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SHUI ON LAND

Press Release

Shui On Land Sustains Strategic Growth

Annual Results record profit up 115% and landbank increases 56% in 2007

17 April 2008, 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 2007. Profit attributable to shareholders amounted to RMB2,462 million or HK$2,526 million, up 115% from the previous year (2006: RMB1,146 million or HK$1,118 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 RMB2,060 million or HK$2,114 million, an increase of 34% over 2006 (2006: RMB1,536 million or HK$1,499 million). Turnover decreased by 3% to RMB4,570 million or HK$4,689 million (2006: RMB4,729 million or HK$4,615 million) due mainly to the decision to launch the third phase of Lakeville (Lot 113) in planned phases over 2008 and 2009, thereby building on our continued success in Shanghai Taipingqiao.

Basic earnings per share was RMB59 cents or HK61 cents (2006: RMB48 cents or HK47 cents). The Board has proposed a final dividend of HK10 cents per share for the year. This, together with the interim dividend of HK5 cents, takes the total annual dividend to HK15 cents per share for the year (2006: HK6 cents per share).

Well-positioned for strategic growth

Commenting on the Group's robust results of its second year of listing, Mr. Vincent H.S. Lo, Chairman and Chief Executive Officer of Shui On Land, said, "2007 was a fruitful year in which we consolidated our position as one of the Chinese Mainland's most innovative and visionary property developers while strengthening our platform for further strategic growth.

"Our commitment to our stakeholders has always been grounded in our proven expertise in master planning, our premier brand name in real estate development, our focused access to prime land in the Chinese Mainland, and our world-class management and corporate governance."

In 2007, Shui On Land sold 138,000 sq.m. of gross floor area (GFA) of residential units at Wuhan Tiandi's Riverview and three projects in Shanghai – Lakeville Regency, KIC Village at Knowledge and Innovation Community (KIC) and Rui Hong Xin Cheng Phase 2. Turnover from property sales amounted to RMB4,085 million or HK$4,191 million, contributing to 89% of the Group's turnover. Shui On Land's successful property sales in Shanghai and Wuhan were attributable to China's booming economy as well as its strong branding and reputation for excellence in the market.

Meanwhile, the strong rental market in Shanghai, for both retail and office spaces, has helped the Group realise higher rental rates, forming a solid foundation for its recurring income. The Group's portfolio of investment properties for recurrent rental income includes a leasable GFA of 253,000 sq.m. in Shanghai, Wuhan and Hangzhou. Gross rental income during the year grew 12% to RMB401 million or HK$411 million (2006: RMB358 million or HK$349 million).

Strengthening landbank in strategic locations

During the year, Shui On Land continued to seek opportunities to develop large-scale projects that would take advantage of the Group's master planning capabilities in the Chinese Mainland.

Mr. Lo said, "We are further expanding our unique business focuses from comprehensive city-core integrated projects to include knowledge communities and tourism oriented development as we see huge growth potential in China's IT and tourism sectors. We make detailed analyses of cities with high potentials in these industries, and we create master plans together with our strategic partners, provincial and municipal authorities, to unleash the cities' optimal value."

Dalian Tiandi • Software Hub

The Group has entered into a joint venture agreement with Shui On Construction and Materials Limited (SOCAM) and the Yida Group to develop Dalian Tiandi • Software Hub, a mixed-use, integrated development with a "software industry theme" previously known as Dalian Software Park Phase 2. The project, with a planned GFA of approximately 3.5 million sq.m., and will be developed into an integrated software hub in Northeast Asia offering high-end IT and business process outsourcing services to the international and Asia Pacific markets.

Foshan Lingnan Tiandi

In November 2007, Shui On Land acquired by auction the development and land use rights of the land in Zumiao Donghua Lane, Foshan City, Guangdong Province. The Group will capitalise on the huge potential and rapid growth of Foshan to develop an integrated project, aiming to facilitate the transformation of the city into a major economic and cultural hub in Southern China. The site has a planned net developable area of approximately 517,471 sq.m., with a GFA of approximately 1.5 million sq.m. It will include residential and office buildings, as well as retail, restaurant, entertainment, tourism and cultural facilities, destined to become a new landmark in Foshan that showcases a perfect blend of old and new, east and west.

Yunnan (New Projects)

The Group signed a framework agreement with the Yunnan Provincial Government in April 2008 to develop tourism on a concerted basis with full amenities including property development in four cities in Yunnan, namely Kunming, Lijiang, Dali and Shangri-La. This is Shui On's first collaboration with a provincial government.

Shui On Land has also signed a non-binding memorandum of understanding with Dali Municipal Government in November 2007 for the proposed development in North Area of Hai Dong New District aiming to further explore ways and formulate plans to develop high quality tourism and services in Dali. The proposed development will occupy an estimated total area of 15 million sq.m. (15 sq.km). In harmony with the natural scenery, the development will feature low-density tourism property and a series of tourism and complementary facilities for leisure and vacation, land and water sports, conferences, recuperation, culture and entertainment.

In January and February 2008, Shui On Land signed Memoranda of Understanding with the Diqing Tibetan Autonomous Prefecture Government and Lijiang Municipal Government respectively to develop property and tourism oriented developments in Diqing and Lijiang. The proposed Diqing development plan in Ming Jun Area, Xiao Zhong Dian Town, Shangri-La County will cover an area of approximately 17.73 million sq.m. (17.73 sq.km), including a protection area of 9.66 million sq.m., a buffer zone of 3.49 million sq.m., and a tourist and leisure resort with a GFA of approximately 760,000 sq.m. The Lijiang development is planned to be a new village and leisure resort development in La Shi Hai Pian Area, Yulong County with a GFA of approximately 1.2 million sq.m.

Delivering best possible value to shareholders

As of 31 December 2007, Shui On Land's development projects, situated in strategic locations in Shanghai, Hangzhou, Chongqing, Wuhan, Dalian and Foshan have a combined total GFA of 13.1 million sq.m. This quality landbank will be sufficient for the Group's development for the next 8 to 10 years.

It remains the Group's strategy to forge strategic partnerships with developers, contractors, consultants and other investors so as to realise gains at an early stage and enhance operational efficiency. The Group has brought in Trophy Property Development L.P. ("Trophy Fund") as a strategic partner through the transfer of 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 or HK$1,651 million. A total gain of approximately RMB845 million or HK$867 million from these transactions was recorded in 2007.

"We are confident of the property markets in the Chinese Mainland and constantly seek and review various opportunities to increase our landbank, either on our own or, as appropriate, through strategic partnerships and joint ventures. I have no doubt that this market will continue to strengthen over the long term, and that with our outstanding team of professionals, we will leap forward to sustainable development and achieve further growth for our shareholders," concluded Mr. Lo.

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2007 Annual Results Highlights

- Landbank significantly increased by 56% to 13.1 million sq.m. of GFA (of which 10.0 million sq.m. are attributable to the Group) as of 31 December 2007 (2006: 8.4 million sq.m., of which 7.3 million sq.m. are attributable to the Group). The number of projects has increased to 8, spanning over 6 cities, namely Shanghai, Hangzhou, Chongqing, Wuhan, Dalian and Foshan (31 December 2006: 6 projects in 4 cities).
- A total of 138,000 sq.m. of residential GFA or 951 units were sold in the year (2006: 123,000 sq.m. or 870 units).
- Turnover was RMB4,570 million or HK$4,689 million, slightly reduced by 3% when compared to 2006 (2006: RMB4,729 million or HK$4,615 million) due mainly to the decision to launch the third phase of Lakeville (Lot 113) in planned phases over 2008 and 2009, thereby building on our continued success in Shanghai Taipingqiao.
- Profit attributable to shareholders was RMB2,462 million or HK$2,526 million, an increase of 115% over 2006 (2006: RMB1,146 million or HK$1,118 million).
- Excluding the effect of revaluation of investment properties and fair value adjustment on derivative financial instruments, the underlying profit attributable to shareholders was RMB2,060 million or HK$2,114 million, an increase of 34% over 2006 (2006: RMB1,536 million or HK$1,499 million).
- Earnings per share of RMB59 cents or HK61 cents (2006: RMB48 cents or HK47 cents).
- Recommend a final dividend of HK10 cents per share. This, together with the interim dividend paid in 2007 of HK5 cents per share, represents an increase of 150 % over 2006 (2006: final dividend of HK6 cents and interim dividend of nil).
- Total assets increased to approximately RMB30 billion, a 15% increase over 2006 (31 December 2006: RMB26 billion).
- Equity attributable to shareholders of the Company increased to approximately RMB16 billion (31 December 2006: RMB14 billion).
- Net gearing ratio moderately increased to 20% as of 31 December 2007 (31 December 2006: 5%).

Note: Except for dividend per share which 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$1.026 for 2007 and RMB1 to HK$0.976 for 2006, being the average exchange rates that prevailed during the respective years in accordance with the International Accounting Standard 21 "Effects of Changes in Foreign Exchange Rates".

CONSOLIDATED INCOME STATEMENT
For the year ended 31 December 2007

	(Expressed in RMB'million)	
	2007	2006 *Restated*
Turnover	**4,570**	4,729
Cost of sales	**(1,885)**	(1,589)
Gross profit	**2,685**	3,140
Other income	**269**	178
Selling and marketing expenses	**(114)**	(150)
General and administrative expenses	**(543)**	(335)
Other expenses	**(13)**	(658)
Operating profit	**2,284**	2,175
Increase in fair value of investment properties	**577**	145
Gain on acquisition of additional equity interests in subsidiaries	**80**	-
Gains on disposal and partial disposals of equity interests in subsidiaries	**845**	582
Share of results of associates	**26**	1
Finance costs	**(125)**	(118)
Profit before taxation	**3,687**	2,785
Taxation	**(820)**	(1,145)
Profit for the year	**2,867**	1,640
Attributable to:		
Shareholders of the Company	**2,462**	1,146
Minority interests	**405**	494
	2,867	1,640
Dividends		
Paid, 2007 interim dividend of HK5 cents per share (2006: nil)	**203**	-
Proposed, 2007 final dividend of HK10 cents per share (2006: HK6 cents per share)	**373**	248
	576	248
Earnings per share		
Basic	**RMB59 cents**	RMB48 cents
	HK61 cents	HK47 cents
Diluted	**RMB59 cents**	RMB38 cents
	HK61 cents	HK37 cents

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:

	2007 RMB'million	2006 RMB'million	% change
Profit attributable to shareholders of the Company <u>after</u> (i) revaluation of investment properties; and (ii) fair value adjustment on derivative financial instruments	**2,462**	1,146	+115%
Revaluation increase on investment properties (net of deferred tax effect and share of minority interest)	**(419)**	(87)	
Loss on change in fair value of derivative financial instruments	**-**	500	
Fair value loss/(gain) on early redemption rights on notes	**17**	(23)	
Profit attributable to shareholders of the Company <u>before</u> (i) revaluation of investment properties; and (ii) fair value adjustment on derivative financial instruments	**2,060**	1,536	+34%

CONSOLIDATED BALANCE SHEET

As of 31 December 2007

	<u>2007</u> RMB'million	<u>2006</u> RMB'million
Non-current assets	**16,023**	12,390
Current assets	**13,856**	13,645
Current liabilities	**8,828**	3,829
Net current assets	**5,028**	9,816
Total assets less current liabilities	**21,051**	22,206
Capital and reserves		
Share capital	**84**	84
Reserves	**15,794**	13,868
Equity attributable to shareholders of the Company	**15,878**	13,952
Minority interests	**828**	1,213
Total equity	**16,706**	15,165
Non-current liabilities	**4,345**	7,041
	21,051	22,206

About Shui On Land

Headquartered in Shanghai, Shui On Land (HKSE: 272) is the flagship property company of the Shui On Land 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 Group has eight projects in various stages of development in prime locations of major cities, with a gross floor area of approximately 13.1 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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