

# Flourishing Opportunities

Shui On Land remains very bullish on our outlook for China's real estate market. China's constantly growing economy is fuelling increasing appetite for superior quality, well maintained and professionally managed premises.





# Business Review

Properties handed over increased by 64% to 398,000 sq.m.

For the year 2010, the Group's turnover was RMB4,879 million, a decline of 28% compared with RMB6,758 million in 2009. Property sales in 2010 accounted for 85% of the turnover, decreased by 32% to RMB4,133 million from RMB6,078 million in 2009. Rental and other related income from investment properties was RMB706 million in 2010 compared to RMB643 million in 2009, an increase of 10%.

Total properties handed over in 2010 increased by 64% to 398,000 sq.m. gross floor area ("GFA"), comprising 220,000 sq.m. property sales and 178,000 sq.m. investment properties versus a GFA of 242,300 sq.m. (composed of 194,300 sq.m. of property sales and 48,000 sq.m. of investment properties) in the previous year.

A total GFA of 220,000 sq.m. property sales were handed over representing an increase of 13% in 2010 compared to 194,300 sq.m. in 2009. The revenue from property sales, however, declined by 32% to RMB4,133 million in 2010 from RMB6,078 million in 2009 due to the change in sales mix from different cities as well as the postponement of sales for upgrading Casa Lakeville Towers 3 to 8 at Shanghai Taipingqiao ("The Manor") into super luxurious apartments in terms of handover provisions. Property sales from

Chongqing and Wuhan accounted for 41% in 2010 (2009: 14%), while Shanghai projects property sales dropped to 54% (2009: 85%). Since the overall price level in Chongqing and Wuhan is lower than Shanghai, the total recognised average selling price ("ASP") in 2010 dropped to RMB19,700 per sq.m. from RMB32,600 per sq.m. in the previous year.

The ASP of recognised sales across all the projects, however, increased by a range of 13% to 52% (13% in Wuhan Tiandi, 27% in Shanghai KIC, 29% in Shanghai Taipingqiao and 52% in Chongqing Taindi).

A total GFA of 178,000 sq.m. of investment properties was completed in 2010. This included Shanghai Xintiandi Style shopping centre, Shanghai KIC Plaza Phase 2 office space, Chongqing Tiandi food & beverage, entertainment retail area and Dalian software office buildings.

Rental and other related income from the completed investment property portfolio increased by 10% to RMB706 million in 2010 compared to RMB643 million in 2009. The Group's investment property portfolio grew to a total GFA of 438,000 sq.m. in 2010, rising from 310,000 sq.m. in 2009. Since the majority of the investment properties were newly

completed in the late second half of 2010, it is anticipated that the rental income will further increase when these properties are gradually run in.

Due to change of sales mix from different cities with different gross profit margin levels, the Group's gross profit margin declined to 41% in 2010 from 52% in 2009. However, the gross profit margin of all the projects improved year on year. With the generally positive outlook on China's economy and the fact that the ASP across all projects were on rising trend and the land costs were substantially fixed (Chongqing, Wuhan and Foshan were acquired at fixed prices in 2004, 2005 and 2007 respectively), it is expected that the gross margin of all these projects will further improve going forward.

The Group had a fair value gain of RMB2,711 million in its investment property portfolio due to the increase of market values of the existing portfolio, the newly completed investment properties, and the accelerated construction program for the development of investment properties.

Profit attributable to shareholders increased by 5% to RMB2,809 million in 2010.





Shanghai Taipingqiao Redevelopment Project

## Property Sales

### Recognised Property Sales

The table below summarises the recognised sales by project for the years 2010 and 2009:

Project	2010			2009			ASP Growth Rate %
	Sales revenue RMB' million	GFA sold sq.m.	ASP RMB per sq.m.	Sales revenue RMB' million	GFA sold sq.m.	ASP RMB per sq.m.	
Shanghai Taipingqiao	604	6,500	97,800	4,706	65,600	75,600	29%
Shanghai Rui Hong Xin Cheng	824	31,300	27,700	–	–	–	–
Shanghai Knowledge and Innovation Community ("KIC")	918	39,200	24,700	450	24,300	19,500	27%
Wuhan Tiandi	1,324	85,300	16,300	514	37,500	14,400	13%
Chongqing Tiandi <sup>1</sup>	449	57,700	10,200	345	66,900	6,700	52%
<b>Subtotal</b>	<b>4,119</b>	<b>220,000</b>	<b>19,700</b>	<b>6,015</b>	<b>194,300</b>	<b>32,600</b>	
Carparks and others	199	–		63	–		
<b>Total</b>	<b>4,318</b>	<b>220,000</b>		<b>6,078</b>	<b>194,300</b>		
Recognised as:							
– property sales in turnover	4,133	212,300		6,078	194,300		
– disposals of investment properties	185	7,700		–	–		
<b>Total</b>	<b>4,318</b>	<b>220,000</b>		<b>6,078</b>	<b>194,300</b>		

<sup>1</sup> ASP of Chongqing is based on net floor area, a common market practice in the region.

## Contract Sales

A total GFA of 347,400 sq.m. of properties were sold and pre-sold in 2010 for a total sum of RMB6,498 million, with RMB4,976 million being contracted and RMB1,522 million being subscribed mostly during the last two weeks in December 2010. RMB1,218 million of those subscribed sales has been contracted in January and February 2011.

The table below summarises the contracted sales by project for 2010 and 2009:

Project	2010			2009			ASP Growth Rate %
	Contracted amount RMB' million	GFA sold sq.m.	ASP RMB per sq.m.	Contracted amount RMB' million	GFA sold sq.m.	ASP RMB per sq.m.	
Shanghai Taipingqiao	407	3,600	113,100	3,123	44,300	70,500	60%
Shanghai Rui Hong Xin Cheng	1,035	26,800	38,600	857	30,900	27,700	39%
Shanghai KIC	203	8,100	25,100	1,068	46,700	22,900	10%
Wuhan Tiandi	612	30,300	20,200	902	63,300	14,300	41%
Chongqing Tiandi <sup>1</sup>	1,426	143,600	12,400	467	81,700	7,100	75%
Foshan Lingnan Tiandi	701	38,900	18,000	–	–	–	–
Subtotal	4,384	251,300	17,400	6,417	266,900	24,000	
Dalian Tiandi <sup>2</sup>	370	21,000	17,600	–	–	–	
Carparks and others	222	–		69	–		
<b>Contracted Sales – Total</b>	<b>4,976</b>	<b>272,300</b>		<b>6,486</b>	<b>266,900</b>		
Subscribed Sales	1,522	75,100		415	45,900		
<b>Total</b>	<b>6,498</b>	<b>347,400</b>		<b>6,901</b>	<b>312,800</b>		
Property sales	6,303	339,600		6,901	312,800		
Disposals of investment properties	195	7,800		–	–		
<b>Total</b>	<b>6,498</b>	<b>347,400</b>		<b>6,901</b>	<b>312,800</b>		

<sup>1</sup> ASP of Chongqing is based on net floor area, a common market practice in the region.

<sup>2</sup> Dalian Tiandi is a project developed by associates of the Group. Sales of Dalian Tiandi will not be consolidated as revenue of the Group. Instead, the share of results of Dalian Tiandi are incorporated in the Group's consolidated income statement as "share of results of associates" using the equity method of accounting.



Shanghai Xintiandi



The club house of Lakeville Regency in Shanghai

“ In every stage of our project development and operation – from land acquisition, planning, design, construction, sales to customer service – we are driven and encouraged to think out of the box, to explore new ideas and methods to maximize the land value, and to execute project development with the district and regional context in mind. ”

**Mr. Charles Chan**

Director – Projects, Shanghai KIC and Dalian Tiandi



The Company's strategy to expand business out of Shanghai enables us to benefit from the stronger economic growth in the second tier cities while diversifying risks. We entered Chongqing in 2004, Wuhan in 2005, Foshan and Dalian in 2007. These projects have been making further sales contributions.

Project	Shui On Land			City Average <sup>2</sup>				
	2010 Contracted ASP RMB per sq.m.	2009 Contracted ASP RMB per sq.m.	ASP Growth Rate %	2010 City Centre ASP RMB per sq.m.	2009 City Centre ASP RMB per sq.m.	ASP Growth Rate %	10-year GDP Growth Rate %	2009 GDP per Capita RMB per capita
Shanghai				46,000	35,000	31%	11.5%	79,000
– Taipingqiao	113,100	70,500	60%					
– Rui Hong Xin Cheng	38,600	27,700	39%					
– KIC	25,100	22,900	10%					
Wuhan	20,200	14,300	41%	6,600	5,700	16%	12.0%	51,000
Chongqing <sup>1</sup>	12,400	7,100	75%	5,900	4,300	37%	13.6%	23,000
Foshan	18,000	N/A	N/A	9,900	7,800	27%	15.8%	81,000
Dalian	17,600	N/A	N/A	12,000	8,900	35%	14.9%	72,000

<sup>1</sup> ASP of Chongqing is based on net floor area, a common market practice in the region.

<sup>2</sup> Source: City Statistics Bureau

In 2010, ASP growth from Shanghai property sales remained strong, with price increased ranging from 10% to 60% for the three projects in Shanghai, while Wuhan Tiandi and Chongqing Tiandi were entering their harvest time with even faster ASP growth from 41% to 75%. Foshan Lingnan Tiandi and Dalian Tiandi held their first respective market launch of residential Phase 1 and were well received. Although ASP level of projects in Chongqing, Wuhan, Foshan and Dalian were lower than those of Shanghai projects, their ASP growth rates were spectacular. Both the ASP and ASP growth rate of our projects in Shanghai, Chongqing and Wuhan outperformed the respective city average, demonstrating the pricing power of the Group and the recognition of the established “Tiandi” model.



The following sections provide detailed sales performance and price analysis by projects.

#### Shanghai Taipingqiao

The contracted sales of Casa Lakeville were RMB407 million for a GFA of 3,600 sq.m. in 2010 as most of the residential units in Towers 1, 2, 9, 10, 11 and 12 had previously been sold. The latest three transacted units in the Manor were sold at ASP of approximately RMB130,000 per sq.m. in late 2010. The remaining inventories in the Manor were 15 units or 5,900 sq.m. as of 31 December 2010. Due to the scarce supply of super luxurious apartments in the downtown area in Shanghai, we plan to sell the remaining units at a measured pace to maximize profit.

#### Shanghai Rui Hong Xin Cheng (also referred to as “Rainbow City”)

Towers 5 and 6 of Phase 4 (Lot 4) were launched in December 2010 for pre-sale and received a robust market response. 26,800 sq.m. were pre-sold

with an ASP reaching RMB38,600 per sq.m., which was 39% higher than the previous launch of Phase 3 in mid-2009. RMB1 billion of contracted sales were contributed by sales of Towers 5 and 6. The remaining two towers (Towers 1 and 2) are planned to be launched for pre-sale in the second quarter of 2011. Next phase available for sale will be Phase 5 (Lot 6) for a total residential GFA of 116,000 sq.m. in 2012.

#### Shanghai KIC

KIC disposed of some commercial spaces at Village R2 and Plaza Phase 1. Total proceeds from the disposal were RMB195 million for a total GFA of 7,800 sq.m. This reflects the Group’s strategy of expediting asset churn.

#### Wuhan Tiandi

The Riverview continued to be well received by the market. RMB612 million of contracted sales were recorded in 2010, with an ASP increase of 41% to RMB20,200 per sq.m. Phase 2 (Lot A6) was launched for sale in early 2010, most of which was sold and recognised.

A portion of Phase 3 (Lots A11 and A12) was launched for pre-sale on 29 December 2010. A total of RMB813 million was subscribed for sale by the end of 2010 at an ASP of RMB34,300 per sq.m. The remaining portion of Phase 3 is expected to be launched for pre-sale in mid 2011. The selling prices of the residential units at Wuhan Tiandi continue to be among one of the highest in the city.

#### Chongqing Tiandi\*

In 2010, 9,900 sq.m. of waterfront apartments at the Riviera Phase 1 (Lot B1-1/01) were contracted at the ASP of RMB15,800 per sq.m. In the Riviera Phase 2 (Lot B2-1/01), a total GFA of 133,700 sq.m. of city and garden view apartments were sold at ASP of RMB12,100 per sq.m. The ASP of Phases 1 and 2 sold in 2010 was RMB12,400 per sq.m., up 75% year on year. ASP of Tower 9 of Phase 2 shot up to RMB15,400 per sq.m. in December 2010. In 2011, waterfront apartments at Phase 2 and garden view apartments at Phases 3 and 4 are expected to be launched for pre-sale.



“Central to the Group’s urban renewal concept is the effective utilization of valuable land resources in central urban areas, the improvement of the urban environment and economic competitiveness, and the balance of conservation aspirations with development needs. Witnessing the glamorous cultural relics being restored in the Lingnan Tiandi project, my team and I were overwhelmed with pride and enthusiasm.”

#### Mr. Alex Wong

General Manager – Projects, Foshan Lingnan Tiandi



Jian's Villa at Foshan Lingnan Tiandi

### Foshan Lingnan Tiandi

The first launch of low-rise apartments of the Regency Phase 1 (Lot 4) was held in August 2010. Total contracted sales of RMB701 million were achieved at an ASP of RMB18,000 per sq.m. for delivery in 2011. Townhouses of the Legendary Phase 1 (Lot 14) were launched for pre-sale in mid-February 2011. 23 out of 38 units have been subscribed for sale with an ASP of RMB39,900 per sq.m. up to 28 February 2011.

Going forward, the apartments of the Regency Phase 2 (Lot 5) and townhouses of the Legendary Phase 2 (Lot 15) are expected to be launched for pre-sale in 2011.

### Dalian Tiandi

The Greenville Phase 1 held its first pre-sale in October 2010. A total contracted amount of RMB370 million was achieved from the townhouses and high-rise apartments in Phase 1 at an ASP of 17,600 per sq.m. More townhouses and high-rise apartments are expected to be launched for pre-sale in 2011.

### Diversifying Properties Sales Streams from 7 Projects across 5 Cities

Chongqing Tiandi and Wuhan Tiandi have been contributing contracted sales to the Group since 2007, while Foshan Lingnan Tiandi and Dalian Tiandi also

began making contributions in the second half of 2010. Contracted sales of these projects increased by 127% to RMB3,109 million in 2010. GFA and ASP rose 61% and 41% respectively in 2010. Going forward, these projects are expected to play a more important role in the Group's operations. The contracted sales become more diversified and have been expanding from Shanghai into four other cities, namely Wuhan, Chongqing, Foshan and Dalian.

\* ASP of Chongqing is based on net floor area, a common market practice in the region.



## Lock-in Sales Carried Forward to 2011 and Beyond

As of 31 December 2010, the contracted sales yet to be delivered amounted to RMB2,852 million (representing 176,000 sq.m. of GFA). Together with the contracted sales in January and February 2011 of RMB1,674 million (representing 73,000 sq.m.), the total lock-in sales to be delivered in 2011 and beyond amounted to RMB4,526 million.

## Residential Properties Available for Sale and Pre-sale in 2011

The Group plans to launch residential properties with a total GFA of 506,000 sq.m. in six projects in 2011, of which 91% will be from Wuhan, Chongqing, Foshan and Dalian.

The table below summaries residential properties available for sale in 2011:

Project	Available for sale and pre-sale in 2011 GFA in sq.m.	Group's interest
Shanghai Taipingqiao	6,900	99.0%
Shanghai Rui Hong Xin Cheng	36,600	74.3%
Wuhan Tiandi	53,500	75.0%
Chongqing Tiandi	199,500	79.4%
Foshan Lingnan Tiandi	73,500	100.0%
Subtotal	370,000	
Dalian Tiandi <sup>1</sup>	136,000	48.0%
<b>Total</b>	<b>506,000</b>	

<sup>1</sup> Dalian Tiandi is a project developed by associates of the Group. Sales of Dalian Tiandi will not be consolidated as revenue of the Group. Instead, the share of results of Dalian Tiandi are incorporated in the Group's consolidated income statement as "share of results of associates" using the equity method of accounting.

As a note of caution, actual market launching date depends on and will be affected by factors such as construction progress, changes in market environments, changes in government regulations and the like.



Apartment show flat of Greenville, Dalian Tiandi's residential property

## Investment Properties

### Completed Investment Properties

Rental and other affiliated income from investment properties increased by 10% to RMB706 million in 2010. A total GFA of 178,000 sq.m. of commercial properties were completed in 2010, out of which, 136,000 sq.m. are held by subsidiaries of the Group and 42,000 sq.m. at Dalian Tiandi are held by associates. Since most of new investment properties were completed and opened for business in late 2010, further increase in rental income is anticipated in the years to come. As of 31 December 2010, our portfolio of investment properties was 438,000 sq.m., of which approximately 39% was office and 60% was retail. 335,000 sq.m. or geographically 76% of the completed investment properties is located in Shanghai.

Shanghai Xintiandi and Shanghai Corporate Avenue continued to be the main rental income contributors in 2010, accounting for 74% of the total rental income. These two developments are virtually fully occupied. Shanghai Xintiandi Style, the newly opened shopping mall at Taipingqiao project, achieved an occupancy rate of 89% two months after opening. The occupancy rate of Xintiandi fell from 100% to 93%, mainly due to repositioning and renovation of shops in the vicinity of the Langham Xintiandi Hotel and the Xintiandi south lane connecting to Xintiandi Style.

The commercial complex of the Shanghai Rui Hong Xin Cheng Phase 1 and Phase 2 continued to be fully leased. 2,000 sq.m. retail space in Phase 3 was newly completed in 2010. Leasing of the 2,000 sq.m. is to be started in 2011.

The occupancy rate of Shanghai KIC Plaza Phase 1 and Village R1/R2 stayed at 81% and 39% respectively. KIC Plaza Phase 2 was completed in December 2010. The occupancy rate was at 17%.

Hangzhou Xihu Tiandi Phase 1 continued to enjoy full occupancy with a slight increase in rental income.

Wuhan Tiandi Phase 1 (Lot A4-1) reached a 94% occupancy rate, while Phases 2 and 3 (Lots A4-2 and A4-3) with a total leasable area of 30,000 sq.m. had an occupancy of 70% as of 31 December 2010.

The commercial portion of Chongqing Tiandi (Lot B3-01) opened in 2010. A total of 49,000 sq.m. of new retail space was delivered in 2010. The occupancy rates of Upper and Low Village and Main Buildings were 98% and 45%, respectively.

“ I don't work at Shui On – I grew up here!

I joined Shui On more than 25 years ago when I graduated from university. Starting as a Graduate Engineer, I have since held 16 different positions covering different aspects of construction and property development. My career with Shui On has taken me from Hong Kong to Shanghai and now Chongqing. I enjoy frequently facing new challenges, but not simply repeating what I have done before. ”

**Mr. Tang Ka Wah**

Project Director – Chongqing Tiandi





“ Shui On is a caring family, offering abundant support and various opportunities for career growth. Her innovative development model gives young executives more chances to explore different facets of real estate development.

Shui On is a responsible company. Not only committed to its shareholders, partners and employees, but Shui On is also making positive contributions to society to earn mutual respect. ”

**Ms. Jessica Wang**

Deputy Project Director – Rui Hong Xin Cheng



Show flat of The Manor at Casa Lakeville



The table below summarises the portfolio of completed investment properties together with their respective occupancy rates:

Project	Leasable GFA (sq.m.)				Occupancy rate			Group's interest
	Office	Retail	Serviced apartments	Total	31 December 2010	31 December 2009	31 December 2008	
Shanghai Taipingqiao								
Shanghai Xintiandi	5,000	47,000	5,000	57,000	93%	100%	99%	97.0%
Shanghai Xintiandi Style	–	27,000	–	27,000	89%	N/A	N/A	99.0%
Shanghai Corporate Avenue	76,000	7,000	–	83,000	99%	96%	99%	99.0%
Sub-total	81,000	81,000	5,000	167,000				
Shanghai Rui Hong Xin Cheng								
Phase 1	–	5,000	–	5,000	100%	100%	55%	75.0%
Phase 2 Commercial Complex	–	28,000	–	28,000	100%	100%	99%	74.3%
Phase 3	–	2,000	–	2,000	–	N/A	N/A	74.3%
Sub-total	–	35,000	–	35,000				
Shanghai KIC								
KIC Village R1 and R2	23,000	11,000	–	34,000	39%	37%	59%	86.8%
KIC Plaza Phase 1	29,000	21,000	–	50,000	81%	83%	82%	86.8%
KIC Plaza Phase 2	39,000	10,000	–	49,000	17%	N/A	N/A	86.8%
Sub-total	91,000	42,000	–	133,000				
Hangzhou Xihu Tiandi								
Phase 1	–	6,000	–	6,000	100%	100%	100%	100.0%
Sub-total	–	6,000	–	6,000				
Wuhan Tiandi								
Wuhan Tiandi (Lot A4-1)	–	16,000	–	16,000	94%	92%	89%	75.0%
Wuhan Tiandi (Lots A4-2 and 3)	–	30,000	–	30,000	70%	60%	N/A	75.0%
Sub-total	–	46,000	–	46,000				
Chongqing Tiandi								
The Riviera Phase 1	–	2,000	–	2,000	100%	16%	N/A	79.4%
Chongqing Tiandi (Lot B3/01)								
– Phase 1 – Upper and Low Village	–	10,000	–	10,000	98%	N/A	N/A	79.4%
– Phase 2 – Main buildings	–	39,000	–	39,000	45%	N/A	N/A	79.4%
Sub-total	–	51,000	–	51,000				
Dalian Tiandi <sup>1</sup>								
Software office buildings	42,000	–	–	42,000	65%	N/A	N/A	48.0%
Sub-total	42,000	–	–	42,000				
Total leasable GFA	214,000	261,000	5,000	480,000				
Investment properties held by:								
– Subsidiaries of the Group	172,000	261,000	5,000	438,000				
– Associated companies	42,000	–	–	42,000				
As of 31 December 2010	214,000	261,000	5,000	480,000				
As of 31 December 2009	131,000	174,000	5,000	310,000				

<sup>1</sup> Dalian Tiandi is a project developed by associates of the Group. Rental income of Dalian Tiandi is not be consolidated as revenue of the Group. Instead, the share of results of Dalian Tiandi are incorporated in the Group's consolidated income statement as "share of results of associates" using the equity method of accounting.



Courtyard of The Riverview at Wuhan Tiandi

### Valuable Investment Property Portfolio Provides Alternative Funding Resource

As of 31 December 2010, the carrying value of the completed investment property portfolio was RMB14,119 million. The Shanghai portfolio accounted for 92%, while the newly

completed leasable areas in Wuhan and Chongqing accounted for 8%. Approximately RMB7 billion mortgage loans were obtained by pledging the completed investment properties, of which approximately 70% was denominated in Hong Kong dollars.

As of 31 December 2010, the carrying value of investment properties under

development and as landbank was RMB12,774 million, of which RMB6,815 million are stated at valuation and the remaining RMB5,959 million at cost.

The fair value of the Group's investment properties has been arrived at based on valuation carried out by an independent qualified professional valuer.

“ Shui On Land consistently implements its “Sustainable Development Strategy” across all its projects. By undertaking this commitment, we create value for society while enhancing the reputation of our projects and our company. For anyone involved in the real estate business, a brilliant project like this is a dream job. I and my project team are always proud of Wuhan Tiandi and the value we have created for both the company and Wuhan City. ”

**Mr. Matthew Guo**

Deputy Project Director – Wuhan Tiandi



The table below summarises the carrying value of the investment properties together with the change in fair value during the year:

Project	Increase (decrease) in fair value for the year ended 31 December 2010 RMB' million	Carrying value as of 31 December 2010 RMB' million	Carrying value per GFA RMB per sq.m.	Group's interest %
<b>Completed investment properties at valuation</b>				
Shanghai Taipingqiao	946	9,635	59,500	99.0% <sup>1</sup>
Shanghai Rui Hong Xin Cheng	47	637	18,200	74.3%
Shanghai KIC	69	2,745	20,600	86.8%
Wuhan Tiandi	78	649	14,100	75.0%
Chongqing Tiandi	–	453	13,300	79.4%
<b>Sub-total</b>	<b>1,140</b>	<b>14,119</b>	<b>34,400</b>	
<b>Investment properties under development at valuation</b>				
Shanghai Taipingqiao	912	3,926	25,000	99.0%
Shanghai Rui Hong Xin Cheng	24	208	17,300	74.3%
Shanghai KIC	438	751	14,200	86.8%
Chongqing Tiandi	(56)	1,046	2,100	79.4% <sup>2</sup>
Foshan Lingnan Tiandi	253	884	13,200	100.0%
<b>Sub-total</b>	<b>1,571</b>	<b>6,815</b>	<b>8,700</b>	
<b>Investment properties under development at cost</b>				
Various projects	–	5,959		
<b>Total</b>	<b>2,711</b>	<b>26,893</b>		

<sup>1</sup> The Group has a 99.0% interest in all the remaining lots, except for Shanghai Xintiandi, in which the Group has a 97.0% interest.

<sup>2</sup> The Group has a 79.4% interests in Chongqing Tiandi, except for Lot B11-1/02 which the Group has a 59.5% effective interest. Lot B11-1/02 will be developed into super high rise office towers.



## Strategy to Expedite Asset Churn

According to the Three-Year Plan, the completion of commercial property is around 392,000 sq.m. in 2011 and 498,000 sq.m. in 2012. Therefore, our completed commercial properties are expected to stand at 1,370,000 sq.m. in 2012 from current 480,000 sq.m. The table below summarises the delivery plan of commercial properties for the years 2011 and 2012:

Project	Commercial GFA to be delivered			Group's interest %
	2011 sq.m.	2012 sq.m.	Total sq.m.	
Shanghai Rui Hong Xin Cheng	–	12,000	12,000	74.3%
Shanghai KIC	53,000	–	53,000	86.8%
Wuhan Tiandi	59,000	–	59,000	75.0%
Chongqing Tiandi	2,000	263,000	265,000	79.4%
Foshan Lingnan Tiandi	78,000	38,000	116,000	100.0%
Dalian Tiandi <sup>1</sup>	200,000	185,000	385,000	48.0%
<b>Total</b>	<b>392,000</b>	<b>498,000</b>	<b>890,000</b>	

<sup>1</sup> Dalian Tiandi is a project developed by associates of the Group.

## Sale of Commercial Properties

Approximately 250,000 sq.m. of the commercial properties located in Shanghai KIC, Wuhan Tiandi, Chongqing Tiandi and Foshan Lingnan Tiandi have been earmarked for sale in order to expedite asset turnover and shorten the payback period.

## Strategic Partnership

Strategic partnership continues to be one of pillars of the Group's long-term business strategies, providing synergies to project developments. The Group will continue to look for appropriate strategic partners to co-develop projects, either at a project level and/or for a particular parcel of land. This strategy allows the Group to tap the expertise of our strategic partners, accelerate returns from its projects, diversify risks and enhance cash flow.

## Property Development – Accelerating Development

To accomplish the “Three-Year Plan” initiatives set out in 2009, the Group has expedited the development schedule of various projects. The table below summarises projects that have been delivered in 2010 and are planned for completion and delivery in 2011 and 2012:

Project	Residential sq.m.	Office sq.m.	Retail sq.m.	Hotel/ serviced apartments sq.m.	Subtotal sq.m.	Clubhouse, carpark and other facilities sq.m.	Total sq.m.	Group's interest %
<b>Property delivered in 2010</b>								
Shanghai Taipingqiao	7,000	–	27,000	–	34,000	40,000	74,000	99.0%
Shanghai Rui Hong Xin Cheng	32,000	–	2,000	–	34,000	11,000	45,000	74.3%
Shanghai KIC	22,000	47,000	11,000	–	80,000	52,000	132,000	86.8%
Wuhan Tiandi	85,000	–	2,000	–	87,000	47,000	134,000	75.0%
Chongqing Tiandi	47,000	–	49,000	–	96,000	25,000	121,000	79.4%
Dalian Tiandi <sup>1</sup>	–	42,000	–	–	42,000	14,000	56,000	48.0%
<b>Total</b>	<b>193,000</b>	<b>89,000</b>	<b>91,000</b>	<b>–</b>	<b>373,000</b>	<b>189,000</b>	<b>562,000</b>	
<b>Plan for delivery in 2011</b>								
Shanghai Rui Hong Xin Cheng	31,000	–	–	–	31,000	–	31,000	74.3%
Shanghai KIC	–	42,000	11,000	–	53,000	28,000	81,000	86.8%
Wuhan Tiandi	51,000	57,000	2,000	–	110,000	46,000	156,000	75.0%
Chongqing Tiandi	121,000	–	2,000	–	123,000	14,000	137,000	79.4%
Foshan Lingnan Tiandi	73,000	–	41,000	37,000	151,000	71,000	222,000	100.0%
Dalian Tiandi <sup>1</sup>	144,000	163,000	37,000	–	344,000	104,000	448,000	48.0%
<b>Total</b>	<b>420,000</b>	<b>262,000</b>	<b>93,000</b>	<b>37,000</b>	<b>812,000</b>	<b>263,000</b>	<b>1,075,000</b>	
<b>Plan for delivery in 2012</b>								
Shanghai Rui Hong Xin Cheng	32,000	–	12,000	–	44,000	31,000	75,000	74.3%
Wuhan Tiandi	72,000	–	–	–	72,000	–	72,000	75.0%
Chongqing Tiandi	171,000	251,000	12,000	–	434,000	113,000	547,000	79.4%
Foshan Lingnan Tiandi	49,000	–	30,000	8,000	87,000	22,000	109,000	100.0%
Dalian Tiandi <sup>1</sup>	188,000	121,000	24,000	40,000	373,000	–	373,000	48.0%
<b>Total</b>	<b>512,000</b>	<b>372,000</b>	<b>78,000</b>	<b>48,000</b>	<b>1,010,000</b>	<b>166,000</b>	<b>1,176,000</b>	

<sup>1</sup> Dalian Tiandi is a project developed by associates of the Group.



“Our Hongqiao Tiandi is strategically located next to the Hongqiao Transportation Hub in Shanghai. With Shui On Land’s track record of developing commercial real estate landmarks in key Chinese cities, we will create a place that connects people and products within China and around the World.”

**Mr. Bryan Chan**

Director – Projects, Hongqiao Tiandi

**Shanghai Taipingqiao**

The construction works for both Xintiandi Style and the Manor were completed in 2010. The Manor was launched for sale and Xintiandi Style commenced business in the fourth quarter of 2010.

The relocation progress was slow down during the Shanghai EXPO. As of 31 December 2010, Lot 126 and Lot 127 have been 99% and 90% relocated respectively. The two sites are to be developed into a twin-tower grade-A office buildings with retail podium. Construction works are expected to be commenced in 2011.

The first round of relocation consultation for the first stage of residential Phase 4 (Lot 116) was completed under the new relocation scheme. The second round of consultation commenced in December 2010 with 68% of the households in Lot

116 Stage 1 signed up the relocation agreement by the end of 2010 and achieved 78% up to 28 February 2011. The planned GFA for this residential site is 90,000 sq.m. and the Company has a 50% interest.

**Shanghai Rui Hong Xin Cheng**

Residential Phase 4 (Lot 4) is under construction. Towers 5 and 6 were launched for pre-sale in late December and scheduled for delivery in 2012. Towers 1 and 2 is expected to be launched in the second quarter of 2011, and delivered by the end of the year.

Relocation and site clearance for Phase 5 (Lot 6) were almost completed. As of 31 December 2010, 99% of the households in Lot 6 had signed the relocation agreements. The planned residential GFA is 116,000 sq.m. and the retail GFA is 18,000 sq.m. Phase 5 (Lot 6) is expected to be available for pre-sale in 2012.

By adopting the new relocation scheme, the second round of relocation consultation on Lot 3 and Lot 2 Stage 1 was completed in April 2010. 77% of residents have signed the relocation agreements as of 31 December 2010.

With the successful implementation of new relocation scheme in previous lots, the district government plans to speed up the relocation of Rui Hong Xin Cheng. The second round of relocation consultation on Lot 2 Stage 2, Lot 9 and Lot 10 started in December 2010. 59%, 64% and 60% of residents respectively have signed the relocation agreements up to 28 February 2011. Lots 2, 3, 9 and 10 have a planned GFA of 569,000 sq.m., which is planned to be developed into residential apartments, office towers and commercial spaces.



Please note that all the GFA stated above are under the new master plan, which was recently approved by Shanghai government in January 2011.

#### Shanghai KIC

Construction works at KIC Plaza Phase 2 were completed in 2010. Three office buildings with retail podiums on Lot C2 with GFA of 53,000 sq.m. were under construction and are expected to be delivered in 2011.

#### Hangzhou Xihu Tiandi

In February 2011, the Company disposed of Hangzhou Xihu Tiandi Phase 2 for a total consideration of RMB340 million. The reason was due to the relatively small scale of operations (the planned leaseable GFA is 42,000 sq.m.) and the procrastination of the relocation.

#### Wuhan Tiandi

Delivery of residential Phase 2 the Riverview (Lots A6, A8 and A10) was made in 2010. Residential Phase 3 (Lots A11 and A12), comprising super luxurious residential apartments, was under construction with the first batch having been launched for pre-sale in late December 2010. Lot A5, a grade A office tower with retail podium, was also under construction and is expected to be delivered in 2011. The retail podium of Lots A1/2/3 with a total GFA of 109,000 sq.m., a co-development with Redevco, commenced construction in November 2010.

81% or 550,000 sq.m. in Site B are expected to be developed into residential and the remaining 127,000 sq.m. into retail and office. Construction works at Phase 4 (Lots B9 and B11) were underway and are expected to be available for delivery in 2012 and 2013 respectively.

#### Chongqing Tiandi

A portion of residential Phase 1 was delivered in 2010. Residential Phase 2 (Lot B2-1/01) of the Riviera has a total residential GFA of 202,400 sq.m. A total of 133,700 sq.m. was pre-sold in 2010 and a portion of them had been delivered in the same year. The remaining GFA in Phase 2 is expected to be launched for pre-sale in 2011 and for delivery in 2011 and 2012. Residential Phase 3 (Lot B19/01) commenced construction in 2010. Tower 6 of residential Phase 3 was launched for pre-sale in late December 2010 and Tower 4 was launched for pre-sale in February 2011. The remaining units are expected to be launched according to the construction schedule and sale plan. Phase 3 is planned to be delivered from 2012 to 2013.

The commercial area, Chongqing Tiandi, with a total GFA of 49,000 sq.m. was completed. Amenities, such as the grand theatre and man-made lakes, were opened to the public in May and June of 2010, providing a new recreational area and "talk of the town" attraction for Chongqing residents. Construction

works of a grade A office tower in Phase 1 of Lot B11-1/02 with a GFA of 129,000 sq.m. commenced in late 2009 and the project is planned to be completed in 2013. Construction works of another office tower in Lot B12-1/02 commenced in December 2010.

#### Foshan Lingnan Tiandi

Residential Phase 1 (Lots 4 and 14) commenced construction in 2009. It is designed as residential apartments and townhouses. Residential apartments in Lot 4 (The Regency Phase 1) were launched for pre-sale in 2010. Townhouses in Lot 14 (The Legendary Phase 1) were launched in February 2011. Residential Phase 2 (Lots 5 and 15) was under construction and is scheduled to be launched for pre-sale in 2011.

The first stage of Foshan Lingnan Tiandi (Lot 1) began its construction works in 2009 and is expected to be completed in 2011. Lot D is to be developed into hotel, serviced apartments and retail spaces with planned completion date in 2011. Construction works at Lot E, designed to be a shopping mall together with residential towers, are expected to be commenced in early 2011.

#### Dalian Tiandi

A total of 1.4 million sq.m. GFA is currently under development. It is planned to be developed into software office buildings, IT training centres, IT Tiandi and residential apartments.