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CHINA XINTIANDI

Shui On Land Announces 2014 Interim Results Positioned for Mid to Long-Term Growth Momentum

[27 August 2014, 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 ending 30 June 2014.

The Company achieved a turnover of RMB5,236 million, an increase of 45% compared to RMB3,623 million recorded in the same period in 2013. During the period, the Company recognised RMB3,883 million from the sale of a total Gross Floor Area (“GFA”) of 88,100 sq.m. at Rui Hong Xin Cheng in Shanghai. Projects in Foshan Lingnan Tiandi and Chongqing Tiandi also contributed to the recognised sales.

Rental and related income (including income from hotel operations) increased by 9% to RMB764 million during the period.

Profit attributable to shareholders decreased by 24% to RMB797 million, after distribution to the owners of the Perpetual Capital Securities of the Company and the Convertible Perpetual Securities of China Xintiandi Holding (“CXTD”).

Basic earnings per share decreased to RMB0.10 or HKD0.13, compared to RMB0.15 or HKD0.19 in the corresponding period in 2013. The Board declared an interim dividend of HKD0.022 per share.

Progressive Launch of Properties for Sale

During the reporting period and against a challenging market environment, contracted property sales saw a decrease of 56% to RMB2,819 million. A total GFA of 131,400 sq.m. was sold and pre-sold, representing a drop of 45%.

As of 30 June 2014, a total GFA of 35,200 sq.m. was subscribed for and subject to formal sale and purchase agreements, with a total value of RMB736 million.

The Company has approximately 483,800 sq.m. of residential GFA spanning six projects scheduled for sale and pre-sale in the second half of 2014 (“2H 2014”), will primarily be coming from Wuhan Tiandi, Chongqing Tianid, Foshan Lingnan Tiandi and Dalian Tiandi.

Shanghai Rui Hong Xin Cheng Lot 2 and Lot 9 are expected to provide more saleable residential resources from the second half of 2015 (“2H 2015”) to 2016 as relocation at these two sites were completed in June and July, providing a total GFA of 196,000 2sq.m.. Construction will start in the third quarter of 2014 (“3Q 2014”) and sales are scheduled to commence progressively in 2H 2015, with completion and delivery expected from 2016 onwards. Relocation of Lot 1 and Lot 7 of Rui Hong Xin Cheng, with a total GFA of 270,000 sq.m., on the other hand, is underway and is expected to be completed in 2015. Based on the current relocation progress, the Company envisages bringing to market a gradual supply of residential properties in Shanghai for pre-sale from 2017 to 2019.



Growing Rental Income Contribution from CXTD

During the period, the commercial property portfolio managed by CXTD comprises three parts, namely its Initial Portfolio in co-operation with Brookfield with a total GFA of 593,000 sq.m.; Shui On Land's commercial property portfolio (excluding hotel properties) with a total GFA of 647,000 sq.m.; and third parties' assets under management with a total GFA of 357,000 sq.m..

Rental and related income of CXTD Initial Portfolio increased by 4% to RMB377 million. The increase was mainly driven by the newly completed Showroom Office Towers at THE HUB in the Hongqiao Transportation Hub. Rental and related income generated by Shui On Land's completed portfolio amounted to RMB125 million, representing an increase of 19%.

Positioned for Mid to Long-term Growth Momentum

Mr. Vincent H. S. Lo, Chairman of Shui On Land said, "Recent volatility in China's property sector has presented challenges for many of us in the industry and has dampened both transaction volume and prices. Against this backdrop, and the fact that properties available for sale and pre-sale in the second half of the year are mostly located in second tier cities, the full year sales target remains a tall task. With recent relaxation of purchase restrictions in a number of cities, we expect market demand to be improved. We will adjust and adopt different sales strategies in accordance with market conditions and each project's condition in a timely manner to maximise results."

Mr Lo said, "To better cope with the changing policy and market environment in China, the Company is continuously fine-tuning its business. With the completion of the relocation at various sites in Shanghai, the Company expects a stronger residential sales performance from 2H 2015. The establishment of China Xintiandi as a separately managed company focusing on asset management and commercial property investment also enhanced our commercial properties portfolio and rental growth. With the changes in strategic initiatives, the Company remains cautiously optimistic regarding its long-term performance."

Mr. Daniel Y. K. Wan, Managing Director and Chief Financial Officer of Shui On Land said, "During the second quarter, the Company completed re-financing of a total amount of USD1,343 million of senior notes due 2015, through the Exchange and Tender offering exercises with a total of USD793 million of senior notes tendered or exchanged to new notes due 2018 and 2020, and a new issue of USD550 million 3senior notes due 2019. With a total cash and bank deposits amounting to RMB12.941 billion, we will be able to meet our financing needs while continuing to grow our business."