



Press Release

Shui On Land Announces 2009 Annual Results

[15 April 2010, Hong Kong] – Shui On Land Limited (“Shui On Land” or the “Group”, (Stock Code: 272) today announced the audited consolidated results for the year ended 31 December 2009.

Profit attributable to shareholders increased by 49% to RMB2,673 million or HK\$3,034 million, (2008 restated: RMB1,798 million or HK\$1,992 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 RMB1,684 million or HK\$1,911 million, an increase of 10% over 2008 (2008 restated: RMB1,532 million or HK\$1,697 million).

The Group’s turnover rose to RMB6,758 million or HK\$7,670 million, which was 230% higher than that of the corresponding period in 2008 (2008 restated: RMB2,066 million or HK\$2,289 million). The increase in turnover was primarily due to increase in property sales.

Basic earnings per share was RMB0.55 or HK\$0.63, an increase of 41% when compared to the corresponding year in 2008 (2008 restated: RMB0.39 or HK\$0.43). The Board has proposed a final dividend of HK\$0.12 (equivalent to RMB0.11). Shareholders will be given the option to receive the final dividend in new shares in lieu of cash.

REMARKABLE SALES AS PROJECTS MATURE

Developing master-planned integrated communities in prime locations are the key success of the Group. After the initial period of infrastructure construction in most of the developments, the projects are steadily maturing and the Group’s investments are reaping rewards in 2009.

With the adoption of an interpretation to the accounting standard of “Agreements for the Construction of Real Estate” starting from 1 January 2009, the timing of revenue recognition of property sales has been changed to upon delivery of properties to the purchasers pursuant to the sales agreement instead of upon completion of properties.

In 2009, the total GFA delivered increased by 150% to 194,300 sq.m. (2008: 76,600 sq.m.). Turnover from property sales increased by 320% to RMB6,078 million (2008 restated: RMB1,449 million), with average sales price increased by 81% to RMB32,600 per sq.m. (2008 restated: RMB18,000 per sq.m.).

Contracted property sales in 2009 grew by 110% to RMB6,161 million (2008: RMB2,939 million), and total GFA sold recorded an increase by 210% to 266,900 sq.m. (2008: 85,100 sq.m.).

- **Shanghai projects remain strong sales:**

- 1. Casa Lakeville – the third phase of the prestigious residential development in Shanghai Taipingqiao project (Lot 113)**

Most of the residential units of Towers 11 and 12 were sold within days after their launch in May and June. The average sales price increased to RMB67,800 from RMB56,400 per sq.m. The average sales prices of Tower 9 which was launched in August surged to RMB71,300 per sq.m. A total of 292 units amounted to a total GFA of 44,300 sq.m. was sold in 2009, with contracted sales reaching RMB2,965 million and average sales price RMB70,500 per sq.m.

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

All 244 units totaling 30,900 sq.m. of GFA launched in July were sold out at an average sales price of RMB27,700 per sq.m. Comparing with Phase 2 which was launched in 2007, the average sales price of Rui Hong Xin Cheng increased by 67% over a 2-year period.

- 3. KIC Village at Knowledge and Innovation Community (KIC)**

Two batches of units were launched in July and November at average sales prices of RMB18,400 and RMB27,100 per sq.m respectively. A total of 414 units covering 46,700 sq.m. were sold which amounted to RMB1,015 million.

- **Wuhan and Chongqing projects reach maturity**

- 1. The Riverview, the Phase 2 of residential development of Wuhan Tiandi**

The pre-sales of Lots A10 and A8 of The Riverview Phase 2 launched in 2009 were well-received by the market. A total of 459 units 63,300 sq.m. were sold at an average sales price of RMB14,300 per sq.m.

When the residential apartments of Phase 2 (Lot A6) were launched in the first quarter of this year, 180 residential apartments were contracted for sale at an average price of RMB16,400 per sq.m.

- 2. The Riviera Phase 1 & 2, Chongqing Tiandi**

Sales of The Riviera picked up remarkably following the enhancement of the surrounding environment and completion of the major roads in Chongqing Tiandi. A total GFA of 81,700 sq.m. of residential apartments of The Riviera Phase 1 (Lot B1-01) was contracted for sale since its launch in March 2009.

In the first quarter of 2010, the last batch of The Riviera Phase 1 (Lot B1-01) residential apartments with a total GFA of 1,500 sq.m. was contracted at an average sales price of RMB14,400* per sq.m. Another batch of The Riviera Phase 2 (Lot B2-01) residential apartments with a total GFA of 22,900 sq.m. facing the main road was contracted for sale at an average sales price of RMB10,000* per sq.m. (Note: average sales price of Chongqing is based on net floor area, a common market practice in the region.)

ACCELERATING FOR SUSTAINABLE GROWTH

Mr. Vincent H. S. Lo, Chairman and Chief Executive Officer of Shui On Land, said, “The challenges that arose from the global financial crisis and their impact on the Group have required us to review and strengthen our operation and risk management. We have developed and implemented new corporate initiatives to expedite project development and ensure sustainable growth. These measures will maintain a closer balance between value creation for the longer term and cash generation in the short to medium term.”

The Group has adopted a Three-Year Plan (2009-2012) in mid-2009. Its targets include expediting the development completion of our portfolio to at least 1 million sq.m. of GFA by 2012, then increasing the completion rate consistently and continuously each subsequent year; decentralising decision-making so that project teams who best understand the local market have more authority in developing and managing the projects and in making them financially self-sufficient so as to raise efficiency and accelerate project developments and generate more cash inflow. Wuhan Tiandi and Chongqing Tiandi are gradually maturing and well received by the markets. The turnover generated from their sales and investment properties will support the continued development of the projects.

STRENGTHENING CORPORATE GOVERNANCE

Prudent financial management is one of the primary factors contributing to good corporate governance. A high-powered Finance Committee was established on 16 April 2009 to make recommendations to the Board on financial policies and planning. We also made some new appointments. The Group’s Chief Financial Officer Mr. Daniel Y. K. Wan was appointed to the Board and Mr. Freddy C. K. Lee was promoted to the position of Managing Director of Shui On Development to head the implementation of our Three-Year Plan (Note: Shui On Development is a subsidiary of Shui On Land which provides operation and management services to the Group and all our projects).

FOSTERING STRATEGIC PARTNERSHIP

It remains the Group’s strategy to forge strategic partnerships proactively and prudently to bring in partners’ expertise and the necessary know-how to accelerate the project developments. In July 2009, the Group signed a Memorandum of Understanding with Redevo to co-develop the commercial podium of Wuhan Tiandi Lots A1, A2 and A3. Redevo, which owns, manages and develops one of the biggest retail portfolios in Europe, will accelerate the development and strengthen the performance of Wuhan Tiandi.

The Group continues to intensify the strategic partnership with Winnington. Currently the two companies are working on the re-positioning of the Rui Hong Xin Cheng project, which is expected to receive the approval of the relevant authorities in the near future. When completed, this re-positioned project will create an exciting new landmark for Shanghai.

Mr. Vincent Lo concluded, “The Group will continue to explore appropriate development strategies and corporate plans to expedite the project development. Projects in Shanghai, Wuhan and Chongqing have been steadily maturing and reaping rewards. Foshan and Dalian projects are emerging in good shape and their commercial and residential properties will be

launched this year. The accelerating process and cash inflow will generate more returns to the Group. I have strong confidence that the professional management team and increasing operation efficiency of the Group will continue to create values for our shareholders.”

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\$1.135 for 2009 and RMB1.000 to HK\$1.108 for 2008, being the average exchange rates that prevailed during the respective years.

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About Shui On Land

Headquartered in Shanghai, Shui On Land (Stock Code: 272) is the flagship property development company of the Shui On Group in the Chinese Mainland with a proven track record in developing large-scale, mixed-use city-core redevelopment projects. The Company has eight projects in various stages of development in prime locations of major cities, with a gross floor area of 13.0 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 www.shuionland.com

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2009 Annual Results Highlights

- Turnover increased by 2.3 times to RMB6,758 million and property sales by 3.2 times to RMB6,078 million. Contracted property sales of 266,900 sq.m. amounted to RMB6,161 million.
- Rental and affiliated income from investment properties increased by 8% to RMB643 million. Leasable GFA increased to 310,000 sq.m..
- Gross profit margin was 52%.
- Profit attributable to shareholders increased by 49% to RMB2,673 million.
- Basic earnings per share was RMB0.55, an increase of 41%.
- Recommend a final dividend of HK\$0.12 per share
- Net gearing ratio remained at a healthy level of 23%.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2009

	Year ended 31 December 2009		Year ended 31 December 2008 (Restated)	
	HK\$'mill	RMB'millio	HK\$'mill	RMB'million
Turnover	7,670	6,758	2,289	2,066
Cost of sales	(3,665)	(3,229)	(1,139)	(1,028)
Gross profit	4,005	3,529	1,150	1,038
Other income	193	170	379	342
Selling and marketing expenses	(171)	(151)	(149)	(134)
General and administrative expenses	(616)	(543)	(772)	(697)
Operating profit	3,411	3,005	608	549
Increase in fair value of investment properties	608	536	423	382
Gain on acquisition of additional equity interests in subsidiaries	7	6	-	-
Gain on partial disposals of equity interests in subsidiaries	-	-	2,086	1,883
Share of results of associates	495	436	49	44
Finance costs, net of exchange gain	(101)	(89)	(147)	(133)
Profit before taxation	4,420	3,894	3,019	2,725
Taxation	(1,477)	(1,301)	(728)	(657)
Profit for the year	2,943	2,593	2,291	2,068
Attributable to:				
Shareholders of the Company	3,034	2,673	1,992	1,798
Non-controlling interests	(91)	(80)	299	270
	2,943	2,593	2,291	2,068
Earnings per share				
Basic	HK	RMB0.55	HK\$0.43	RMB0.
Diluted	HK	RMB0.55	HK\$0.43	RMB0.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 December 2009		Year ended 31 December 2008 (Restated)	
	HK\$'mill	RMB'milli	HK\$'mill	RMB'million
Profit for the year	2,943	2,593	2,291	2,068
Other comprehensive income (expense)				
Exchange difference arising on translation of foreign operations	(21)	(19)	(2)	(2)
Fair value adjustments on interest rate swaps designated in cash flow hedges	51	45	(151)	(136)
Fair value adjustments on cross currency interest rate swaps designated in cash flow hedges	-	-	(175)	(158)
Reclassification of fair value adjustments on cross currency interest rate swaps designated in cash flow hedges	-	-	115	104
Residual balance of hedge reserve in relation to cross currency interest rate swaps recognised in consolidated income statement upon the maturity of the notes	-	-	153	138
Other comprehensive income (expense) for the year	30	26	(60)	(54)
Total comprehensive income for the year	2,973	2,619	2,231	2,014
Total comprehensive income attributable to:				
Shareholders of the Company	3,064	2,699	1,932	1,744
Non-controlling interests	(91)	(80)	299	270
	2,973	2,619	2,231	2,014

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	31 E 2009 RMB'million	3 2008 RMB'million (Restated)	1 J 2008 RMB'million (Restated)
Non-current assets			
Investment properties	21,206	8,460	7,994
Property, plant and equipment	356	341	260
Prepaid lease payments	43	6,290	4,325
Properties under development	-	2,410	1,734
Interests in associates	862	290	85
Loans to associates	1,273	1,330	981
Accounts receivable	59	320	312
Pledged bank deposits	1,222	690	237
Deferred tax assets	139	140	124
Defined benefit assets	-	-	6
	25,160	20,310	16,058
Current assets			
Properties under development for sale	11,532	7,780	6,281
Properties held for sale	627	3,090	906
Accounts receivable, deposits and prepayments	933	940	3,215
Loans receivable	378	410	240
Amounts due from associates	147	450	12
Amounts due from related parties	73	60	44
Amounts due from non-controlling shareholders of subsidiaries	17	170	6
Early redemption rights on notes	-	-	11
Pledged bank deposits	797	1,010	617
Bank balances and cash	2,928	1,670	2,843
	17,432	15,600	14,175
Current liabilities			
Accounts payable, deposits received and accrued charges	4,305	4,410	2,581
Amounts due to related parties	69	30	39
Amounts due to associates	45	-	-
Amounts due to non-controlling shareholders of subsidiaries	475	750	876
Loan from a non-controlling shareholder of a subsidiary	442	190	100
Tax liabilities	1,404	730	1,514
Bank borrowings – due within one year	2,098	1,950	1,514
Notes – due within one year	-	-	2,667
Derivative financial instruments designated as hedging instruments	-	-	323
	8,838	8,100	9,614
Net current assets	8,594	7,500	4,561
Total assets less current liabilities	33,754	27,810	20,619

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

	31 December 2009	31 D 2008	1 J 2008
	RMB'million	RMB'million (Restated)	RMB'million (Restated)
Capital and reserves			
Share capital	99	84	84
Reserves	21,480	16,779	15,544
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Equity attributable to shareholders of the Company	21,579	16,863	15,628
Non-controlling interests	995	1,312	776
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Total equity	22,574	18,175	16,404
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Non-current liabilities			
Bank borrowings – due after one year	8,105	6,245	2,891
Derivative financial instruments designated as hedging instruments	211	256	-
Loans from non-controlling shareholders of subsidiaries	670	670	93
Loan from a director	-	567	-
Deferred tax liabilities	2,192	1,902	1,231
Defined benefit liabilities	2	-	-
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	11,180	9,640	4,215
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Total equity and non-current liabilities	33,754	27,815	20,619
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