



Press Release

Shui On Land Announces 2010 Annual Results *Three-Year Plan Accelerates Property Development and Property Sales*

- *Total properties handed over increased by 64% to 398,000 sq.m.*
- *Turnover was RMB4,879 million, of which RMB4,133 million was property sales and RMB706 million was rental and other related income.*
- *The decline in recognised property sales was mainly due to change in sales mix from different cities as well as the postponement of sales for upgrading Casa Lakeville Towers 3 to 8 at Shanghai Taipingqiao (“The Manor”) into super luxurious apartments in terms of handover provisions.*
- *The ASP across all the projects, however, increased by a range of 13% to 52% (13% Wuhan Tiandi, 27% Shanghai KIC, 29% Shanghai Taipingqiao and 52% Chongqing Tiandi).*
- *Increase in fair value of investment properties was RMB2,711 million.*
- *Profit attributable to shareholders increased by 5% to RMB2,809 million.*
- *Basic earnings per share was RMB0.55.*
- *The Board of Directors recommended a final dividend of HK\$ 0.05 per share.*
- *Cash and bank balances stood at RMB6,790 million, and net gearing ratio at 44%.*

[16 March 2011, Hong Kong] – Shui On Land Limited (“Shui On Land” or the “Company”, (Stock Code: 272) today announced its audited consolidated results for the year ended 31 December 2010.

Profit attributable to shareholders increased by 5% to RMB2,809 million or HK\$3,230 million in 2010, (2009: RMB2,673 million or HK\$3,034 million).

Turnover was RMB4,879 million or HK\$5,611 million, a decline of 28% compared with RMB6,758 million or HK\$7,670 million in 2009 due to change in sales mix from different cities as well as the postponement of sales for upgrading Casa Lakeville Towers 3 to 8 at Shanghai Taipingqiao (“The Manor”) into super luxurious apartments in terms of handover provisions.

Basic earnings per share was RMB0.55 or HK\$0.63. The Board proposed a final dividend of HK\$ 0.05.

Strong Pricing Power

The average selling price (ASP) on all projects increased by a range of 13% to 52%, with property sales

contributed by fast growing second-tier cities Chongqing and Wuhan accounted for 41% in 2010. Both the ASP and ASP growth rate of our projects in Shanghai, Chongqing and Wuhan outperformed the respective city average, demonstrating the pricing power of the Company and the recognition of the established “Tiandi” model.

Diversified Sources of Property Sales of High Growth Second-tier Cities

To accomplish the Three-Year Plan initiated in 2009, the Company plans to expedite the pace of development to meet its growth target by focusing on stepping up production and construction works, with a view to bringing a higher volume of new units and new developments to the market.

For 2011, the Company will have a total of GFA of approximately 506,000 sq.m. residential properties from six projects in five cities for sale and pre-sale, 91% of which will be from the high growth second-tier cities of Wuhan, Chongqing, Foshan and Dalian (Casa Lakeville - The Manor, Rui Hong Xin Cheng Phase 4 (T1 & T2), Wuhan Tiandi (Phase 3), Chongqing Tiandi (Phase 2, 3 & 4), Foshan Lingnan Tiandi Phase 2 Low-rise apartments and Phase 1 & 2 Townhouses, and Dalian Tiandi). This is a significant increase compared with the contracted sales GFA of approximately 272,300 sq.m. in 2010. The Company expects strong cash inflow from property sales, with maturing projects paving the way for accelerated development.

High Quality & Growing Commercial Properties Provide Alternative Financing Resources

The Company is evolving to accelerate growth and promises a positive business outlook. With more new construction having started in 2009, the Company’s investment property portfolio has grown to a total GFA of 438,000 sq.m. in 2010 from 310,000 sq.m. in 2009. Rental and other income from the completed investment property portfolio grew by 10% to RMB706 million in 2010 compared to RMB 643 million in 2009. Shanghai Xintianti and Shanghai Corporate Avenue continued to be the main rental income contributors in 2010, accounting for 74 % of the total rental income.

As of 31 December 2010, the carrying value of the completed investment property portfolio was RMB14,119 million. The Shanghai portfolio accounted for 92%, while the newly completed leasable areas in Wuhan and Chongqing accounted for 8%. Approximately RMB7 billion mortgage loans were obtained by pledging the completed investment properties, of which approximately 70% was denominated in Hong Kong dollars.

Mr. Freddy C. K. LEE, the new Chief Executive Officer of Shui On Land said, “The Company plans to expedite asset turnover of its commercial properties. The commercial property portfolio will further expand by 392,000 sq.m. in 2011 and 498,000 sq.m. in 2012. A total of 250,000 sq.m. of commercial spaces located in Shanghai Knowledge and Innovation Community, Wuhan and Chongqing and Foshan has been targeted for en-bloc sales in 2011, so as to increase the asset churn and cash flow.”

The Company has benefited from a fair value gain of RMB2,711 million in investment property portfolio due to the increase in market values of the underlying properties, newly completed investment properties and the accelerated program for the development of investment properties.

Superior, Diversified & Quality Landbank in High Growth Cities

The Company’s landbank stood at 11.6 million sq.m. (excluding carparking spaces) in nine development projects located in prime areas of six cities; landbank attributable leasable and saleable GFA to the Company was 8.5 million sq.m., with 42% for residential, 33% for office, 21% for retail and 4% for hotel and serviced apartments. As of 31 December 2010, the Company had a total GFA of 4.3 million sq.m. and 6.8 million sq.m. of properties under development and held for future

development respectively. The highlight in 2011 would be the site the Company acquired in the Shanghai Hongqiao Transportation Hub, a project that enjoys strong government support.

Mr. Vincent H. S. LO, Chairman of Shui On Land said, “Amid the increasingly restrictive policy environment, 2010 was a year of solid advancement for the Company as we saw encouraging sales volumes at most of our projects. Developing master-planned integrated communities in prime locations is the key to the success of the Company. We believe that the locations and maturing communities within the neighbourhood of our projects give us a strong competitive advantage, which we believe will also be an effective shield against the risks arising from market uncertainties. Looking to the future, our portfolio of commercial properties, including Xintiandi-styled developments, stand to benefit from the growing affluence of the middle income groups and government policies driving domestic consumption. In addition, in the first-tier and the up-and-coming second-tier cities, which we have targeted for development, we already have a substantial landbank in prime locations. This strategy has paid off handsomely so far as many second-tier cities are now developing faster than their first-tier counterparts.”

Right Strategy at the Right Time

The Company is also focusing on securing long term funding to facilitate future growth and capital management. With the issuance of convertible bonds and senior notes the Company has raised over RMB9,220 million from the market, which is a testament to the Company’s reputation and investors’ confidence in Shui On Land, and substantially improves the Company’s cash position.

“Now that we have strong cash on hand, with a net gearing ratio of 44%, the aggregate proceeds are intended for funding capital expenditures, land acquisitions and business growth under the Company’s Three-Year Plan. In addition to diversification in funding sources, the issuance has helped enhanced the Company’s investor and lender base,” said Mr. Daniel Y. K. WAN, Chief Financial Officer of Shui On Land.

Note: Except for dividend per share that is originally denominated in HK dollar, all of the HK dollar figures presented above are shown for reference only and have been arrived at based on the exchange rate of RMB1.000 to HK\$ 1.150 for 2010 and RMB1.000 to HK\$ 1.135 for 2009, being the average exchange rates that prevailed during the respective years.

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About Shui On Land

Headquartered in Shanghai, Shui On Land (Stock Code: 272) is the flagship property development company of the Shui On Group in the Chinese Mainland with a proven track record in developing large-scale, mixed-use city-core redevelopment projects. The Company has nine projects in various stages of development in prime locations of major cities, with a landbank of 11.6 million sq.m. (excluding carparking spaces). The Company was listed on the Hong Kong Stock Exchange on 4 October 2006, the largest Chinese real estate enterprise listed that year.

Shui On Land was included in the 200-Stock Hang Seng Composite Index Series and Hang Seng Freefloat Index Series in March 2007.

For further information about Shui On Land, please visit our website www.shuionland.com

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CONSOLIDATED INCOME STATEMENT

| | Notes | Year ended 31 December 2010 | | Year ended 31 December 2009 | |
|--|-------|--------------------------------|-------------|--------------------------------|-------------|
| | | HK\$'million (Note 2) | RMB'million | HK\$'million (Note 2) | RMB'million |
| Turnover | 4 | 5,611 | 4,879 | 7,670 | 6,758 |
| Cost of sales | | (3,299) | (2,869) | (3,665) | (3,229) |
| Gross profit | | 2,312 | 2,010 | 4,005 | 3,529 |
| Other income | | 260 | 226 | 193 | 170 |
| Selling and marketing expenses | | (164) | (142) | (171) | (151) |
| General and administrative expenses | | (645) | (561) | (616) | (543) |
| Operating profit | 5 | 1,763 | 1,533 | 3,411 | 3,005 |
| Increase in fair value of investment properties | | 3,118 | 2,711 | 608 | 536 |
| Gain on disposals of investment properties | | 26 | 23 | - | - |
| Gain on acquisition of additional equity interests in subsidiaries | | - | - | 7 | 6 |
| Share of results of associates | | 67 | 58 | 495 | 436 |
| Finance costs, net of exchange gain | 6 | 48 | 42 | (101) | (89) |
| Profit before taxation | | 5,022 | 4,367 | 4,420 | 3,894 |
| Taxation | 7 | (1,561) | (1,357) | (1,477) | (1,301) |
| Profit for the year | | 3,461 | 3,010 | 2,943 | 2,593 |
| Attributable to: | | | | | |
| Shareholders of the Company | | 3,230 | 2,809 | 3,034 | 2,673 |
| Non-controlling interests | | 231 | 201 | (91) | (80) |
| | | 3,461 | 3,010 | 2,943 | 2,593 |
| Earnings per share | 9 | | | | |
| Basic | | HK\$0.63 | RMB0.55 | HK\$0.63 | RMB0.55 |
| Diluted | | HK\$0.61 | RMB0.53 | HK\$0.63 | RMB0.55 |

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| | Year ended 31 December 2010 | | Year ended 31 December 2009 | |
|--|---------------------------------|-------------|---------------------------------|-------------|
| | HK\$'million <i>(Note 2)</i> | RMB'million | HK\$'million <i>(Note 2)</i> | RMB'million |
| Profit for the year | 3,461 | 3,010 | 2,943 | 2,593 |
| Other comprehensive (expense) income | | | | |
| Exchange difference arising on translation of foreign operations | (5) | (4) | (21) | (19) |
| Fair value adjustments on interest rate swaps designated in cash flow hedges | (8) | (7) | 51 | 45 |
| Other comprehensive (expense) income for the year | (13) | (11) | 30 | 26 |
| Total comprehensive income for the year | 3,448 | 2,999 | 2,973 | 2,619 |
| Total comprehensive income attributable to: | | | | |
| Shareholders of the Company | 3,217 | 2,798 | 3,064 | 2,699 |
| Non-controlling interests | 231 | 201 | (91) | (80) |
| | 3,448 | 2,999 | 2,973 | 2,619 |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | <i>Notes</i> | 31 December 2010 RMB'million | 31 December 2009 RMB'million |
|---|--------------|---|------------------------------------|
| Non-current assets | | | |
| Investment properties | | 26,893 | 21,206 |
| Property, plant and equipment | | 540 | 356 |
| Prepaid lease payments | | 73 | 43 |
| Interests in associates | | 920 | 862 |
| Loans to associates | | 1,270 | 1,273 |
| Accounts receivable | 10 | 64 | 59 |
| Pledged bank deposits | | 1,569 | 1,222 |
| Deferred tax assets | | 162 | 139 |
| | | 31,491 | 25,160 |
| Current assets | | | |
| Properties under development for sale | | 14,308 | 11,532 |
| Properties held for sale | | 627 | 627 |
| Accounts receivable, deposits and prepayments | 10 | 3,604 | 933 |
| Loans receivable | | 597 | 378 |
| Amounts due from associates | | 318 | 147 |
| Amounts due from related companies | | 49 | 73 |
| Amounts due from non-controlling shareholders of subsidiaries | | 38 | 17 |
| Pledged bank deposits | | 316 | 797 |
| Bank balances and cash | | 4,905 | 2,928 |
| | | 24,762 | 17,432 |
| Current liabilities | | | |
| Accounts payable, deposits received and accrued charges | 11 | 4,987 | 4,305 |
| Amounts due to related companies | | 95 | 69 |
| Amounts due to associates | | 29 | 45 |
| Amounts due to non-controlling shareholders of subsidiaries | | 462 | 475 |
| Loan from a non-controlling shareholder of a subsidiary | | 300 | 442 |
| Tax liabilities | | 1,230 | 1,404 |
| Bank borrowings – due within one year | | 1,644 | 2,098 |
| | | 8,747 | 8,838 |
| Net current assets | | 16,015 | 8,594 |
| Total assets less current liabilities | | 47,506 | 33,754 |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

| | | 31 December 2010 | 31 December 2009 |
|--|--------------|-----------------------------|---------------------|
| | <i>Notes</i> | RMB'million | RMB'million |
| Capital and reserves | | | |
| Share capital | <i>12</i> | 102 | 99 |
| Reserves | | 24,718 | 21,480 |
| | | <hr/> | <hr/> |
| Equity attributable to shareholders of the Company | | 24,820 | 21,579 |
| Non-controlling interests | | 1,208 | 995 |
| | | <hr/> | <hr/> |
| Total equity | | 26,028 | 22,574 |
| | | <hr/> | <hr/> |
| Non-current liabilities | | | |
| Bank and other borrowings – due after one year | | 11,539 | 8,105 |
| Convertible bonds | | 2,117 | - |
| Notes | | 2,945 | - |
| Derivative financial instruments designated as hedging instruments | | 218 | 211 |
| Loans from non-controlling shareholders of subsidiaries | | 1,653 | 670 |
| Deferred tax liabilities | | 3,001 | 2,192 |
| Defined benefit liabilities | | 5 | 2 |
| | | <hr/> | <hr/> |
| | | 21,478 | 11,180 |
| | | <hr/> | <hr/> |
| Total equity and non-current liabilities | | 47,506 | 33,754 |
| | | <hr/> <hr/> | <hr/> <hr/> |