



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 2007 INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2007**

HIGHLIGHTS

- **Turnover increased to RMB2,178 million as compared to RMB2,158 million for the corresponding period in 2006**
- **Profit attributable to shareholders was RMB1,098 million, an increase of approximately 97% over the same period in 2006 (2006: RMB558 million); excluding the effect of a non-recurring deferred tax credit adjustment of RMB352 million, the profit attributable to shareholders was RMB746 million, an increase of approximately 34% over the same period in 2006**
- **Profit attributable to shareholders before revaluation of investment properties and fair value adjustments on derivative financial instruments was RMB930 million, an increase of 115% over the same period in 2006 (2006: RMB433 million); excluding the effect of a non-recurring deferred tax credit adjustment of RMB352 million, the profit attributable to shareholders before revaluation of investment properties and fair value adjustments on derivative financial instruments was RMB578 million, an increase of approximately 33% over the same period in 2006**
- **Earnings of RMB26 cents per share based on a weighted average of approximately 4,185 million shares in issue (2006: RMB31 cents per share based on a weighted average of approximately 1,802 million shares in issue)**
- **An interim dividend of HK5 cents per share (2006: Nil) declared**
- **Total assets increased to RMB27.7 billion (31 December 2006: RMB26.0 billion)**
- **Net gearing ratio remained at a low level of approximately 10% (31 December 2006: approximately 5%), making us well positioned to consider various funding options for new projects as the needs arise**
- **Total landbank increased by 42% to approximately 11.9 million sq.m. (31 December 2006: approximately 8.4 million sq.m.) of gross floor area, of which approximately 8.7 million sq.m. are attributable to the Group (31 December 2006: approximately 7.3 million sq.m.)**

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 2007 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2007

	Notes	(Expressed in RMB'million)	
		2007 (unaudited)	2006 (unaudited)
Turnover	3	2,178	2,158
Cost of sales		(665)	(646)
Gross profit		1,513	1,512
Other income		128	61
Staff costs		(134)	(64)
Depreciation and release of prepaid lease payments		(13)	(13)
Other expenses		(181)	(100)
(Loss) gain on change in fair value of derivative financial instruments		(14)	15
Increase in fair value of investment properties		267	168
Gain on disposal of interests in subsidiaries		1	-
Finance costs		(56)	(167)
Profit before taxation		1,511	1,412
Income tax expense	4	(180)	(578)
Profit for the period		1,331	834
Attributable to:			
Equity holders of the Company		1,098	558
Minority interests		233	276
		1,331	834
Dividends	5		
- Paid, 2006 final		248	-
- Declared, 2007 interim		203	-
Earnings per share	6	RMB cents	RMB cents
- Basic		26	31
- Diluted		26	19

CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2007

	(Expressed in RMB'million)	
	30 June 2007 (unaudited)	31 December 2006 (audited)
Non-current assets		
Investment properties	7,652	6,205
Property, plant and equipment	184	188
Prepaid lease payments	4,198	3,710
Properties under development	1,368	1,760
Interests in associates	4	3
Accounts receivable	296	147
Pledged bank deposits	336	368
Defined benefit assets	4	5
Deferred tax assets	-	4
	<hr/>	<hr/>
	14,042	12,390
Current assets		
Inventories	2	2
Properties under development for sale	5,642	4,749
Properties held for sale	1,146	1,799
Accounts receivable, deposits and prepayments	1,559	1,445
Loan receivable	233	227
Amount due from an associate	2	2
Amounts due from related parties	43	100
Amount due from a minority shareholder of a subsidiary	6	6
Tax recoverable	141	-
Early redemption rights on notes	15	29
Pledged bank deposits	826	834
Bank balances and cash	4,067	4,452
	<hr/>	<hr/>
	13,682	13,645
Current liabilities		
Accounts payable, deposits received and accrued charges	1,793	1,752
Amounts due to related parties	47	73
Amounts due to minority shareholders of subsidiaries	373	267
Tax liabilities	29	76
Bank borrowings - due within one year	2,273	1,683
	<hr/>	<hr/>
	4,515	3,851
Net current assets	<hr/>	<hr/>
	9,167	9,794
Total assets less current liabilities	<hr/>	<hr/>
	23,209	22,184

CONDENSED CONSOLIDATED BALANCE SHEET (CONTINUED)*As at 30 June 2007*

	(Expressed in RMB'million)	
	30 June	31 December
	2007	2006
	(unaudited)	(audited)
Capital and reserves		
Share capital	84	84
Reserves	14,708	13,868
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Equity attributable to equity holders of the Company	14,792	13,952
Minority interests	1,457	1,213
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Total equity	16,249	15,165
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Non-current liabilities		
Loan from a minority shareholder of a subsidiary	91	183
Notes	2,734	2,762
Bank borrowings - due after one year	1,911	2,032
Deferred tax liabilities	2,178	2,035
Derivative financial instrument designated as hedging instrument	46	7
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	6,960	7,019
	<hr/>	<hr/>
	23,209	22,184
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Notes to the condensed consolidated financial statements:

1. General

The Directors of the Company consider that its parent and ultimate holding company is Shui On Company Limited, a private limited liability company incorporated in the British Virgin Islands.

The condensed 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 Accounting Standard 34 "Interim Financial Reporting" issued by the International Accounting Standards Board (the "IASB").

2. Principal accounting policies

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

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2006 except as described below.

In the current interim period, the Group has applied, for the first time, a number of new International Accounting Standards ("IASs"), International Financial Reporting Standards ("IFRSs") and International Financial Reporting Interpretations Committee Interpretations ("IFRIC") which are effective for the Group's financial year beginning 1 January 2007.

The adoption of these new IASs, IFRSs and IFRIC has had no material effect on the results or financial position of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment has been required.

The Group has not early applied the following new IASs, IFRSs and IFRIC that have been issued but are not yet effective. The Directors of the Company anticipate that the application of these standards or interpretations will have no material impact on the results and the financial position of the Group.

IFRIC 11	IFRS 2 - Group and treasury share transactions ¹
IFRIC 12	Service concession arrangements ²
IFRIC 13	Customer loyalty programmes ³
IFRIC 14	IAS 19 - The limit on a defined benefit asset, minimum funding requirements and their interaction ²
IAS 1 (Revised)	Presentation of Financial Statements ⁴
IAS 23 (Revised)	Borrowing costs ⁴
IFRS 8	Operating segments ⁴

¹ Effective for annual periods beginning on or after 1 March 2007

² Effective for annual periods beginning on or after 1 January 2008

³ Effective for annual periods beginning on or after 1 July 2008

⁴ Effective for annual periods beginning on or after 1 January 2009

3. Segment information

Business segment

For management purposes, the Group is currently organised into two operating divisions - property development and property investment. These divisions are the basis on which the Group reports its primary segment information.

	For the six months ended 30 June 2007			
	Property development RMB'million	Property investment RMB'million	Others RMB'million	Consolidated RMB'million
TURNOVER				
Segment sales	1,943	214	21	2,178
RESULTS				
Segment results	1,262	476	12	1,750
Interest income				77
Finance costs				(56)
Loss on change in fair value of derivative financial instruments				(14)
Gain on disposal of interests in subsidiaries				1
Net unallocated expenses				(247)
Profit before taxation				1,511
Income tax expense				(180)
Profit for the period				1,331

	For the six months ended 30 June 2006			
	Property development RMB'million	Property investment RMB'million	Others RMB'million	Consolidated RMB'million
TURNOVER				
Segment sales	1,945	201	12	2,158
RESULTS				
Segment results	1,323	337	5	1,665
Interest income				23
Finance costs				(167)
Gain on change in fair value of derivative financial instruments				15
Net unallocated expenses				(124)
Profit before taxation				1,412
Income tax expense				(578)
Profit for the period				834

Geographical segment

Over 90% of the Group's turnover and contribution to operating profit is attributable to customers in the People's Republic of China ("PRC"). Accordingly, no analysis of geographical segment is presented.

4. Income tax expense

	Six months ended 30 June	
	2007	2006
	RMB'million	RMB'million
PRC Enterprise Income Tax:		
Current taxation	50	67
Deferred taxation		
- Provision for the period	485	511
- Attributable to a change in tax rate of PRC Enterprise Income Tax	(355)	-
	130	511
	180	578

PRC Enterprise Income Tax has been provided at the applicable income tax rate of 33% on the assessable profits of the companies in the Group during the period.

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.

On 16 March 2007, the People's Republic of China promulgated the Law of the People's Republic of China on Enterprise Income Tax (the "New Law") by Order No. 63 of the President of the People's Republic of China, which will change the tax rate from 33% to 25% for certain subsidiaries from 1 January 2008. The deferred tax balance has been adjusted to reflect the tax rates that are expected to apply to the respective periods when the asset is realised or the liability is settled.

5. Dividends

	Six months ended 30 June	
	2007	2006
	RMB'million	RMB'million
2006 Final dividend paid	248	-
Interim dividend declared in respect of 2007 at HK\$0.05 per share (equivalent to RMB0.0484 per share) (2006: Nil)	203	-

On 29 June 2007, a dividend of HK\$0.06 (equivalent to RMB0.0593) per ordinary share was paid to the shareholders as the final dividend in respect of 2006.

The Board has declared the payment of HK\$0.05 (equivalent to RMB0.0484) (2006: Nil) per ordinary share as the interim dividend in respect of 2007.

6. Earnings per share

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

Earnings	Six months ended 30 June	
	2007	2006
	RMB'million	RMB'million
Earnings for the purposes of basic earnings per share, being profit for the period attributable to equity holders of the Company	1,098	558
Effect of dilutive potential ordinary shares:		
Interest on convertible redeemable preference shares charged to consolidated income statement	-	54
Gain on change in fair value of warrants	-	(14)
	<hr/>	<hr/>
Earnings for the purpose of diluted earnings per share	1,098	598
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Number of shares	Six months ended 30 June	
	2007	2006
	'million	'million
Weighted average number of ordinary shares for the purposes of basic earnings per share	4,185	1,802
Effect of dilutive potential ordinary shares:		
Convertible redeemable preference shares (Note a)	-	1,326
Warrants (Note a)	-	4
Additional consideration in respect of the Rainbow Sale and Purchase Agreement	-	4
	<hr/>	<hr/>
Weighted average number of ordinary shares for the purposes of diluted earnings per share	4,185	3,136
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Notes:

- (a) All the outstanding preference shares and warrants were converted into ordinary shares on 4 October 2006, and accordingly, do not affect the calculation of diluted earnings per share for the six months ended 30 June 2007.
- (b) No diluted earnings per share has been presented for the six months ended 30 June 2007 because the exercise price of the Company's share options was higher than the average market price for shares for that period.

INTERIM DIVIDENDS

The Board has declared an interim dividend of HK5 cents (2006: Nil) per share to shareholders whose names appear on the Company's register of members on 22 October 2007. The interim dividend will be paid on 30 October 2007.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 16 October 2007 to 22 October 2007, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the interim dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17/F., Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong by registration not later than 4:30 p.m. on 15 October 2007.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

For the first half of 2007, turnover was RMB2,178 million, representing an increase of 1% over the corresponding period in 2006 (2006: RMB2,158 million). Property sales accounted for approximately 90% of the turnover, with rental income and other related activities accounting for the remaining 10%.

The Group's unaudited profit attributable to shareholders for the period amounted to RMB1,098 million, an increase of 97% over the same period in the last year (2006: RMB558 million); excluding the effect of a non-recurring deferred tax credit adjustment of RMB352 million, the profit attributable to shareholders was RMB746 million, an increase of approximately 34% over the same period in 2006.

Excluding the effect of revaluation of investment properties and fair value adjustment on derivative financial instruments, the Group's profit attributable to shareholders was RMB930 million, an increase of 115% over the same period in 2006 (2006: RMB433 million); excluding the effect of a non-recurring deferred tax credit adjustment of RMB352 million, the profit attributable to shareholders before revaluation of investment properties and fair value adjustments on derivative financial instruments was RMB578 million, an increase of approximately 33% over the same period in 2006.

Property Development

During the period under review, construction has been progressing according to plan. The Group's saleable GFA that is expected to be completed in the second half of 2007 and during the years 2008 and 2009 are as follows:

Property development held for sale	Saleable GFA (sq.m.)			Group's interest
	Second half of 2007	Year 2008	Year 2009	
Shanghai Taipingqiao Lot 113 ("Lakeville 3")	59,000	21,000	-	99.0%
Shanghai Rui Hong Xin Cheng Lots 4, 6, 8	-	32,000	97,000	99.0%
Shanghai Knowledge and Innovation Community Lots 7-7, 7-9, 8-2 ("R2, KIC Village")	-	43,000	30,000	86.8% ¹
Shanghai Knowledge and Innovation Community Lots 6-2, 6-3, 7-5, 7-6	-	-	76,000	86.8% ¹
Chongqing Tiandi Lots B1-1/01, B2-1/01 ("The Riviera")	-	107,000	121,000	79.4%
Wuhan Tiandi Lot A9 ("The Riverview")	30,000	-	-	75.0%
Wuhan Tiandi Lots A6, A7, A8, A10	-	39,000	89,000	75.0%
Total saleable GFA (sq.m.)	89,000	242,000	413,000	

¹ Subsequent to 30 June 2007, agreement has been reached to increase the interest from 70% to 86.8%, subject to the approval by the relevant PRC government authorities.

The Group's leasable GFA that is expected to be completed in the second half of 2007 and during the years 2008 and 2009 are as follows:

Property development held for investment	Leasable GFA (sq.m.)			Group's interest
	Second half of 2007	Year 2008	Year 2009	
Shanghai Taipingqiao Lot 113, Lakeville 3	-	32,000	-	99.0%
Shanghai Rui Hong Xin Cheng Lots 4, 8	-	3,000	13,000	99.0%
Shanghai Knowledge and Innovation Community Lots 7-7, 7-9, 8-2, i.e. R2, KIC Village	-	3,000	4,000	86.8% ¹
Shanghai Knowledge and Innovation Community Lots 5-5, 5-7, 5-8	-	-	49,000	86.8% ¹
Shanghai Knowledge and Innovation Community Hub 2	-	-	47,000	86.8% ¹
Hangzhou Xihu Tiandi Phase 2	-	-	46,000	100.0%
Chongqing Tiandi Lots B1-1/01, B3/01	-	59,000	-	79.4%
Chongqing Tiandi Lots B2-1/01, B2-4/01, B14-1/01	-	-	18,000	79.4%
Wuhan Tiandi Lots A4-1, A4-2, A4-3	12,000	10,000	20,000	75.0%
Wuhan Tiandi Lots A4, A7, A9	1,000	1,000	9,000	75.0%
Total leasable GFA (sq.m.)	13,000	108,000	206,000	

¹ Subsequent to 30 June 2007, agreement has been reached to increase the interest from 70% to 86.8%, subject to the approval by the relevant PRC government authorities.

Actual completion of construction depends on our construction progress and this may be affected by many factors including but without limitation, planning, relocation, construction, operational, managerial and financial resources, approval and regulatory changes and other factors within or beyond the control of the Group.

Property Sales

During the six months ended 30 June 2007, the Group sold a total of approximately 46,400 sq.m. of GFA that generated a turnover from property sales of RMB1,943 million, net of business tax (2006: RMB1,945 million).

In the first half of 2007, property markets across the PRC were strong. Our units in both Lakeville Regency in our Shanghai Taipingqiao Project in Luwan District and Shanghai Knowledge and Innovation Community in Yangpu District sold very well. For Lakeville Regency, 62 units or 10,500 sq.m. of Tower 12 and 61 units or 11,300 sq.m. of Tower 9 were launched for sale in April and July this year, respectively. In both cases, almost all the units were sold within a few days. The average selling price of Lakeville Regency in 2007 was 9% higher than the average selling price in 2006. Sales in the first half of 2006 included sales of Towers 1 and 2 located at the front of Lakeville Regency, which commanded higher prices. A similar experience occurred at Shanghai Knowledge and Innovation Community where 106 units or 9,850 sq.m. of Lot 8-3, R1 were sold over a weekend at an average selling price of approximately 3% higher than the average selling price in 2006.

An analysis of the GFA sold and our average selling prices in the six months ended 30 June 2007 is set out below:

Project	Total GFA sold (sq.m.)	Average selling price (RMB/sq.m.)	Group's interest
Shanghai Taipingqiao Lot 114, Lakeville Regency	34,000	54,500	69.3%
Shanghai Rui Hong Xin Cheng Phase 2 (Lot 149)	2,800	16,600	99.0%
Shanghai Knowledge and Innovation Community R1	9,600	16,600	86.8% ¹
Total GFA (sq.m.)	46,400		

¹ Subsequent to 30 June 2007, agreement has been reached to increase the interest from 70% to 86.8%, subject to the approval by the relevant PRC government authorities.

The Group's completed GFA that was held for sale at 30 June 2007 was 76,000 sq.m., of which 19,000 sq.m. was located at Lakeville Regency and 57,000 sq.m. was located at Shanghai Knowledge and Innovation Community. The Group's saleable GFA that is expected to be completed in the second half of 2007 (as shown in the table above under the section headed "Property Development") amounts to 89,000 sq.m., rendering a total of 165,000 sq.m. of GFA expected to be available for sale in the second half of 2007 and thereafter. Since 30 June 2007, approximately 80% of the completed GFA at Lakeville Regency and approximately 25% of the completed GFA at Shanghai Knowledge and Innovation Community has been sold.

The pre-sale of the first phase of the residential development at Wuhan Tiandi Lot A9, The Riverview, is scheduled to commence in the fourth quarter of 2007 while Shanghai Taipingqiao Lot 113, Lakeville 3, is also expected to be launched later this year. The sale or pre-sale of units will be subject to compliance with applicable laws and regulations, and will be dependent on obtaining the requisite approvals, licences, permits and consents. Recognition of these sales will depend, amongst others, on the timing of completion of construction and actual completed sales.

Property Investments

The total leasable GFA of the Group's portfolio of investment properties at 30 June 2007 comprises:

Project	Date construction completed	Leasable GFA (sq.m.)			Total	Group's interest
		Office	Retail	Hotel/ service apartment/ clubhouse		
Shanghai Xintiandi	Aug 2002	5,000	46,000	6,000	57,000	97.0%
Hangzhou Xihu Tiandi Phase 1	May 2003	-	5,000	1,000	6,000	100.0%
Shanghai Corporate Avenue (Lot 110)	Mar 2004	76,000	7,000	-	83,000	99.0%
Shanghai Rui Hong Xin Cheng Phase 2 Commercial Complex, North Building	Sept 2004	-	25,000	-	25,000	99.0%
Shanghai Rui Hong Xin Cheng Phase 2 Commercial Complex, South Building	Sept 2006	-	3,000	-	3,000	99.0%
Shanghai Knowledge and Innovation Community R1-office	Aug 2006	8,000	7,000	-	15,000	86.8% ¹
Shanghai Knowledge and Innovation Community Hub 1	Nov 2006	29,000	22,000	-	51,000	86.8% ¹
Total leasable GFA		118,000	115,000	7,000	240,000	

¹ Subsequent to 30 June 2007, agreement has been reached to increase the interest from 70% to 86.8%, subject to the approval by the relevant PRC government authorities.

Rental income from our investment properties in the first half of 2007 was RMB180 million, representing an increase of RMB8 million or approximately 5% over the corresponding period in 2006, primarily due to increases in rental rates at Shanghai Xintiandi and Shanghai Corporate Avenue.

The office spaces in R1 and Hub 1 of Shanghai Knowledge and Innovation Community, which were completed in the second half of 2006, have been gradually occupied by tenants during the period under review, also contributing to the increase in the level of rental income during this period compared to the same period in 2006.

Marketing of the entertainment and retail spaces, with an aggregate GFA of 12,000 sq.m., at Wuhan Tiandi commenced in April 2007. Approximately 36% of that GFA have tenancy agreements signed. Construction of that GFA has been completed and the area is being leased to tenants according to our plan, some of whom will be ready to open for business as early as October this year.

Construction of retail spaces at Lots B1-1/01 and B3/01 of Chongqing Tiandi, with an aggregate GFA of 59,000 sq.m., commenced in July this year and is expected to be completed by December 2008 for hand over to tenants in early 2009.

As at 30 June 2007, the occupancy rates of our investment properties were as follows:

Project	Occupancy rate	
	30 June 2007	31 December 2006
Shanghai Xintiandi	89%	94%
Shanghai Corporate Avenue	96%	98%
Shanghai Rui Hong Xin Cheng Phase 2 Commercial Complex	90%	86%
Shanghai Knowledge and Innovation Community R1	17%	9%
Shanghai Knowledge and Innovation Community H1	36%	18%
Hangzhou Xihu Tiandi Phase 1	100%	98%

The slightly reduced occupancy rate as at 30 June 2007 in respect of Shanghai Xintiandi and Shanghai Corporate Avenue related to the normal void period upon lease expiration when provision was required for reinstatement of premises and fitting out for new tenants. New leases have been signed with replacement tenants and the occupancy rate of these premises is expected to return to near full occupancy from September 2007.

Landbank

It was announced in the Company's circular to the shareholders dated 4 June 2007 that the Group has entered into a joint venture agreement to develop Dalian Tiandi • Software Hub (previously called Dalian Software Park Phase 2), a large-scale city-core development with an expected total GFA of approximately 3.6 million sq.m. located in the city of Dalian. The Group has a 48% interest in this project.

We signed an agreement in July 2006 with the Kunming municipal government to collaborate and to research and determine the feasibility of redeveloping the northern Caohai District of Kunming. The identified site, with a mixed use of entertainment, cultural, live, work and other facilities, is approximately 4 sq. km. and is adjacent to the current city centre, the famous Dianchi Lake, and surrounding the Dagan Park. According to our proposed master plan, the project will have an expected GFA of approximately 2.5 million sq.m. upon completion, subject to change and approval.

The proposed acquisition of the development rights to a piece of land in Yangpu District, Shanghai (also known as Plot A of Lot 24) is in progress. The site is expected to yield an aggregate above ground GFA of approximately 137,400 sq.m. for office and commercial use.

Currently, including Dalian Tiandi • Software Hub, the Group's total landbank has increased by 42% to approximately 11.9 million sq.m. of GFA since the end of 2006 (31 December 2006: approximately 8.4 million sq.m.) and it is located in five cities, namely Shanghai, Chongqing, Wuhan, Hangzhou and Dalian.

The Group continues with its strategy to increase its landbank in prime locations to accelerate its growth.

The current position of the Group and its associates' total landbank is summarised as follows:

Project	Approximate/Estimated leasable and saleable area				Total GFA (sq.m.)	Group's interest	Attributable GFA (sq.m.)
	Leasable GFA (sq.m.)	Saleable GFA (sq.m.)	Hotel/ service apartment/ clubhouse (sq.m.)	Open areas and public facilities (sq.m.)			
Completed properties held for investment:							
See section headed "Property Investments" above for details	233,000	-	7,000	-	240,000	Various	228,000
Completed properties held for operation:							
Shanghai Rui Hong Xin Cheng Phase 2 clubhouse	-	-	5,000	-	5,000	99.0%	5,000
Shanghai Taipingqiao Lots 114 & 117 clubhouses	-	-	10,000	-	10,000	69.3%	7,000
Completed properties held for sale:							
Shanghai Taipingqiao Lot 114, Lakeville Regency	-	19,000	-	-	19,000	69.3%	13,000
Shanghai Knowledge and Innovation Community R1	-	57,000	-	-	57,000	86.8% ¹	49,000
Subtotal	233,000	76,000	22,000	-	331,000		302,000
Properties under development:							
Shanghai Taipingqiao	166,000	80,000	3,000	41,000	290,000	99.0% ²	287,000
Shanghai Rui Hong Xin Cheng Phase 3	13,000	221,000	3,000	15,000	252,000	99.0%	249,000
Shanghai Knowledge and Innovation Community	51,000	73,000	3,000	40,000	167,000	86.8% ¹	145,000
Hangzhou Xihu Tiandi	46,000	-	-	27,000	73,000	100.0%	73,000
Chongqing Tiandi	46,000	309,000	26,000	126,000	507,000	79.4%	403,000
Wuhan Tiandi	22,000	69,000	3,000	9,000	103,000	75.0%	77,000
Subtotal	344,000	752,000	38,000	258,000	1,392,000		1,234,000
Properties held for future development:							
Shanghai Taipingqiao	307,000	256,000	-	94,000	657,000	99.0% ²	607,000
Shanghai Rui Hong Xin Cheng	168,000	639,000	-	53,000	860,000	99.0%	851,000
Shanghai Knowledge and Innovation Community	142,000	115,000	-	80,000	337,000	86.8% ¹	293,000
Chongqing Tiandi	1,251,000	1,216,000	-	815,000	3,282,000	79.4%	2,606,000
Wuhan Tiandi	620,000	690,000	-	126,000	1,436,000	75.0%	1,077,000
Dalian Tiandi • Software Hub ³	2,299,000	1,070,000	-	239,000	3,608,000	48.0%	1,732,000
Subtotal	4,787,000	3,986,000	-	1,407,000	10,180,000		7,166,000
Total landbank GFA	5,364,000	4,814,000	60,000	1,665,000	11,903,000		8,702,000

¹ Subsequent to 30 June 2007, agreement has been reached to increase the interest from 70% to 86.8%, subject to the approval by the relevant PRC government authorities.

² The Group has a 99% interest in the remaining lots within Shanghai Taipingqiao project, except for Lot 116, in which we have a 50% interest after the sale of a 48% interest to a strategic partner in July 2007.

³ As disclosed in the Company's circular to the shareholders dated 4 June 2007, Dalian Tiandi • Software Hub comprises 23 plots of land with an expected GFA totalling approximately, 3,608,000 sq.m. planned for development in 6 phases over a period of 8 to 10 years. It is the intention of the joint venture companies to acquire all 23 plots of the land. Other than 3 plots of land of approximately 1,466,000 sq.m. of site area (or 1,435,000 sq.m. of GFA) which the joint venture companies have entered into legally binding contracts, acquisition of these lands will be by way of competitive bidding and there is no assurance that the joint venture companies will be successful in acquiring the remaining 20 pieces of land with a total of approximately 5,516,000 sq.m. of site area (or 2,173,000 sq.m. of GFA).

Accelerate Growth through Strategic Partnerships

It was announced on 29 June 2007 that the Group had brought in Trophy Property Development, L.P., a collective investment scheme (the “Trophy Fund”) managed by Winnington Capital Limited, as a strategic partner through the transfer of a 25% interest in Wuhan Tiandi and a 49% interest in Lot 116 of Shanghai Taipingqiao project to Trophy Fund for a total consideration of approximately RMB1,609 million. A total gain of approximately RMB835 million from these transactions is expected to be reported by the Group in the second half of 2007.

Following the tremendous success of the development and sales of Lakeville Regency that generated total sales in excess of RMB6 billion over 2006 and 2007, the Group has entered into an agreement with the existing strategic partners to buy out their 30% equity interest in the company holding Lakeville Regency for a cash consideration of USD116 million, which was determined as a result of arm’s length negotiations. Full details of this transaction will be provided in a circular to be dispatched to the Company’s shareholders as soon as practicable. The buyout allows the Group the flexibility to carry on the further development of other phases of the Shanghai Taipingqiao project by the same vehicle, and the flexibility of retaining the RMB proceeds from sales of Lakeville Regency to be reinvested in the Group’s other projects in the PRC.

It remains the Group’s strategy to forge strategic partnerships with developers, contractors, consultants and other investors and replicate those relationships in our other projects in the same city or elsewhere, to the extent commercially feasible, when such relationships are proving to be beneficial and working well, thereby also enhancing our operational efficiency.

Market Outlook

In the Chinese Mainland, strong economic growth and the continuously improving living standards of the fast-growing urban community are major forces driving the healthy growth of the property sector. The Group is expecting to continue pursuing its strategy of enhancing our existing portfolio in Shanghai, Chongqing, Wuhan, Dalian and Hangzhou and expanding strategically in other fast growing cities in the Chinese Mainland. In the second half of 2007, we will continue to sell the remaining completed saleable GFA at Knowledge and Innovation Community and we are also expecting to launch the third phase of the premium Lakeville residential development, both of which are located in Shanghai. In Wuhan and Chongqing, the first phase of their respective residential developments should be launched towards the end of 2007 in the case of Wuhan or next year in the case of Chongqing.

Various government authorities in the Chinese Mainland have, over the past year, introduced and enforced new macro policies to curb the rapid increases in residential property prices and to promote healthy development of the property market in the Chinese Mainland. The Group remains optimistic about the Chinese Mainland’s property market and is confident that the changes in the market landscape, given our premium brand reputation and proven business models, will be favorable to the Group.

Looking ahead, the Group is optimistic about the prospects and future success of the projects in the cities where we are located. At the same time, we will apply our successful business models and leverage our premium branding to take advantage of new opportunities opened up by the increasing affluence and urbanisation in the Chinese Mainland. We will continue to pursue our aspiration to be the premium innovative property developer in the Chinese Mainland, the most exciting property market in the world.

Financial Review

Operating Results

Turnover for the six-month period ended 30 June 2007 amounted to RMB2,178 million, an increase of RMB20 million or 1% over the same period in 2006. The Lakeview Regency continued to be our key contributor to our sales during the period.

Gross profit was RMB1,513 million and gross margin was 69% as compared to RMB1,512 million and gross margin of 70% for the first half of 2006. Sufficient provision for Land Appreciation Tax has been made and included in cost of sales.

Other income increased to RMB128 million (2006: RMB61 million) due largely to a higher level of interest income from deposits with banks following the Company's successful initial public offering in October 2006 (the "IPO").

Staff costs increased to RMB134 million (2006: RMB64 million) due to an increase in our headcount, bonus and general salary increment. The average number of employees during this first six months was 1,048 compared to 935 over the same period in 2006. In addition, share compensation costs of RMB11 million have been charged against the income statement for the share options granted during this period.

Other expenses increased to RMB181 million from RMB100 million of the same period in 2006. The increase is due to a higher level of sales and marketing expenses in promoting our residential properties, namely Lakeville Regency and phase 1 of our Shanghai Knowledge and Innovation Community project.

Finance costs amounted to RMB56 million, a 66% decrease from RMB167 million in the first half of 2006. This decrease in interest expenses arose from the conversion of all the preference shares into ordinary shares of the Company at the time of the IPO. Prior to that, preference share dividends had been treated as finance costs.

Revaluation of investment properties has given rise to a gain before deferred taxation of RMB267 million for the period (2006: RMB168 million).

Taxation was RMB180 million (effective tax rate: 12%) for the first half of 2007 as compared to RMB578 million (effective tax rate: 41%) for the first half of 2006. The significant reduction in effective tax rate was largely attributable to a RMB355 million deferred tax credit adjustment. As a result of the enactment in March 2007 of the new Enterprise Income Tax Law of the PRC, enterprises will be subject to a uniform income tax rate of 25% with effect from 1 January 2008. To reflect the anticipated change in tax rate from 33% to 25%, the carrying value of deferred tax liabilities has been written down by RMB355 million and credited to the income statement resulting in a lowered effective tax rate for the six-month period ended 30 June 2007.

Profit attributable to shareholders for the period was RMB1,098 million, a 97% increase from that of the same period last year (2006: RMB558 million). Excluding the effect of the deferred tax credit adjustment described above, profit attributable to shareholders for the period was RMB746 million, a 34% increase from the same period in 2006.

Profit attributable to shareholders before revaluation of investment properties and fair value adjustment on derivative financial instruments for the period was RMB930 million, a 115% increase from that of the corresponding period in 2006 (2006: RMB433 million). Excluding the effect of the deferred tax credit adjustment described above, profit attributable to shareholders before revaluation of investment properties and fair value adjustment on derivative financial instruments for the period was RMB578 million, a 33% increase from the same period in 2006.

Earnings per share were RMB26 cents calculated based on a weighted average of approximately 4,185 million shares in issue during the period (2006: RMB31 cents based on a weighted average of approximately 1,802 million shares in issue).

Capital Structure, Gearing Ratio and Funding

As at 30 June 2007, the Group's utilised project loans, mortgage loans and senior notes amounted to approximately RMB6,918 million (31 December 2006: RMB6,477 million) and our total equity was approximately RMB16,249 million (31 December 2006: RMB15,165 million).

Our cash and bank deposits amounted to RMB5,229 million as at 30 June 2007 (31 December 2006: RMB5,654 million), which included RMB1,162 million (31 December 2006: RMB1,202 million) of deposits pledged to banks. The slight decrease in cash balance during the year was due mainly to payments of land cost for Chongqing Tiandi Phase 3 and Wuhan Tiandi Site B, partially offset by proceeds from property sales and from transfer of equity interests to strategic partners.

The Group's net gearing ratio was approximately 10% as at 30 June 2007 (31 December 2006: approximately 5%) (calculated on the basis of dividing the excess of the sum of bank loans and notes payable over the sum of bank balances and cash by total equity).

Total undrawn banking facilities available to the Group were approximately RMB1,454 million as at 30 June 2007 (31 December 2006: RMB2,560 million). Subsequent to 30 June 2007, additional banking facilities of approximately RMB1,574 million have been arranged, bringing the total available banking facilities to RMB3,028 million. We will continue to adopt a prudent financial policy so as to sustain an optimal level of borrowings to meet our funding requirements.

Pledged Assets

As at 30 June 2007, the Group had pledged land use rights, completed properties for investment and sale, properties under development and bank and cash balances totalling of approximately RMB9,750 million to secure our borrowings of RMB3,862 million, or 56% of our total borrowings.

Capital and Other Development Related Commitments

As at 30 June 2007, the Group had contracted commitments for capital expenditure in the amount of RMB4,772 million. Additionally, the Group had committed to providing a shareholder's loan to certain associates for the development of Dalian Tiandi • Software Hub in the amount of approximately RMB1,120 million and a guarantee of up to a maximum of RMB240 million in case when additional third party funding may be required.

The Group has also committed to building certain educational facilities to be located in the Taipingqiao area of the Luwan District as compensation for the removal of those educational facilities originally located in that area. As at 30 June 2007, the Group had not entered into any construction contracts relating to such educational facilities.

Future Plans for Material Investments and Sources of Funding

We intend to continue growing organically by pursuing more property development projects through competitive bids or auctioning to diversify the geographical span of our projects to selected regions in new cities.

We actively screen cities in different regions of the Chinese Mainland to identify suitable locations for our projects and are continually exploring new opportunities.

We may also pursue other plans, including other ways of acquiring land development rights for the purpose of undertaking property projects, or other ways to increase the scale of our operations by leveraging on our master planning expertise, if we feel the right opportunity presents itself.

While our primary focus is on city-core development projects and integrated residential development projects, we will, in appropriate cases, consider other opportunities to participate in projects of various scale where we can leverage our competitive strengths. Our track record, good relationships with business partners and well established reputation may give rise to such other opportunities.

Material investments will be funded, in the main, by using a combination of project construction loans, mortgage and other loans, and cash provided by operating activities, including from the rental, sales and pre-sales of properties, as appropriate.

Cashflow Management and Liquidity Risk

Cashflow of all subsidiaries is managed on a centralised basis so as to enhance cost-efficient funding.

Our objective is to maintain a balance between continuity of funding and flexibility through a combination of internal resources, and bank and other borrowings, where appropriate. We will continue to maintain a reasonable liquidity buffer to ensure sufficient funds are available to meet liquidity requirements at all times. The repayment profile of liabilities is closely monitored and sources of payment are planned in advance.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares during the six months ended 30 June 2007.

CORPORATE GOVERNANCE

The Company is committed to achieving high standards of corporate governance that it believes are crucial to the development of the Group and to safeguarding the interests of the shareholders of the Company.

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as the code regarding securities transactions by the Directors and relevant employees. All Directors confirmed that they have complied with the required standards set out in the Model Code during the six months ended 30 June 2007.

Audit Committee

The Company established an Audit Committee in June 2004, which was reconstituted in May 2006 with written terms of reference pursuant to the rules set out in Chapter 3 of the Listing Rules. The Audit Committee consists of three members, namely Professor Gary C. BIDDLE ("Professor BIDDLE"), Dr. Edgar W. K. CHENG and Dr. Roger L. McCARTHY. All of them are Independent Non-executive Directors. The chairman of the Audit Committee is Professor BIDDLE.

The Audit Committee has reviewed the Group's unaudited consolidated interim financial statements for the six months ended 30 June 2007, including the accounting principles and practices adopted by the Company, in conjunction with the Company's external auditors.

Remuneration Committee

The Company established a Remuneration Committee in June 2004, which was reconstituted in May 2006 with written terms of reference in compliance with the Code on Corporate Governance Practices (the “CG Code”) as set out in Appendix 14 of the Listing Rules. The Remuneration Committee consists of three members, namely Dr. William K. L. FUNG (“Dr. FUNG”), Mr. Vincent H.S. LO (“Mr. LO”) and Professor BIDDLE. Dr. FUNG and Professor BIDDLE are Independent Non-executive Directors. The chairman of the Remuneration Committee is Dr. FUNG.

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

Compliance with Code on Corporate Governance Practices

During the six months ended 30 June 2007, the Company complied with the code provisions of the CG Code except for the following deviations:

1. Code provision A.2.1: The roles of chairman and chief executive officer (“CEO”) should be separate and should not be performed by the same individual.

Mr. LO is the Chairman and CEO of the Company and the founder of the Group. The Board considers that vesting the roles of Chairman and CEO in the same person is necessary because of the unique role and market importance of Mr. Lo in the business development of the Company. This vesting provides strong and consistent market leadership and is critical for efficient business planning and decisions of the Company. Furthermore, all major decisions are made in consultation with members of the Board and appropriate Board committees. There are six Independent Non-executive Directors on the Board offering strong independent and differing perspectives. The Board is therefore of the view that there are adequate balance-of-power and safeguards in place.

2. Code provision A.4.2: All Directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after their appointment.

According to Article 97(3) of the Articles of Association of the Company then in effect before 8 June 2007, any Director appointed to fill a casual vacancy should hold office only until the next following annual general meeting and would then be eligible for re-election. To fully comply with the code provision A.4.2, a relevant amendment to the Articles of Association of the Company was proposed and approved by the shareholders at the annual general meeting of the Company held on 8 June 2007.

Other than the above, the Company has also performed the following in furtherance to those corporate governance principles and practices as set out under the CG Code during the six months ended 30 June 2007:

1. A written procedure was established in March 2007 to enable the Directors, in the discharge of their duties, to seek independent professional advice in appropriate circumstances at a reasonable cost to be borne by the Company.
2. Written guidelines for dealing in the Company’s securities by the relevant employees were established and adopted in March 2007 on no less exacting terms than the Model Code, to regulate securities dealings by certain employees of the Company or any of its subsidiaries who are considered likely to be in possession of unpublished price sensitive information in relation to the Company or its securities.
3. Functions reserved to the Board and those delegated to the management have been formalised in writing.

EMPLOYEES AND REMUNERATION POLICY

At 30 June 2007, the number of employees in the Group was 1,061. Employee remuneration packages are maintained at competitive levels and employees are rewarded on a performance-related basis. Other staff benefits include provident fund schemes, share option scheme, medical insurance, in-house training and subsidies for job-related seminars, and programmes organised by professional bodies and educational institutes.

The Remuneration Committee strongly believes in the principle of equality of opportunity and reward for staff. During the period, the Remuneration Committee commenced work on a remuneration policy that will embrace the value of diversity of workforce, and encourage all staff to use their skills, knowledge and creativity to achieve excellence.

CHANGE OF DESCRIPTION OF REGISTERED ADDRESS IN THE CAYMAN ISLANDS

The description of the registered address of the Company in the Cayman Islands has been changed to Walker House, 87 Mary Street, George Town, Grand Cayman KY1-9002, Cayman Islands with immediate effect.

APPRECIATION

I would like to thank all members of staff within the Group for their hard work and commitment in our endeavour to make Shui On Land the premier innovative property developer in the Chinese Mainland. Our people are key to our success and are regarded as our most important asset.

By Order of the Board
Vincent H. S. LO
Chairman

Hong Kong, 18 September 2007

** For identification purposes only*

As at the date of this announcement, the executive directors of the Company are Mr. Vincent H. S. LO (Chairman and Chief Executive Officer) and Mr. William T. ADDISON; the non-executive director of the Company is The Honourable LEUNG Chun Ying; and the independent non-executive directors of the Company are Sir John R. H. BOND, Dr. Edgar W. K. CHENG, Dr. William K. L. FUNG, Professor Gary C. BIDDLE, Dr. Roger L. McCARTHY and Mr. David J. SHAW.

Website: www.shuionland.com