



Press Release

Shui On Land Announces 2009 Interim Results Timely Decisions, Focused Moves

27 August 2009, Hong Kong – Shui On Land Limited (“Shui On Land” or the “Company”, Stock Code: 272) today announced the unaudited consolidated results for the six months ended 30 June 2009.

The Group’s turnover increased by 18% to RMB1,335 million or HK\$1,509 million (2008 restated: RMB1,132 million or HK\$1,234 million), in which property sales accounted for approximately 76% (2008 restated: 73%) representing a total of 102,100 sq.m. (2008: 31,500 sq.m.). Rental income and other related activities accounted for the remaining 24% of the turnover (2008 restated: 27%). The increase in turnover was primarily due to a 22% increase in property sales to RMB1,010 million or HK\$1,141 million (2008 restated: RMB827 million or HK\$901 million).

With the adoption of an interpretation to the accounting standard of “Agreements for the Construction of Real Estate”, the timing of revenue recognition of property sales has been changed to recognise only upon delivery of properties to the purchasers pursuant to the sales agreement, but not upon completion of properties. With the deferral of profit contributions from Casa Lakeville and no sales of equity interests to strategic partners for the period, profit attributable to shareholders of the Company amounted to RMB718 million or HK\$811 million, a decrease of 45% when compared to the corresponding period in 2008 (2008 restated: RMB1,294 million or HK\$1,411 million).

Basic earnings per share was RMB0.16 or HK\$0.18, a decrease of 43% when compared to the corresponding period in 2008 (2008 restated: RMB0.28 or HK\$0.31). The Board declared an interim dividend of HK\$0.01 (2008: HK\$0.07) per share to shareholders.

Property Sales Volume Rebounded Significantly

During the six months ended 30 June 2009, the Group achieved contracted sales of approximately 122,400 sq.m. (2008: 63,500 sq.m.) GFA which gave rise to proceeds from property sales, after business tax, of RMB2,021 million (2008: RMB2,252 million). Riding on improved market sentiment in the first half of 2009, the sales volume for most of our projects rebounded significantly.

1. Casa Lakeville, the third phase of prestigious residential development in Shanghai Taipingqiao area (Lot 113)

On 22 May 2009, 52 units or 7,500 sq.m. of Tower 11 were launched to the market and were subscribed for sale in three days at an average price of RMB56,800 per sq.m.. In view of the overwhelming response, Tower 12 with 48 units or 8,100 sq.m. was put on the market on 27 June 2009 with a 20% increase in average selling price and the units were substantially subscribed for sale on the same day. Together with Towers 1, 2 and 10, which were subscribed at a higher selling price of RMB76,300 per sq.m., an aggregate of 178 units or 26,900 sq.m. were subscribed for sale in the six months ended 30 June 2009. 121 units or 17,400 sq.m. were entered into formal sales agreements in the same period and the remaining 9,500 sq.m. were contracted in the month of July 2009.

2. Rui Hong Xin Cheng Phase 3A (Lot 8)

Sales commenced on 25 July 2009 drawing considerable market interest. 210 of the 248 units being launched, representing 26,000 sq.m., were subscribed for sale during the weekend at an average price of RMB27,400 per sq.m.. Compared with Phase 2 which was sold at an average price of RMB16,600 per sq.m. in 2007, the average selling price of Rui Hong Xin Cheng project increased by 65% over the last two years.

3. KIC Village R1 and R2 at Shanghai Knowledge and Innovation Community (KIC)

48 units or 6,700 sq.m. were contracted for sale at an average price of RMB20,600 per sq.m.

4. The Riverview, the residential development of Wuhan Tiandi project

Lots A10 and A8 of Riverview Phase 2 were well-received by the market. Together with the inventories of Phase 1 (Lots A9 and A7) carried over from last year, an aggregate of 278 units or 36,800 sq.m. were contracted for sale. Sales of Riverview remained strong in July 2009 with another 60 units or 8,600 sq.m. being contracted for sale.

5. The Riviera, Chongqing Tiandi

Following enhancement of the environment and completed construction of the major roads in Chongqing Tiandi, the property sales of Riviera (Lot B1-1/01) picked up remarkably in the first half of 2009. A total of 506 units or 61,100 sq.m. were contracted for sale.

Timely Decisions and Focused Moves for Sustainable Growth

Mr. Vincent H. S. Lo, Chairman and Chief Executive Officer of Shui On Land, said, "Our unique business model and focused strategies equipped the Company to withstand market fluctuations and regain strong growth in the economic revival. The actual residential sales volumes recorded in the first six month of 2009 were higher than those in the same period last year with higher prices."

New corporate initiatives have also been implemented to foster the Company's continued development. The Finance Committee which was newly established in April this year will be responsible for making recommendations to the Board on financial policies and planning. The Company's Chief Financial Officer Mr. Daniel Wan was invited to join the Board. Mr. Freddy Lee was promoted to the position of Managing Director of Shui On Development (the subsidiary responsible for the management of the Group and all its projects) to take the lead in the implementation of the three-year corporate development plan.

Accelerate Growth through Strategic Partnerships

Strategic partnership remains an important part of the Group's long-term strategy to expedite on the project development and to increase shareholder value. Following the signing of a Memorandum of Understanding in July with Redevco which owns, manages and develops one of the largest retail real estate portfolios in Europe, the Group will collaborate with Redevco and shortly commence work on the commercial podium of the Wuhan Tiandi Lots A1, A2 and A3. The strengths and competitive advantages of Redevco are expected to help accelerate and reinforce the development of the Wuhan Tiandi project.

The Group will continue to look for appropriate strategic partners to co-develop projects, either at a project level and/or for a particular parcel. This strategy allows the Group to accelerate returns from its projects, release the capital that can be invested in other projects, diversify its risks and enhance the Group's cash flows. It also allows the Group to access certain expertise and know-how which the partners possess that may be beneficial to the future development of the Group's projects.

Mr. Lo concluded, "The cities where Shui On Land has presence bear significant value in China's development – Shanghai will become an international finance and transportation centre; Chongqing the economic hub of the South Western Region; Wuhan serving the central region of the country; Foshan's twining with Guangzhou in the South Eastern Region and Dalian's transformation into a software hub catering for Japanese and Korean markets. Our strategy of working closely with the government and in line with the development plans of the cities will position our projects as the new landmark and focal points of these cities, creating long-term value to the cities and our shareholders."

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2009 Interim Results Highlights

HIGHLIGHTS

- Turnover increased by 18% to RMB1,335 million (six months ended 30 June 2008 restated: RMB1,132 million), primarily due to the increase in property sales by 22% to RMB1,010 million (six months ended 30 June 2008 restated: RMB827 million). During the six months ended 30 June 2009, the Group has recognised contracted sales of 102,100 sq.m. (six months ended 30 June 2008: 31,500 sq.m.) as income.
- With the adoption of an interpretation to the accounting standard "Agreements for the Construction of Real Estate", the timing of revenue recognition of property sales of the Group has been changed, whereby revenue from property sales is recognised only upon delivery of properties to the purchasers pursuant to the sales agreements rather than upon completion of properties. The effect of this change was to reduce turnover and profit attributable to shareholders for the six months ended 30 June 2009 by RMB234 million and RMB85 million respectively.
- Turnover from investment properties increased by 6% to RMB305 million (six months ended 30 June 2008: RMB287 million). As of 30 June 2009, leasable GFA of our investment property portfolio increased to 291,000 sq.m. (31 December 2008: 262,000 sq.m.).
- With the deferral of profit contributions from Casa Lakeville due to the change in accounting policy mentioned above and no sales of equity interests to strategic partners during the six months ended 30 June 2009, profit attributable to shareholders of the Company decreased by 45% to RMB718 million (six months ended 30 June 2008 restated: RMB1,294 million).
- Basic earnings per share was RMB0.16, a decrease of 43% when compared to the corresponding period in 2008 (six months ended 30 June 2008 restated: RMB0.28).
- Declared an interim dividend of HK\$0.01 (equivalent to RMB0.0088) per share.
- Total assets increased to RMB40.1 billion (31 December 2008 restated: RMB35.9 billion).
- Total equity was RMB20.4 billion, of which RMB19.4 billion was attributable to shareholders of the Company (31 December 2008 restated: total equity was RMB18.2 billion and RMB16.9 billion attributable).
- Net debt was RMB3,741 million (31 December 2008: RMB4,818 million). Net debt to total equity ratio ("net gearing ratio") decreased to 18% as of 30 June 2009 (31 December 2008 restated: 27%).

The Board of Directors (the "Board") of Shui On Land Limited (the "Company" or "Shui On Land") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 June 2009 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2009

	Six months ended 30 June 2009 (Unaudited)		Six months ended 30 June 2008 (Restated and unaudited)	
	HK\$'million (note *)	RMB'million	HK\$'million (note *)	RMB'million
Turnover	1,509	1,335	1,234	1,132
Cost of sales	(1,068)	(945)	(549)	(504)
Gross profit	441	390	685	628
Other income	121	107	267	245
Selling and marketing expenses	(44)	(39)	(63)	(58)
General and administrative expenses	(295)	(261)	(385)	(353)
Operating profit	223	197	504	462
Increase in fair value of investment properties	225	199	322	296
Gain on partial disposal of equity interests in subsidiaries	-	-	940	862
Share of results of associates	449	398	38	35
Finance costs, net of exchange gain	(68)	(60)	194	178
Profit before taxation	829	734	1,998	1,833
Taxation	(88)	(78)	(477)	(438)
Profit for the period	741	656	1,521	1,395
Attributable to:				
Shareholders of the Company	811	718	1,411	1,294
Non-controlling interests	(70)	(62)	110	101
	741	656	1,521	1,395
Earnings per share				
Basic	HK\$0.18	RMB0.16	HK\$0.31	RMB0.28
Diluted	HK\$0.17	RMB0.15	HK\$0.31	RMB0.28

*Note: The HK dollar figures shown above for reference only and have been arrived at based on the exchange rate of RMB1.00 to HK\$1.13 for the six months ended 30 June 2009 and RMB1.00 to HK\$1.09 for the six months ended 30 June 2008, being the average exchange rates that prevailed during the respective periods.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As of 30 June 2009

	30 June 2009 RMB'million (Unaudited)	31 December 2008 RMB'million (Restated and audited)
Non-current assets		
Investment properties	19,927	8,466
Property, plant and equipment	337	343
Prepaid lease payments	43	6,290
Properties under development	-	2,411
Interests in associates	694	296
Loans to associates	1,392	1,331
Accounts receivable	338	329
Pledged bank deposits	872	694
Defined benefit assets	4	4
Deferred tax assets	145	146
	23,752	20,310
Current assets		
Properties under development for sale	8,226	7,786
Properties held for sale	2,176	3,090
Accounts receivable, deposits and prepayments	610	941
Loans receivable	417	414
Amounts due from associates	143	450
Amounts due from related parties	78	62
Amounts due from non-controlling shareholders of subsidiaries	6	176
Pledged bank deposits	1,750	1,015
Bank balances and cash	2,903	1,671
	16,309	15,605
Current liabilities		
Accounts payable, deposits received and accrued charges	5,361	4,418
Amount due to an associate	54	-
Amounts due to related parties	51	33
Amounts due to non-controlling shareholders of subsidiaries	728	758
Loan from a non-controlling shareholder of a subsidiary	200	199
Tax liabilities	661	739
Bank borrowings – due within one year	2,200	1,953
	9,255	8,100
Net current assets	7,054	7,505
Total assets less current liabilities	30,806	27,815

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)*As of 30 June 2009*

	30 June 2009 RMB'million (Unaudited)	31 December 2008 RMB'million (Restated and audited)
Capital and reserves		
Share capital	99	84
Reserves	19,284	16,779
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Equity attributable to shareholders of the Company	19,383	16,863
Non-controlling interests	1,046	1,312
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Total equity	20,429	18,175
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Non-current liabilities		
Bank borrowings – due after one year	7,066	6,245
Derivative financial instruments designated as hedging instruments	196	256
Loan from a non-controlling shareholder of a subsidiary	670	670
Loan from a director	567	567
Deferred tax liabilities	1,878	1,902
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	10,377	9,640
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Total equity and non-current liabilities	30,806	27,815
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About Shui On Land

Headquartered in Shanghai, Shui On Land (Stock Code: 272) is the flagship property company of the Shui On Group in the Chinese Mainland with a proven track record in developing large-scale, mixed-use city-core development projects and integrated residential development projects. The Company has eight projects in various stages of development in prime locations of major cities, with a gross floor area of 13.2 million sq.m. (including interests of other investors). 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: <http://www.shuionland.com>.

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