accrued charges	*12*	**6,926**	10,869
Amounts due to related companies		**240**	411
Amounts due to non-controlling shareholders of subsidiaries		**10**	634
Tax liabilities		**1,242**	823
Bank and other borrowings – due within one year		**5,779**	6,315
Convertible bonds		**419**	-
Senior notes		**5,275**	-
Derivative financial instruments		**214**	-
Liabilities arising from rental guarantee arrangements		**282**	177
		20,387	19,229
Net current assets		**19,353**	18,479
Total assets less current liabilities		**87,936**	79,373

CONSOLIDATED STATEMENT OF FINANCIAL POSITION - CONTINUED

	Notes	**2014 RMB'million**	2013 RMB'million
Capital and reserves			
Share capital	*13*	**145**	145
Reserves		**37,666**	36,010
Equity attributable to shareholders of the Company		**37,811**	36,155
Convertible perpetual securities	*14*	**2,898**	-
Perpetual capital securities		**3,051**	3,094
Other non-controlling shareholders of subsidiaries		**1,162**	2,925
		7,111	6,019
Total equity		**44,922**	42,174
Non-current liabilities			
Accounts payable and accrued charges	*12*	**72**	-
Bank and other borrowings – due after one year		**22,630**	18,051
Convertible bonds		**-**	395
Senior notes		**13,862**	10,330
Derivative financial instruments		**89**	105
Liabilities arising from rental guarantee arrangements		**249**	-
Loans from non-controlling shareholders of subsidiaries		**70**	2,605
Deferred tax liabilities		**6,006**	5,662
Defined benefit liabilities		**36**	51
		43,014	37,199
Total equity and non-current liabilities		**87,936**	79,373

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 HKD1.262 for 2014 and RMB1.000 to HKD1.253 for 2013, 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 amendments to IFRSs and an Interpretation, which are effective for the Group's financial year beginning on 1 January 2014.

Amendments to IFRS 10, IFRS 12 and IAS 27	Investment Entities
Amendments to IAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to IAS 36	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to IAS 39	Novation of Derivatives and Continuation of Hedge Accounting
IFRIC 21	Levies

The application of the amendments to IFRSs and an Interpretation 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.

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:

IFRS 9	Financial Instruments[1]
IFRS 15	Revenue from Contracts with Customers[2]
Amendments to IFRS 11	Accounting for Acquisitions of Interests in Joint Operations[4]
Amendments to IAS 1	Disclosure Initiative[4]
Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[4]
Amendments to IAS 16 and IAS 41	Agriculture: Bearer Plants4
Amendments to IAS 19	Defined Benefit Plans: Employee Contributions[3]
Amendments to IAS 27	Equity Method in Separate Financial Statements[4]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to IFRS 10, IFRS 12 and IAS 28	Investment Entities: Applying the Consolidation Exception[4]
Amendments to IFRSs	Annual Improvements to IFRSs 2010-2012 Cycle[5]
Amendments to IFRSs	Annual Improvements to IFRSs 2011-2013 Cycle[3]
Amendments to IFRSs	Annual Improvements to IFRSs 2012-2014 Cycle[4]

[1] Effective for annual periods beginning on or after 1 January 2018
[2] Effective for annual periods beginning on or after 1 January 2017
[3] Effective for annual periods beginning on or after 1 July 2014
[4] Effective for annual periods beginning on or after 1 January 2016
[5] Effective for annual periods beginning on or after 1 July 2014, with limited exceptions

IFRS 9 Financial Instruments

A final version of IFRS 9 (that includes classification and measurement of financial assets and financial liabilities, impairment and general hedge accounting) was issued in 2014.

Key requirements of IFRS 9 are described below:

- 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. 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.

- An expected loss model (rather than an incurred loss model) has been adopted by IFRS 9.

- 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.

The Directors of the Company will assess the impact of the application of IFRS 9. For the moment, it is not practicable to provide a reasonable estimate of the effect of the application of IFRS 9 until the Group performs a detailed review.

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

IFRS 15 Revenue from Contracts with Customers

IFRS 15 was issued in 2014 which establishes a single model to deal with revenue arising from contracts with customers. When IFRS 15 becomes effective, IFRS 15 will supersede IAS 18 *Revenue*, IAS 11 *Construction Contracts* and the related Interpretations.

IFRS 15 introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract(s)
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract(s)
- Step 5: Recognise revenue when the entity satisfies a performance obligation

With regard to step 5, an entity should recognise revenue when a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Specifically, IFRS 15 requires entities to recognise revenue over time when certain conditions are met. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

The Directors of the Company will assess the impact on the application of IFRS 15. For the moment, it is not practicable to provide a reasonable estimate of the effect of IFRS 15 until the Group performs a detailed review.

For other new and revised IFRSs, the Directors of the Company do not expect a material impact on the amounts reported and disclosures made in the Group’s consolidated financial statements.

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:

	2014			2013		
	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	**8,543**	**412**	**8,955**	8,361	230	8,591
Property investment:						
Rental income received from investment properties	**1,163**	**34**	**1,197**	1,048	31	1,079
Income from hotel operations	**300**	**-**	**300**	289	-	289
Property management fee income	**27**	**-**	**27**	25	-	25
Rental related income	**88**	**-**	**88**	78	-	78
	1,578	**34**	**1,612**	1,440	31	1,471
Others	**128**	**-**	**128**	27	-	27
Total	**10,249**	**446**	**10,695**	9,828	261	10,089

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 these 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 RMB8,543 million (2013: RMB8,361 million) is revenue arising from sales of residential properties of RMB8,009 million (2013: RMB4,897 million), commercial properties of RMB207 million (2013: RMB3,086 million) and others of RMB327 million (2013: RMB378 million).

4. Turnover and Segmental Information - continued

For the year ended 31 December 2014

	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	**8,543**	**1,578**	**10,121**	**128**	**10,249**
Share of turnover of associates	**412**	**34**	**446**	**-**	**446**
Total segment revenue	**8,955**	**1,612**	**10,567**	**128**	**10,695**
SEGMENT RESULTS					
Segment results of the Group	**2,033**	**3,632**	**5,665**	**32**	**5,697**
Interest income					**308**
Share of losses of associates					**(173)**
Finance costs, inclusive of exchange differences					**(921)**
Other gains and losses					**(26)**
Net unallocated expenses					**(467)**
Profit before taxation					**4,418**
Taxation					**(1,933)**
Profit for the year					**2,485**

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 losses of associates					(178)
Finance costs, inclusive of exchange differences					(448)
Other gains and losses					159
Net unallocated expenses					(372)
Profit before taxation					4,777
Taxation					(2,072)
Profit for the year					2,705

4. Turnover and Segmental Information - continued

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

Segment results represent the profit earned by each segment without allocation of central administration costs, Directors' salaries, interest income, share of losses of associates, other gains and losses, and finance costs inclusive of 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

Operating profit has been arrived at after charging (crediting):	**2014 RMB'million**	2013 RMB'million
Auditor's remuneration	**6**	5
Depreciation of property, plant and equipment	**161**	193
Less: Amount capitalised to properties under development for sale	**-**	(1)
	161	192
Release of prepaid lease payments	**3**	13
Less: Amount capitalised to property, plant and equipment	**(3)**	(11)
	-	2
Loss on disposal of property, plant and equipment	**3**	-
Employee benefits expenses		
Directors' emoluments		
Fees	**2**	2
Salaries, bonuses and allowances	**26**	19
Retirement benefits costs	**1**	1
Share-based payment expenses	**1**	2
	30	24
Other staff costs		
Salaries, bonuses and allowances	**527**	463
Retirement benefits costs	**40**	36
Share-based payment expenses	**5**	9
	572	508
Total employee benefits expenses	**602**	532
Less: Amount capitalised to investment properties under construction or development, properties under development for sale and hotels under development	**(170)**	(149)
	432	383
Cost of properties sold recognised as an expense	**5,918**	6,049
Minimum lease payment under operating leases	**30**	43

6. Other Gains and Losses

	2014 **RMB'million**	2013 RMB'million
Remeasurement of liabilities arising from rental guarantee arrangements	**(160)**	-*
Change in fair value of derivative financial instruments	**(17)**	-
Bargain purchase gain on acquisition of subsidiaries	**15**	-
Gain on disposal of subsidiaries	**136**	159
	(26)	159

* Liabilities arising from rental guarantee arrangements entered into in prior year of RMB177 million was taken into account in determining the profit/loss on disposal of properties (included in “cost of sales” in the prior year).

7. Finance Costs, Inclusive of Exchange Differences

	2014 **RMB'million**	2013 RMB'million
Interest on bank and other borrowings		
- wholly repayable within five years	**1,739**	1,309
- not wholly repayable within five years	**86**	117
Interest on loans from non-controlling shareholders of subsidiaries wholly repayable within five years	**95**	141
Imputed interest on loans from non-controlling shareholders of subsidiaries	**39**	41
Interest on amount due to a related company	**-**	1
Interest on convertible bonds	**43**	292
Interest on senior notes		
- wholly repayable within five years	**1,357**	1,162
- not wholly repayable within five years	**78**	-
Net interest expense from cross currency swaps designated as cash flow hedges	**23**	23
Net interest expense from interest rate swaps designated as cash flow hedges	**14**	17
Total interest costs	**3,474**	3,103
Less: Amount capitalised to investment properties under construction or development, properties under development for sale and hotels under development	**(2,676)**	(2,500)
Interest expense charged to profit or loss	**798**	603
Premium for repurchase/exchange of RMB denominated senior notes due in 2015	**58**	-
Net exchange loss (gain) on bank borrowings and other financing activities	**34**	(363)
Others	**31**	208
	921	448

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 8.7% (2013: 8.5%) per annum to expenditure on the qualifying assets.

8. Taxation

	2014 **RMB'million**	2013 RMB'million
PRC Enterprise Income Tax		
- Current provision	**831**	459
PRC Withholding Tax		
- Current provision	**148**	-
PRC Land Appreciation Tax		
- Provision for the year	**826**	640
Deferred taxation		
- Provision for the year	**128**	973
	1,933	2,072

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% (2013: 25%) on the assessable profits of the companies in the Group during the year.

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 2014 and 31 December 2013, 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.

9. Dividends

	2014	2013
	RMB'million	RMB'million
Dividend recognised as distribution during the year:		
Interim dividend paid in respect of 2014 of HKD0.022 per share (2013: Interim dividend paid in respect of 2013 of HKD0.022 per share)	**140**	140
Final dividend paid in respect of 2013 of HKD0.04 per share (2013: Final dividend paid in respect of 2012 of HKD0.035 per share)	**255**	223
	395	363

A final dividend for the year ended 31 December 2014 of HKD0.04 (equivalent to RMB0.03) per share, amounting to HKD320 million (equivalent to RMB254 million) in aggregate, was proposed by the Directors of the Company on 18 March 2015 and is subject to the approval of the shareholders at the forthcoming annual general meeting.

10. Earnings Per Share

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

	2014	2013
	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	**1,778**	2,125

	2014	2013
	'million	'million
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**8,002**	7,491
Effect of dilutive potential shares: Convertible bonds	**132**	128
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**8,134**	7,619

Basic earnings per share (*note (d)*)	**RMB0.22**	RMB0.28
	HKD0.28	HKD0.35
Diluted earnings per share (*note (d)*)	**RMB0.22**	RMB0.28
	HKD0.28	HKD0.35

Notes:

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

(b) There were no dilution effects for share options and warrants granted as the exercise prices of these share options and warrants were higher than the average market price for 2014 and 2013.

(c) There were no dilution effects for convertible perpetual securities as the full conversion of convertible perpetual securities into shares of China Xintiandi will not result in a decrease in profit per ordinary share of the Company.

(d) 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 HKD1.262 for 2014 and RMB1.000 to HKD1.253 for 2013, being the average exchange rates that prevailed during the respective years.

11. Accounts Receivable, Deposits and Prepayments

	2014 **RMB'million**	2013 RMB'million
Non-current accounts receivable comprise:		
Rental receivables in respect of rent-free periods	**211**	96
Trade receivables	**30**	75
Prepayments of relocation costs (*note*)	**165**	-
	406	171
Current accounts receivable comprise:		
Trade receivables	**478**	561
Prepayments of relocation costs (*note*)	**7,765**	3,677
Other deposits, prepayments and receivables, mainly include prepaid business tax of RMB115 million (2013: RMB338 million)	**573**	828
	8,816	5,066

Note:

The amount represents monies paid to a few relocation agents for clearing the land of the current occupants in respect of a property development project in Shanghai. 77% and 17% of the total outstanding balance are paid to two of the relocation agents.

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

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 RMB508 million (2013: RMB636 million), of which 97% (2013: 67%) are aged less than 90 days, and 3% (2013: 33%) are aged over 90 days, as compared to when revenue was recognised.

Included in the Group's trade receivable balances are debtors with aggregate carrying amount of RMB40 million (2013: RMB45 million) which are past due at the end of the reporting period for which the Group has not provided for impairment loss, of which 62% (2013: 84%) are past due within 90 days, and 38% (2013: 16%) 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.

12. Accounts Payable, Deposits Received and Accrued Charges

	2014 **RMB'million**	2013 RMB'million
Current portion comprise:		
Trade payables	**3,439**	3,466
Retention payables (*note*)	**646**	458
Deed tax, business tax and other tax payables	**308**	355
Deposits received and receipt in advance from property sales	**1,638**	5,805
Deposits received and receipt in advance in respect of rental of investment properties	**413**	396
Other payables and accrued charges	**482**	389
	6,926	10,869
Non-current portion comprise:		
Other payables and accrued charges	**72**	-

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 RMB3,439 million (2013: RMB3,466 million), of which 75% (2013: 76%) are aged less than 30 days, 15% (2013: 19%) are aged between 31 to 60 days, 6% (2013: 1%) are aged between 61 days to 90 days, and 4% (2013: 4%) are aged more than 90 days, based on invoice date.

13. 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 2013	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 and 31 December 2014	**12,000,000,000**	**30,000**	**8,001,726,189**	**20,004**

	2014 & 2013 **RMB'million**
Shown in the consolidated statement of financial position as	**145**

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.

14. Convertible Perpetual Securities and Warrants

In October 2013, the Company and CXTD Holding, a wholly-owned subsidiary of the Company, entered into a set of agreements with an independent third party (“the Investor”), pursuant to which the Investor conditionally agreed to subscribe for the following for United States Dollars (“USD”) 495 million (net of closing fee to the Investor of USD5 million):

- convertible perpetual securities issued by CXTD Holding with the aggregate principal amount of USD500 million; and
- 415 million warrants issued by the Company.

The transaction was completed on 17 February 2014 ("closing date"). The principal terms of the convertible perpetual securities and warrants were disclosed in a circular issued by the Company dated 30 November 2013.

Financial Review

Group turnover increased slightly by 4% to RMB10,249 million in 2014 (2013: RMB9,828 million), primarily due to an increase in recognised property sales and rental and related income during the year.

For 2014, *Property sales* increased slightly by 2% to RMB8,543 million (2013: RMB8,361 million), where RMB5,568 million (2013: RMB1,890 million) of total property sales were generated from Shanghai. Shanghai RHXC enjoyed tremendous success and recorded RMB5,411 million (2013: RMB 11 million) in property sales, which was attributable to the delivery of Phase 5 (Lot 6). For 2014, property sales of Chongqing Tiandi and Shanghai KIC decreased by 75% and 92% respectively, to RMB1,061 million (2013: RMB4,297 million) and RMB152 million (2013: RMB1,867 million), respectively. Total area handed over decreased to 313,500 sq.m. (2013: 502,100 sq.m.). Details of property sales during the year ended 31 December 2014 are contained in the paragraph titled "Property Sales" in the Business Review Section.

Income from property investment of the Group rose by 10% to RMB1,578 million (2013: RMB1,440 million). *Rental and related income* from investment properties increased to RMB1,278 million (2013: RMB1,151 million), principally due to higher rental income from existing completed investment properties, in particular for Shanghai Taipingqiao, Shanghai KIC and Wuhan Tiandi, and also from the completion of new investment properties in Shanghai, including THE HUB. Two Showroom offices at THE HUB have started to generate rental income from the second quarter of 2014. *Income from hotel operations* also increased to RMB300 million (2013: RMB289 million) where RMB223 million are contributed by Shanghai Langham Xintiandi Hotel.

Details of the business performance of investment properties are contained in the paragraph titled “Investment Property” in the Business Review Section.

Gross profit for 2014 increased to RMB3,446 million (2013: RMB3,155 million). Gross profit margin rose marginally to 34% (2013: 32%). The increase in gross profit margin was due mainly to higher contributions from rental and related income from investment properties, where the gross profit margins were higher than property sales. Gross profit margin from rental and related income from investment properties and property sales remained relatively stable at 73% (2013: 77%) and 29% (2013: 27%).

For 2014, *Other income* decreased by 21% to RMB348 million (2013: RMB443 million), which comprised interest income of RMB308 million (2013: RMB229 million), grants received from local government and sundry income of RMB11 million (2013: RMB163 million).

Selling and marketing expenses for 2014 decreased by 23% to RMB253 million (2013: RMB328 million). This was mainly due to a decrease in contracted sales achieved by the Group (excluding sales by associates) by 39% to RMB 5,616 million (2013: RMB9,140 million).

General and administrative expenses for 2014 increased by 5% to RMB981 million (2013: RMB938 million). The increase was attributable to expenses incurred for the establishment of the fully integrated asset management platform of CXTD Holding, and advisory and consulting costs incurred in preparation for its spin-off.

Due to the abovementioned factors, *Operating profit* increased by 10% to RMB2,560 million for 2014 (2013: RMB2,332 million).

Increase in fair value of investment properties rose by 2% to RMB2,978 million for 2014 (2013: RMB2,912 million), of which RMB884 million (2013: RMB749 million) was derived from completed investment properties and RMB2,094 million (2013: RMB2,163 million) from investment properties under construction or development. The paragraph titled “Investment Property” in the Business Review Section offers a detailed description of these properties.

For 2014, *Other gains and losses* amounted to a loss of RMB26 million (2013: RMB159 million gain), of which RMB160 million of the losses (2013: nil) came from rental guarantee arrangements arising from the commercial properties in Chongqing previously sold, which was partially offset by RMB136 million gain from disposal of subsidiaries, i.e. Shanghai Taipingqiao Lot 116 (partial interest), Shanghai Langham Xintiandi Hotel, Hangzhou project (2013: RMB159 million gain from disposal of subsidiaries, i.e. Shanghai Taipingqiao Lot 126).

Share of losses of associates represented a net loss of RMB173 million in 2014 (2013: RMB178 million), which included an impairment loss on the investment properties and properties under development for sales (net of related taxes) amounting to RMB119 million (2013: RMB129 million) attributable to the Group.

Finance costs, inclusive of exchange differences for 2014 increased by 106% to RMB921 million (2013: RMB448 million). Total interest costs for 2014 increased to RMB3,474 million (2013: RMB3,103 million). Of these interest costs, 77% (2013: 81%) or RMB2,676 million (2013: RMB2,500 million) were capitalised as cost of property development, with the remaining 23% (2013: 19%) interest relating to mortgage loans on completed properties and borrowings for general working capital purposes being expensed. Exchange loss of RMB34 million was due to depreciation of the RMB against the HKD and USD in 2014, while the Group recorded an exchange gain of RMB363 million in 2013.

For 2014, *Profit before taxation* decreased by 8% to RMB4,418 million (2013: RMB4,777 million), as a result of the various factors outlined above.

Taxation decreased by 7% to RMB1,933 million for 2014 (2013: RMB2,072 million). The effective tax rate for the year 2014 was 32.2% (2013: 30.5%), after excluding land appreciation tax together with its corresponding enterprise income tax effect of RMB507 million (2013: RMB615 million). The increase in effective tax rate resulted from the increase in interest expenses from offshore borrowings that were not deductible in the PRC. Land appreciation tax was assessed based on the progressive tax rate of the appreciation value of the properties.

Profit attributable to shareholders of the Company for 2014 was RMB1,778 million, a decrease of 16% when compared to 2013 (2013: RMB2,125 million). Return on equity for 2014 was 4.9% (2013: 6.8%), 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:

	2014 RMB'million	2013 RMB'million	Change %
Profit attributable to shareholders of the Company	**1,778**	2,125	(16%)
Increase in fair value of investment properties	**(2,978)**	(2,912)	
Effect of corresponding deferred tax charges	**745**	728	
Realised fair value gains of investment properties disposed	**256**	773	
Share of results of associates			
Fair value losses/gains of investment properties	**111**	(47)	
Effect of corresponding deferred tax charges	**(28)**	12	
	(1,894)	(1,446)	31%
Non-controlling interests	**31**	190	
Net effect of changes in the valuation of investment properties	**(1,863)**	(1,256)	48%
Profit attributable to shareholders of the Company before revaluation of investment properties	**(85)**	869	
Add:			
Profit attributable to owners of perpetual capital securities	**311**	314	(1%)
Profit attributable to owners of convertible perpetual securities	**224**	-	-
Core earnings of the Group	**450**	1,183	(62%)

Earnings per share of RMB0.22 for 2014 (2013: RMB0.28) was calculated based on a weighted average of approximately 8,002 million shares (2013: 7,491 million shares) in issue during the year ended 31 December 2014.

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

- Dividends payable to the shareholders of the Company (together with any redemption, repurchase or acquisition of the Company's shares) should not exceed 20% of the Company's consolidated profit for the 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 the case where the Company opts to defer the payment of coupons to the owners of perpetual capital securities, no dividend payments should be made to the shareholders of the Company unless all coupons so deferred have been paid in full.

The Board has resolved to recommend the payment of a 2014 final dividend of HKD0.04 per share (2013: HKD0.04 per share) to the shareholders of the Company.

Together with the 2014 interim dividend of HKD0.022 per share (2013: HKD0.022 per share) paid in September 2014 amounting to RMB140 million, the total dividend for 2014 was RMB394 million (2013: RMB395 million). This represents a dividend payout ratio of 22% (2013: 19%).

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. As at 31 December 2014, the Company has applied all the rights issue net proceeds (i) as to RMB257 million to finance the relocation of Shanghai Taipingqiao and Shanghai Rui Hong Xin Cheng and (ii) as to RMB2,642 million to repay indebtedness and for working capital purposes.

On 17 February 2014, the Company and CXTD Holding completed a set of agreements with Brookfield. CXTD Holding issued convertible perpetual securities in an aggregate principal amount of USD500 million to Brookfield. The 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 net proceeds was approximately USD480 million, after deducting all related costs and expenses (including professional advisors' fees and the USD5 million closing fee payable to Brookfield). As at the date of this annual report, the Company has applied the net proceeds (i) as to approximately USD120 million for repayment of indebtedness; (ii) as to approximately USD171 million to fund capital expenditures related to the Company's real estate development and (iii) as to approximately USD53 million for general working capital purposes. The remaining net proceeds will be applied in accordance with the specific use described in a circular issued by the Company dated 30 November 2013.

In February 2014, the Group entered into the China Offshore Renminbi bonds market for the first time and issued RMB2,500 million in 6.875% senior notes with a maturity of three years.

In April 2014, the Group undertook a liability management exercise by offering to exchange and/or purchase by cash the outstanding RMB3,500 million in senior notes due in 2015 and USD875 million in senior notes due in 2015. This exercise received overwhelming market response and it is the largest liability management exercise in Asia by a Chinese property developer. Following the completion, a total value of approximately USD840 million in senior notes with four-year maturity and six-year maturity senior notes were issued at 8.7% and 9.75% respectively.

In June 2014 and November 2014, the Group issued USD550 million in 9.625% senior notes with a maturity of five years and USD500 million in 8.70% senior notes with a maturity of three years respectively.

On 26 January 2015 and 16 February 2015, the Group has fully settled the outstanding senior notes issued in 2011 and 2012 amounted to approximately RMB5,275 million. After repayments of these senior notes, there are no outstanding senior notes that are due in 2015 and 2016, other than RMB419 million in convertible bonds which is due in September 2015.

The abovementioned fund raising exercises were carried out to improve and maintain the Group's high liquidity profile.

The structure of the Group's borrowings as of 31 December 2014 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	18,730	2,461	5,384	10,145	740
Bank borrowings – HKD	6,874	2,140	3,413	1,321	-
Bank borrowings – USD	2,805	1,178	1,627	-	-
Convertible bonds – RMB	419	419	-	-	-
Senior notes – RMB	3,748	1,223	-	2,525	-
Senior notes – SGD	1,196	1,196	-	-	-
Senior notes – USD	14,193	2,856	-	10,123	1,214
Total	**47,965**	**11,473**	**10,424**	**24,114**	**1,954**

Total cash and bank deposits amounted to RMB12,430 million as of 31 December 2014 (31 December 2013: RMB10,180 million), which included RMB3,291 million (31 December 2013: RMB3,571 million) of deposits pledged to banks and RMB2,471 million (31 December 2013: RMB1,231 million) of restricted bank deposits which can only be applied to designated property development projects of the Group.

As of 31 December 2014, the Group's net debt balance was RMB35,535 million (31 December 2013: RMB24,911 million) and its total equity was RMB44,922 million (31 December 2013: RMB42,174 million). The Group's net gearing ratio was 79% as of 31 December 2014 (31 December 2013: 59%), calculated on the basis of the excess of the sum of convertible bonds, senior notes, bank and other borrowings net of bank balances and cash (including pledged bank deposits and restricted bank deposits) over the total equity.

Total undrawn banking facilities available to the Group were approximately RMB6,405 million as of 31 December 2014 (31 December 2013: RMB13,930 million).

Pledged Assets

As of 31 December 2014, 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 RMB56,431 million (31 December 2013: RMB60,785 million) to secure its borrowings of RMB27,070 million (31 December 2013: RMB21,857 million).

Capital and Other Development Related Commitments

As of 31 December 2014, the Group had contracted commitments for development costs and capital expenditure in the amount of RMB13,720 million (31 December 2013: RMB12,219 million).

Future Plans for Material Investments

On 28 November 2014, the Group entered in a Framework agreement with Green Acres B 2014 Limited, a company ultimately wholly owned by a public institution based in the Middle East. The total fund commitment of this Framework agreement is USD600 million while the maximum commitment for the Group is USD375 million. The investment strategy will be to develop, own, and operate mid-size, mixed-use knowledge communities with residential and commercial property components in strategic locations characterized by a high concentration of universities, high-tech parks, and/or research and development parks.

On 24 December 2014, the Group announced the Exercises of Sale Option and Purchase Option (as defined in the announcement of the Company dated 24 December 2014). Immediately after the completion of the Exercises of Sale Option and Purchase Option which is expected to occur on or before 23 June 2015, the Group's ultimate shareholding in Portspin Limited, which holds Shanghai Taipingqiao 116 residential project, will be increased from the original 19.3419% to approximately 39.8624%. The consideration is USD162 million.

Save as disclosed above, the Group plans to focus on the development of the existing landbank that encompasses prime locations. As appropriate opportunities arise, the Group may evaluate participation in projects of various sizes wherein its competitive strengths provide advantages.

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 certain senior notes issued in 2010, 2011 and 2014, were also denominated in RMB. As a result, the coupon payments and the repayment of the principal amounts of the convertible bonds and these senior notes issued in 2010, 2011 and 2014 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 and 2014.

As a result, to the extent that the Group has a net currency exposure, there is exposure to fluctuations in foreign exchange rates. In 2014, the PRC Central Government has relaxed the fluctuation of the RMB within a predefined range to a portfolio of various currencies. Given these circumstances, the Group has entered into various cross currency swaps of RMB against the SGD and the USD.

As at 31 December 2014, the Group held the following cross currency swaps:

a) to hedge against the variability of cash flows arising from the Group's SGD250 million senior notes due on 26 January 2015 ("2015 SGD Notes"). 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.

b) to hedge against the variability of cash flows arising from the Group's USD400 million senior notes due on 16 February 2015 ("2015 USD Notes"). Under these swaps, the Group would receive interest at a fixed rate of 9.75% per annum and pay interest semi-annually at fixed rates ranging from 9.2% to 9.78% per annum, based on the notional amounts of approximately RMB2,500 million in aggregate.

c) to hedge against the variability of cash flows arising from the Group's RMB2,500 million senior notes due on 26 February 2017 ("2017 RMB Notes"). Under these swaps, the Group would receive interest at a fixed rate of 6.875% per annum and pay interest semi-annually at fixed rates ranging from 5.840% to 5.975% per annum, based on the notional amounts of approximately USD408 million in aggregate.

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

At 31 December 2014, 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 ranging from 115% to 125% of the PBOC Prescribed Interest Rate and pay interests at a fixed rate of 7.52% and 7.85%, based on the notional amounts of HKD2,377 million, USD305 million and RMB656 million, in aggregate.

Save as disclosed above, as of 31 December 2014, the Group does 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 2014 (2013: HKD0.04 per share). Subject to the Company's shareholders' approval of the final dividend at the annual general meeting to be held on 27 May 2015 (the "AGM"), the final dividend is expected to be paid on or about 17 June 2015 to shareholders whose names appear on the register of members of the Company on 2 June 2015, 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 2 June 2015.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Friday, 15 May 2015 to Wednesday, 27 May 2015, 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 27 May 2015 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, 14 May 2015.

PURCHASE, SALE OR REDEMPTION/CANCELLATION OF SECURITIES

On 14 April 2014, the Company announced the commencement of the USD Notes Exchange Offer, the RMB Notes Exchange Offer and the RMB Notes Tender Offer (as referred to in the announcement of the Company dated 14 April 2014) (collectively the "Offers"). The results of the Offers were announced by the Company on 13 May 2014 and the aggregate consideration paid by the Company to eligible holders pursuant to the Offers was USD844 million on the settlement date of 20 May 2014.

Following the completion of the Offers, (i) USD417.79 million of the USD875 million 9.75% senior notes due 2015 (the "USD Notes") had been cancelled in accordance with the terms of the USD Notes and the aggregate principal amount of the USD Notes remaining outstanding is USD457.21 million; and (ii) USD375.48 million of the RMB3,500 million USD settled 7.625% senior notes (the "RMB Notes") had been cancelled in accordance with the terms of the RMB Notes and the aggregate principal amount of the RMB Notes remaining outstanding is RMB1,190.99 million.

Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's securities during the year ended 31 December 2014.

CORPORATE GOVERNANCE

The Company is committed to enhancing its corporate governance practices appropriately in the conduct and growth of its business, and to pursuing the right balance between conformance and performance in its corporate governance. From time to time, the Company reviews its corporate governance practices to ensure they comply with all the applicable code provisions (the "CG Code") as set out in Appendix 14 of the Listing Rules and aligns its practices with the latest developments of the CG Code. During the year ended 31 December 2014, 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 are set out in the Company's 2014 Annual Report.

The Audit Committee has reviewed the Group's audited consolidated financial statements for the year ended 31 December 2014, including the accounting principles and practices adopted by the Company, in conjunction with the Company's external auditor.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules as the code of conduct regarding securities transactions by the Directors. Following specific enquiries by the Company, all Directors have confirmed that they complied with the required standard set out in the Model Code throughout the year ended 31 December 2014.

EMPLOYEES AND REMUNERATION POLICY

As of 31 December 2014, the number of employees in the Group was 3,352 (31 December 2013: 3,141); which included the headcount of China Xintiandi at 459 (31 December 2013: 432), the headcount of the property management business at 1,759 (31 December 2013: 1,569). 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 2014, 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

I would like to take this opportunity to thank all of our staff who have shared my vision for the future and embraced the changes in our management structure. I would also like to extend my appreciation to my fellow Directors, our management team and employees for their support and understanding. And finally, to our shareholders and business partners, I would like to reiterate my belief that your patience and confidence in us will ultimately be rewarded.

While challenges remain as we transit into the New Year, I am confident that with the strategies that we have put in place and unrelenting efforts of our staff, better days are ahead for Shui On Land.

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

Hong Kong, 18 March 2015

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*