



## Press Release

# Shui On Land Announces 2008 Interim Results

**Profit attributable to shareholders up 62%  
with record sales prices achieved in Shanghai and Wuhan**

**22 August 2008, Hong Kong** – Shui On Land Limited (“Shui On Land” or the “Company”, stock code 272) today announced its unaudited consolidated results for the six months ended 30 June 2008. Profit attributable to shareholders amounted to RMB1,778 million or HK\$1,938 million, up 62% from the same period in 2007 (2007: RMB1,098 million or HK\$1,109 million). Excluding the effect of revaluation of investment properties and fair value adjustment on derivative financial instruments, the underlying profit attributable to shareholders was RMB1,577 million or HK\$1,719 million, an increase of 70% over that of the corresponding period in 2007 (2007: RMB930 million or HK\$939 million). Turnover slightly increased to RMB2,184 million or HK\$2,381 million (2007: RMB2,178 million or HK\$2,200 million).

The increase in profit was attributable to the high selling prices of Casa Lakeville (the third phase of Lakeville in Shanghai) and sale of 25% of Rui Hong Xin Cheng project to strategic partner Winnington Capital Limited at RMB1,125 million or HK\$1,226 million during the six-month period, giving rise to a gain on disposal of RMB862 million or HK\$940 million.

Earnings per share was RMB42 cents or HK46 cents (2007: RMB26 cents or HK26 cents), an increase of 62%. The Board has proposed an interim dividend of HK7 cents per share to shareholders for the six months ended 30 June 2008. (2007: HK5 cents per share).

### **Robust sales performance against challenging market condition**

Mr. Vincent H. S. Lo, Chairman and Chief Executive Officer of Shui On Land, said, “The market condition is challenging due to the subprime mortgage crisis in the United States and the tightened credit market. The property markets across the Chinese Mainland generally experienced a decline in sales transactions. Nevertheless, the quality of our design and products and the long-term vision of our master planning continued to drive our success. Our sales for Casa Lakeville in Shanghai and Chongqing Tiandi’s Riviera and pre-sales of Phase 2 of Riverview at Wuhan Tiandi were encouraging, and a strong retail and office rental market in Shanghai also helped us realise higher rental rates.”

Mr. Lo attributed Shui On Land's strong performance to its strategic plan with innovation and vision. "We are further expanding our business model from comprehensive city-core integrated projects to include knowledge communities (in Dalian) and tourism-facilitated developments (in Yunnan) as we see huge growth potential in China's IT and tourism sectors. We believe long term that the prospects and future success of the projects undertaken by Shui On Land are all excellent."

### **Sales prices record high**

In the six months ended 30 June, Shui On Land sold 36,400 sq.m. gross floor area (GFA) of residential units at Casa Lakeville and KIC Village R1 in Shanghai, Chongqing Tiandi's Riviera and other projects.

Casa Lakeville recorded an average price of RMB86,000 per sq.m. or HK\$94,000 per sq.m., compared with RMB54,500 or HK\$55,000 for the previous phase (Lakeville Regency). The second stage of Wuhan Riverview (Lot A7), launched pre-sale in early May 2008, also sold very well. Approximately 70% of these units had been sold, achieving an average selling price of RMB14,500 per sq.m. or HK\$15,800, a 7.4% increase over the selling price of those units that were sold in 2007.

The Chongqing Tiandi project launched the pre-sale of its first batch of 246 units in the Riviera out of a total of 784 units in April 2008. The launch was initially well received by the market, with an average selling price of RMB11,000 per sq.m. or HK\$12,000. However, sales were understandably suspended after the Sichuan earthquake in May. A re-launch has been planned for the fourth quarter of 2008 after the Olympic Games.

The Company's portfolio of investment properties includes a leasable GFA of 262,000 sq.m. in Shanghai, Wuhan and Hangzhou. Property investment turnover during the period grew 34% to RMB287 million or HK\$313 million (2007: RMB214 million or HK\$216 million).

"I remain bullish of the long-term development of the property markets in the Chinese Mainland as the economy is continuing to grow strongly, and huge demands in rapid urbanisation and transformation of cities create ample opportunities for Shui On Land," said Mr. Lo. "We constantly seek and review various opportunities to increase our landbank, either on our own or, as appropriate, through strategic partnerships and joint ventures. With our outstanding team of professionals and committed strategic partners, I have no doubt that we will achieve sustainable development and further growth for our shareholders."

As of 30 June 2008, Shui On Land's eight development projects, situated in strategic locations in Shanghai, Hangzhou, Chongqing, Wuhan, Dalian and Foshan, have a combined GFA of 13.2 million sq.m. This quality landbank will be sufficient for the Company's development for the next eight to 10 years.

## **Project development progress**

While projects in Shanghai, Chongqing and Wuhan sold well and achieved record sales prices, other new projects are also progressing well.

### DALIAN TIANDI.software hub

During the first half of 2008, the DALIAN TIANDI.software hub joint venture won the bid for three more plots of land at Huangnichuan Road North with a total GFA of approximately 394,000 sq.m. and by then acquired all the land development rights for approximately 1.77 million sq.m. With a planned total GFA of approximately 3.54 million sq.m., the project will develop into an integrated software hub in Northeast Asia offering high-end IT and business process outsourcing service to the Asian and international markets.

The Company expects to launch the first office building in December 2009. It has also signed an agreement with NIIT, a world-leading IT software training company, to set up training facilities in the software hub so as to further enhance IT talent training in Dalian.

### Foshan Lingnan Tiandi

Relocation has progressed faster than expected, with the land for the first phase of Lingnan Tiandi officially handed over to Shui On Land, signifying that the redevelopment project is progressing from relocation and dismantling to the construction stage. The first phase of this project, comprising 52,000 sq.m. of planned GFA for hotel and retail use; 68,000 sq.m. of planned GFA for Foshan Xintiandi; and 56,000 sq.m. of planned GFA for residential use are all at the conceptual design stage. Site investigation work at hotel and retail area was completed in June 2008, while architecture and structural survey on certain heritage buildings of Foshan Xintiandi is in progress.

### Yunnan projects

In Yunnan, the Company made its steady progress in discussions with the municipal city governments of four cities, namely Kunming, Dali, Lijiang and Diqing (Shangri-La), pursuant to memoranda of understanding signed during 2006 and 2007 for the proposed development of integrated tourism resorts in the four cities. According to these plans, the four proposed development projects would add a total of approximately 6.6 million sq.m. of GFA to the Company's total landbank.

## **Strategic partnerships and sustainable development**

It has always been Shui On Land's strategy to forge strategic partnerships with developers, contractors, consultants and other investors to bring in expertise and experience in addition to financial resources. The Company has held workshops with current and potential partners such as architects and suppliers on how to work together more effectively and efficiently and create more

value for the shareholders.

Shui On Land considers sustainability as a key to our long-term development, and requires that all of its development projects meet LEED (Leadership in Energy and Environmental Design) certification requirements of the U.S. Green Building Council (USGBC), or the highest national level wherever possible. The interior decoration of the 26th floor of the company's headquarters Shui On Plaza has obtained LEED for Commercial Interiors Silver rating, while Xihu Tiandi Phase II has obtained LEED for Core & Shell platinum pre-certification. Other projects are in the process of seeking relevant LEED certifications. Moreover, the Company has issued its Sustainable Development Policy to all staff, and a Sustainable Development Committee has been established to review relevant action plans.

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## 2008 Interim Results Highlights

### HIGHLIGHTS

- Turnover reached RMB2,184 million or HK\$2,381 million, slightly higher than that of the corresponding period in 2007 (2007: RMB2,178 million or HK\$2,200 million).
- A total of 36,400 sq.m. of saleable GFA or 224 units were sold, giving rise to a turnover from property sales of RMB1,879 million (2007: 46,400 sq.m. or 263 units and property sales turnover of RMB1,943 million).
- Property investment turnover increased by 34% to RMB287 million (2007: RMB214 million). At 30 June 2008, the size of our investment property portfolio had increased to 262,000 sq.m. of leasable GFA (31 December 2007: 253,000 sq.m.).
- Profit attributable to shareholders was RMB1,778 million or HK\$1,938 million, an increase of 62% over that of the corresponding period in 2007 (2007: RMB1,098 million or HK\$1,109 million).
- Excluding the effect of revaluation of investment properties and fair value adjustment on derivative financial instruments, the underlying profit attributable to shareholders was RMB1,577 million or HK\$1,719 million, an increase of 70% over that of the corresponding period in 2007 (2007: RMB930 million or HK\$939 million).
- Earnings per share was RMB42 cents or HK46 cents (2007: RMB26 cents or HK26 cents), an increase of 62%.
- An interim dividend in respect of the six months ended 30 June 2008 of HK7 cents (2007: HK5 cents) per share has been declared.
- At 30 June 2008, the Group's total landbank amounted to approximately 13.2 million sq.m. of GFA (of which 9.8 million sq.m. are attributable to shareholders of the Company), comprising 8 projects that span over 6 cities, namely Shanghai, Hangzhou, Chongqing, Wuhan, Dalian and Foshan.
- Total assets increased to approximately RMB35.4 billion (31 December 2007: RMB29.9 billion).
- Total equity was RMB18.7 billion, of which RMB17.5 billion was attributable to shareholders of the Company (31 December 2007: total equity was RMB16.7 billion and RMB15.9 billion attributable).
- Net debt was RMB5,440 million (31 December 2007: RMB3,375 million). Net debt to total equity ratio ("net gearing ratio") increased to 29% as of 30 June 2008 (31 December 2007: 20%).

*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 to HK\$1.09 for the first six months of 2008 and RMB1 to HK\$1.01 for the corresponding period in 2007, being the average exchange rates that prevailed during the respective periods.*

*Website: [www.shuionland.com](http://www.shuionland.com)*

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 2008 as follows:

## CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2008

	Note s	Unaudited six months ended 30 June 2008		Unaudited six months ended 30 June 2007	
		HK\$'million (note 2)	RMB'million	HK\$'million (note 2)	RMB'million
Turnover	4	2,381	2,184	2,200	2,178
Cost of sales		(860)	(789)	(696)	(689)
Gross profit		1,521	1,395	1,504	1,489
Other income		267	245	129	128
Selling and marketing expenses		(63)	(58)	(49)	(48)
General and administrative expenses		(385)	(353)	(238)	(236)
Operating profit	5	1,340	1,229	1,346	1,333
Increase in fair value of investment properties		322	296	270	267
Gains on disposal and partial disposal of equity interests in subsidiaries		940	862	1	1
Share of results of associates		38	35	-	-
Finance costs, net of exchange gain	6	194	178	(81)	(80)
Profit before taxation		2,834	2,600	1,536	1,521
Taxation	7	(820)	(752)	(192)	(190)
Profit for the period		2,014	1,848	1,344	1,331
<b>Attributable to:</b>					
Shareholders of the Company		1,938	1,778	1,109	1,098
Minority interests		76	70	235	233
		2,014	1,848	1,344	1,331
<b>Dividends</b>	8				
Final dividend, paid		407	373	250	248
Interim dividend, declared		293	257	205	203
<b>Earnings per share</b>	9				
Basic		HK46 cents	RMB42 cents	HK26 cents	RMB26 cents
Diluted		HK46 cents	RMB42 cents	HK26 cents	RMB26 cents

## CONDENSED CONSOLIDATED BALANCE SHEET

As of 30 June 2008

	<i>Notes</i>	<b>Unaudited 30 June 2008 RMB'million</b>	Audited 31 December 2007 RMB'million
<b>Non-current assets</b>			
Investment properties		8,359	7,994
Property, plant and equipment		352	260
Prepaid lease payments		5,917	4,325
Properties under development		2,132	1,734
Interests in associates		161	85
Loans to associates		1,412	981
Accounts receivable	<i>10</i>	309	312
Derivative financial instruments designated as hedging instruments		51	-
Pledged bank deposits		1,629	237
Defined benefit assets		5	6
Deferred tax assets		-	89
		<hr/>	<hr/>
		<b>20,327</b>	16,023
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<b>Current assets</b>			
Properties under development for sale		7,054	6,281
Properties held for sale		1,848	325
Accounts receivable, deposits and prepayments	<i>10</i>	1,933	3,477
Loan receivable		399	240
Amounts due from associates		459	12
Amounts due from related parties		75	44
Amount due from a minority shareholder of a subsidiary		6	6
Early redemption rights on notes		4	11
Pledged bank deposits		318	617
Bank balances and cash		2,931	2,843
		<hr/>	<hr/>
		<b>15,027</b>	13,856
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<b>Current liabilities</b>			
Accounts payable, deposits received and accrued charges	<i>11</i>	2,338	1,768
Amounts due to related parties		112	39
Amounts due to minority shareholders of subsidiaries		837	876
Tax liabilities		798	1,541
Loan from a minority shareholder of a subsidiary		196	100
Notes - due within one year		2,546	2,667
Bank borrowings - due within one year		1,143	1,514
Derivative financial instruments designated as hedging instruments		-	323
		<hr/>	<hr/>
		<b>7,970</b>	8,828
		<hr/>	<hr/>
<b>Net current assets</b>		<b>7,057</b>	5,028
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<b>Total assets less current liabilities</b>		<b>27,384</b>	21,051
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## CONDENSED CONSOLIDATED BALANCE SHEET (CONTINUED)

As of 30 June 2008

	Unaudited 30 June 2008 RMB'million	Audited 31 December 2007 RMB'million
<b>Capital and reserves</b>		
Share capital	84	84
Reserves	17,420	15,794
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Equity attributable to shareholders of the Company	17,504	15,878
Minority interests	1,158	828
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<b>Total equity</b>	<b>18,662</b>	<b>16,706</b>
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<b>Non-current liabilities</b>		
Loan from a minority shareholder of a subsidiary	-	93
Bank borrowings – due after one year	6,629	2,891
Deferred tax liabilities	2,093	1,361
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	8,722	4,345
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	<b>27,384</b>	<b>21,051</b>
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### About Shui On Land

Headquartered in Shanghai, Shui On Land (HKSE: 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 MSCI Standard Index Series, MSCI World Index, 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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