瑞安房地產
SHUI ON LAND

Press Release

Shui On Land Announces 2011 Interim Results

The Ongoing Three-Year Plan: Professional Operations - Strong Execution - Accelerating Development

- Contracted sales for the first half of 2011 increased by 240% to RMB5,270 million. Total gross floor area ("GFA") sold increased by 102% to 206,600 sq.m.

- Achieved 53% of 2011 contracted sales target.

- As of 30 June 2011, total lock-in sales to be delivered in the second half of 2011 and beyond was RMB6,707 million for a total GFA of 323,300 sq.m.

- Turnover was RMB1,788 million, consisting of RMB1,356 million of property sales and rental and other related income of RMB432 million. This represented a 43% decrease in turnover, which was largely attributable to a 51% decrease in recognised property sales in the first half of 2011. The Company expects most of its sold and pre-sold properties, including properties located in Shanghai Taipingqiao, Shanghai Rui Hong Xin Cheng, Wuhai Tiandi, Chongqing Tiandi and Foshan Lingnan Tiandi, will be delivered progressively in the second half of 2011, which is in line with its construction schedule.

- During the first half of 2011, the contracted sales average selling price ("ASP") rose in the range of 26% to 78% year on year (26% in Shanghai Taipingqiao, 26% Shanghai Rui Hong Xin Cheng, 36% Chongqing Tiandi and 78% Wuhan Tiandi respectively).

- Rental income and other related income increased by 26% to RMB432 million.

- Gross profit margin increased by 5 percentage points to 46%.

- Fair value gain of investment properties was RMB661 million.

- Profit attributable to shareholders declined by 50% to RMB784 million.

- Basic earnings per share was RMB0.15 per share.

- The Board of Directors declared an interim dividend of HK$0.025 per share.

- Cash and bank balances stood at RMB7,334 million, with net gearing ratio of 65%.

(17 August 2011, Hong Kong) Shui On Land Limited ("Shui On Land" or the "Company", Stock Code: 272) today announced the unaudited consolidated results of the Company and its subsidiaries (collectively the "Company") for the six months ended 30 June 2011.

The Company's turnover declined 43% to RMB1,788 million from RMB3,121 million in the corresponding period of 2010. It was mainly due to fewer properties being delivered in the first half of 2011 as most of the construction slowdown in late 2008 during the financial crisis. Construction works were subsequently resumed at an accelerated pace in the second half of 2009 with delivery target in the late 2011.

Contracted sales for the first half of the year reached RMB5,270 million, or 53% of 2011 sales target, increased by 240% year on year in terms of sales value. Total GFA sold was 206,600 sq.m., increased by 102% compared to the same period in 2010. Contracted sales ASP increased 68% to RMB25,500 per sq.m. (2010: RMB15,200 per sq.m.). In addition, ASP across the projects increased in the range of 26% to 78% year on year, 78% Wuhan Tiandi, 36% Chongqing Tiandi, 26% Shanghai Rui Hong Xin Cheng and 26% in Shanghai Taipingqiao, respectively.

Rental and other related income from the completed investment properties rose by 26% to RMB432 million (2010: RMB343 million), mainly due to the additional rental income stream from the completion of 136,000 sq.m. new investment properties in 2010. As of 30 June 2011, the Company's completed investment properties stood at 439,000 sq.m., (excluding Dalian Tiandi which rental income was reflected as share results from associates) contributing increasing recurring rental income. Together with the investment properties under development, our investment property portfolio worths RMB32.6 billion. Commercial properties of 304,000 sq.m. of GFA are scheduled to be completed in the second half of 2011.

Gross profit margin improved to 46% from 41% for the corresponding period of last year. Profit attributable to shareholders of the Company amounted to RMB784 million, a decrease of 50% when compared to the corresponding period of 2010 (2010: RMB1,557 million).

Basic earnings per share decreased to RMB0.15 or HK$0.18 (2010: RMB0.31 or HK$0.35). The Board declared an interim dividend of HK$0.025 (2010: HK$0.06) per share to shareholders.

Satisfactory Sales Performance with Strong Pricing Power

Riding on its well established "Tiandi" model and customer recognition, sales performance and ASP of Shui On projects are encouraging. Both the ASP and ASP growth rate of the projects in Shanghai, Chongqing and Wuhan outperformed their respective city average, demonstrating the pricing power of the Company and the recognition of the established "Tiandi" model.

Strong Execution Promises Accelerating Development

To accomplish the Three-Year Plan initiatives set out in 2010, the Company has expedited the development schedule of various projects. In the second half of 2011, The Company plans to launch approximately 331,600 sq.m. of residential GFA for sale and pre-sale across our six projects, majority of the properties will be from Chongqing Tiandi, Foshan Lingnan Tiandi and Dalian Tiandi.

Maturing and Valuable Investment Property Portfolio Provides Alternative Funding Resource

To accelerate growth, the Company has diversified its portfolio by expediting turnover of its commercial properties. As of 30 June 2011, the portfolio of investment properties was 439,000 sq.m.(excluding Dalian Tiandi), of which approximately 39% was office space and 60% was retail space. 334,000 sq.m. or geographically 76% of the completed investment properties were being located in Shanghai. As of 30 June 2011, the carrying book value of the completed investment property portfolio was RMB14,508 million.

Strategy to Expedite Asset Churn Nurtures a Flourishing Future

As part of the strategy to increase asset turnover and shorten the investment payback period, the Company has earmarked a total of 250,000 sq.m. of the commercial properties in Shanghai KIC, Wuhan Tiandi, Chongqing Tiandi and Foshan Lingnan Tiandi for sale. In the first half of 2011, a total GFA of 59,000 sq.m. at Wuhan office tower Lot A5 were sold en-bloc to Ping An Insurance. The transaction will free up the Company's capital and increase the asset churn of commercial properties. The remaining areas at Shanghai KIC, Chongqing Tiandi and Foshan Lingnan Tiandi are currently under negotiation.

Premium and Diversified Landbank for Sustainable Growth

The Company's landbank (including that of its associates) stood at 13.1 million sq.m. (11.4 million sq.m. of leasable and saleable GFA, and 1.7 million sq.m. of clubhouses, car parking spaces and other facilities) in prime areas of six cities; landbank attributable to leasable and saleable GFA to the Company was 8.4 million sq.m., of which 42% was for residential use, 33% for offices, 21% for retail and 4% for hotel and serviced apartments. In terms of geographic location, 29% is in Shanghai, 11% in Wuhan, 24% in Chongqing, 18% in Foshan and 18% in Dalian. As of 30 June 2011, the Company had 526,000 sq.m. and 4.4 million sq.m. of completed properties and properties under development respectively and a GFA of 6.5 million sq.m. of properties was held for future development.

Looking ahead, our Hongqiao project, “The Hub”, will be the major highlight. The Hub which located to, and directly connected with, The Hongqiao Transportation Hub, is situated only 2 minutes’ walk from the high-speed rail station and 8 minutes’ walk from the airport. Phase 1 of the project is expected to be launched in 2013.

Mr. Freddy C. K. LEE, Managing Director and Chief Executive Officer of Shui On Land concluded, “Thanks to our unique business model and outstanding management team together with the guidance and support of the Board and Chairman, we are now entering the harvest time with increasing property sales and deliveries in the years ahead. A total residential GFA of 331,600 sq.m. from six projects is expected to be available for sale and pre-sale in the second half of 2011. A total commercial GFA of approximately 250,000 sq.m. of office and retail areas at Shanghai Knowledge and Innovation Community (KIC), Wuhan, Chongqing and Foshan Tiandi are designated for en-bloc sale. The Company will adhere to cost control measures across all projects, expediting delivery as well as departmental re-organisation as stipulated in the Three-Year Plan and continue to explore appropriate developmental strategies and seek strategic partner to co-develop projects to provide synergies in the long run. We are confident that Shui On Land has sufficient funds to continue delivering satisfactory results and value for both the shareholders and stakeholders.”

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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 Company 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 landbank of 13.1 million sq.m. (11.4 million sq.m. of leasable and saleable GFA, and 1.7 million sq.m. of clubhouses, car parking spaces and other facilities). The Company was listed on the Hong Kong Stock Exchange on October 4, 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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