Press Release

Shui On Land Announces 2008 Annual Results

Profit Attributable to Shareholders Slightly Increased to RMB2,480 million or HK$2,748 million

16 April 2009, Hong Kong – Shui On Land Limited ("Shui On Land" or the "Company", Stock Code: 272) today announced the audited consolidated results for the year ended 31 December 2008.

Profit attributable to shareholders amounted to RMB2,480 million or HK$2,748 million, a slight increase of 1% over 2007 (2007: RMB2,462 million or HK$2,526 million). Excluding the effect of the revaluation of investment properties and fair value adjustment on derivative financial instruments, the underlying profit attributable to shareholders amounted to RMB2,214 million or HK$2,453 million, an increase of 7% over 2007 (2007: RMB2,060 million or HK$2,114 million).

Turnover decreased by 22% to RMB3,556 million or HK$3,940 million (2007: RMB4,570 million or HK$4,689 million) primarily due to the decrease in property sales by 28% to RMB2,939 million or HK$3,256 million (2007: RMB4,085 million or HK$4,191 million). During the year, the Group sold a total of 907 units or 85,100 sq.m. (2007: 951 units or 138,000 sq.m.).

Basic earnings per share of RMB0.59 are the same as in 2007 (2008: HK$0.65, 2007: HK$0.61). The Board has proposed a final dividend of HK$0.01 (equivalent to RMB0.0088), together with a bonus issue of shares on the basis of one new share for every ten shares held.

During the year, the notes of US$375 million were redeemed by using internal resources and borrowings at market lending rates. As of 31 December 2008, the Group's utilised bank borrowings amounted to approximately RMB8,198 million (2007: RMB7,072 million, including the notes of RMB2,667 million). The Group's net gearing ratio was 25% as of 31 December 2008 (2007: 20%).

OPPORTUNE STRATEGY FOR SUSTAINABLE GROWTH

Property Sales

In 2008, Shui On Land sold a total of 85,100 sq.m. of saleable gross floor area (GFA) which gave rise to a turnover from property sales, after business tax, of RMB2,939 million or HK$3,256 million (2007: 138,000 sq.m. and RMB4,085 million or HK$4,191 million), contributing to 83% (2007: 89%) of the Group's turnover.

1. Casa Lakeville, Phase 3 of Shanghai Taipingqiao residential project, recorded an average selling price of RMB85,300 per sq.m., an increase of almost 56% over that achieved by Lakeville Regency in 2007. A few more blocks will be launched for sale in 2009, targeting high net worth individuals and corporate customers.
2. Sales of Shanghai KIC Village R1 continued into 2008. In November 2008, 121 residential units or 14,800 sq.m. of KIC Village R2 were launched for sale and 85 units or 9,800 sq.m. were sold. In aggregate, 144 units or 18,000 sq.m. of KIC Village R1 and R2 were sold in 2008 and average selling price was RMB20,200 per sq.m.
3. The Riviera, Phase 1 of Chongqing Tiandi residential project, was re-marketed in the fourth quarter of 2008 after the catastrophic earthquake in Sichuan Province, and 102 units or 13,600 sq.m. were sold. The average selling price achieved was RMB10,300 per sq.m. in terms of net floor area. Following the improvement of the environment of the entire development and various promotional activities, sales picked up remarkably in the first quarter of 2009. For the three months ended 31 March 2009, total 448 units or 52,700 sq.m. were sold with letter of intent signed. Leveraging on the favourable market response to The Riviera, more units are expected to be launched in late April.
4. Following the successful launch of The Riverview Phase 1 of Wuhan Tiandi in 2007, another 265 units or 39,000 sq.m. in the Phase 2 commenced pre-sales in May 2008. Sales proceeded well with 200 units or 29,100 sq.m. being sold at an average selling price of RMB14,600 per sq.m., an increase of 8% over that achieved by the Phase 1 in 2007. In January 2009, The Riverview Phase 3 was launched for pre-sale. Total 108 units or 13,900 sq.m. out of a total 197 units or 26,100 sq.m. were sold for the three months ended 31 March 2009.

Property Investments

Meanwhile, turnover from property investment amounted to RMB593 million or HK$657 million for the year, an increase of 25% over that of 2007 (2007: RMB474 million or HK$486 million). The Group's investment properties consisted of 262,000 sq.m. of leasable GFA (2007: 253,000 sq.m.) in Shanghai, Hangzhou and Wuhan, of which approximately 45% was for office use and 52% for retail use.

Sufficient Landbank for Strategic Development

As of 31 December 2008, Shui On Land had a landbank of 13.2 million sq.m. (of which 9.7 million sq.m. are attributable to shareholders of the Company), in eight development projects spanning over six cities in strategic locations, namely Shanghai, Hangzhou, Chongqing, Wuhan, Foshan and Dalian. The Group's current landbank is estimated to be sufficient for another ten years at our current pace of development. No major acquisition is expected in current year unless the plot of land is located near to our existing projects.

<u>DALIAN TIANDI.software hub</u>

DALIAN TIANDI.software hub joint venture won the bid for three more plots of land at Huangnichuan Road North in March 2008. Accordingly, the joint venture has successfully acquired most of the land development rights at Huangnichuan Road North as planned in the control specific master-plan, totalling approximately 1.64 million sq.m. The Hekou Bay site in Dalian comprising approximately GFA of 1.19 million sq.m. has been acquired through public bidding in December 2008.

As of 31 December 2008, 16 plots of land of approximately 2.83 million sq.m. of GFA have been acquired via bidding with legally binding contracts signed. It is the intention of the joint venture to bid for the remaining 7 plots of land with a total GFA over 0.71 million sq.m. Acquisition of these lands will be by way of competitive bidding and there is no assurance that the joint venture will be successful in acquiring them. The Group has a 48% interest in this joint venture development project.

<u>Shanghai Yangpu District (Plot A of Lot 24)</u>

Agreement has been reached to acquire the company that currently owns the development rights of a piece of land known as Plot A of Lot 24 in Yangpu District, Shanghai with a planned GFA of 137,400 sq.m., which is adjacent to the Group's existing Shanghai KIC project.

Accelerate Growth through Strategic Partnerships

It remains the Group's strategy to forge strategic partnerships with developers, contractors, consultants and investors in order to accelerate returns and create the highest value from its projects, which also bring in the capital, expertise and know how that are beneficial to the Group's developments.

The Group completed the sale of a 25% interest in Shanghai Rui Hong Xin Cheng development to Winnington Capital Limited ("WCL") in May 2008 for a consideration of RMB1,125 million, giving rise to a gain on disposal of RMB862 million in 2008.

Besides, the Group further strengthened the strategic partnership by selling a 25% equity interest in Rightchina Limited in relation to Chongqing Super High Rise office towers at Chongqing Tiandi, to WCL for a consideration of RMB1,021 million and recorded a gain on disposal of RMB819 million in 2008.

Including the above two transactions, the Group completed five transactions of strategic partnerships spanning four projects during the past three years from 2006 to 2008, bringing in a total consideration of RMB4.8 billion and an aggregate gain on partial disposal of equity interest in subsidiaries of RMB3.1 billion to the Group.

Mr. Vincent H. S. LO, Chairman and Chief Executive Officer of Shui On Land, concluded, "I have strong confidence in the long-term development of the property markets in the Chinese Mainland. We will continue to look for suitable lands for further development and investment opportunities, and also capitalise on the synergies created through strategic partnerships, which bring in expertise and the necessary experience as well as business connections, to strengthen our leading position in China's property market."

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2008 Annual Results Highlights

- Profit attributable to Company's shareholders was RMB2,480 million or HK$2,748 million, a slight increase of 1% when compared to 2007 (2007: RMB2,462 million or HK$2,526 million).
- Underlying profit attributable to the Company's shareholders (i.e. excluding the effect of revaluation of investment properties and fair value adjustment on derivative financial instruments) was RMB2,214 million or HK$2,453 million, an increase of 7% when compared to 2007 (2007: RMB2,060 million or HK$2,114 million).
- Earnings per share of RMB0.59 are the same as in 2007.
- Recommend a final dividend of HK$0.01 (equivalent to RMB0.0088), together with a bonus issue of shares on the basis of one new share for every ten shares held.
- Turnover decreased by 22% to RMB3,556 million or HK$3,940 million (2007: RMB4,570 million or HK$4,689 million), primarily due to the decrease in property sales by 28% to RMB2,939 million or HK$3,256 million (2007: RMB4,085 million or HK$4,191 million). During the year, the Group sold a total of 907 units or 85,100 sq.m. (2007: 951 units or 138,000 sq.m.).
- Turnover from property investment increased by 25% to RMB593 million (2007: RMB474 million). As of 31 December 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.).
- As of 31 December 2008, the Group's total landbank amounted to approximately 13.2 million sq.m. of GFA (of which 9.7 million sq.m. are attributable to shareholders of the Company), comprising eight projects that span over six cities, namely Shanghai, Hangzhou, Chongqing, Wuhan, Dalian and Foshan.
- Total assets increased to approximately RMB35.1 billion (31 December 2007: RMB29.9 billion).
- Total equity was RMB19.2 billion, of which RMB17.8 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 RMB4,818 million (31 December 2007: RMB3,375 million). Net debt to total equity ratio ("net gearing ratio") increased to 25% as of 31 December 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 RMB1.000 to HK$1.108 for 2008 and RMB1.000 to HK$1.026 for 2007, being the average exchange rates that prevailed during the respective years.

CONSOLIDATED INCOME STATEMENT
For the year ended 31 December 2008

	2008		2007	
	HK$'million	**RMB'million**	HK$'million	RMB'million
Turnover	**3,940**	**3,556**	4,689	4,570
Cost of sales	**(1,689)**	**(1,524)**	(1,934)	(1,885)
Gross profit	**2,251**	**2,032**	2,755	2,685
Other income	**379**	**342**	276	269
Selling and marketing expenses	**(148)**	**(134)**	(117)	(114)
General and administrative expenses	**(772)**	**(697)**	(570)	(556)
Operating profit	**1,710**	**1,543**	2,344	2,284
Increase in fair value of investment properties	**423**	**382**	592	577
Gain on acquisition of additional equity interests in subsidiaries	**-**	**-**	82	80
Gains on disposal and partial disposals of equity interests in subsidiaries	**2,086**	**1,883**	867	845
Share of results of associates	**49**	**44**	27	26
Finance costs, net of exchange gain	**(147)**	**(133)**	(128)	(125)
Profit before taxation	**4,121**	**3,719**	3,784	3,687
Taxation	**(1,083)**	**(977)**	(841)	(820)
Profit for the year	**3,038**	**2,742**	2,943	2,867
Attributable to:				
Shareholders of the Company	**2,748**	**2,480**	2,526	2,462
Minority interests	**290**	**262**	417	405
	3,038	**2,742**	2,943	2,867
Dividends				
Interim dividend, paid	**285**	**257**	208	203
Final dividend, proposed	**42**	**37**	383	373
	327	**294**	591	576
Earnings per share				
Basic	**HK$0.65**	**RMB0.59**	HK$0.61	RMB0.59
Diluted	**HK$0.65**	**RMB0.59**	HK$0.61	RMB0.59

The effects on profit attributable to shareholders of the change in fair value of the Group's investment properties, net of related tax effect; and fair value change of derivative financial instruments are as follows:

	2008	2007	%
	RMB'million	RMB'million	change
Profit attributable to shareholders of the Company	**2,480**	2,462	+1%
Revaluation increase on investment properties (net of deferred tax effect and share of minority interest)	**(279)**	(419)	
Loss on change in fair value of derivative financial instruments	**13**	17	
Profit attributable to shareholders of the Company before (i) revaluation of investment properties; and (ii) fair value adjustment on derivative financial instruments	**2,214**	2,060	+7%

CONSOLIDATED BALANCE SHEET

As of 31 December 2008

	2008	2007
	RMB'million	RMB'million
Non-current assets	**20,277**	16,023
Current assets	**14,773**	13,856
Current liabilities	**5,897**	8,828
Net current assets	**8,876**	5,028
Total assets less current liabilities	**29,153**	21,051
Capital and reserves		
Share capital	**84**	84
Reserves	**17,724**	15,794
Equity attributable to shareholders of the Company	**17,808**	15,878
Minority interests	**1,356**	828
Total equity	**19,164**	16,706
Non-current liabilities	**9,989**	4,345
	29,153	21,051

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 development projects and integrated 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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