



Not For Distribution Outside Hong Kong

PRESS RELEASE

Shui On Land To Raise Up To HK\$6,199 Million

Global Offering Of 1,158,746,000 Shares At Price Range Of HK\$4.80 To HK\$5.35 Per Share

Hong Kong, 19 September 2006 – **Shui On Land Limited** (“Shui On Land” or the “Company”, stock code 272), a leading property developer in the PRC and creator of the Xintiandi retail and entertainment area in Shanghai, today announced its return to the market following the postponement of its listing in June due to deteriorating market conditions.

“It has always been our clear strategy to take Shui On Land public. We believe that now is the right time to push ahead with our earlier plan as obtaining a listed status will position Shui On Land to seize expansion opportunities and drive our next stage of growth,” said Mr. Vincent H.S. Lo, Chairman and Chief Executive Officer of Shui On Land.

“We have decided, however, to be prudent at this stage and reduce the size of the Global Offering as we do not want to undersell the Company,” continued Mr. Lo.

Shui On Land, the property flagship of the Shui On Group in the Chinese Mainland, and certain selling shareholders will offer 1,158,746,000 shares at a price range of between HK\$4.80 and HK\$5.35 per share, raising up to approximately HK\$6,199 million in the Global Offering (before expenses and the exercise of the over-allotment option).

10% of the shares to be offered have been earmarked for a public offering in Hong Kong and the rest for institutions and other professional investors. Approximately 5% of the public offering is reserved for a preferential offering to Shui On Land employees. Of the 1,158,746,000 shares to be offered under the Global Offering, 556,000,000 are new shares offered for subscription by the Company and 602,746,000 are existing shares to be offered for sale by the Company’s existing financial investors.

This document is not an offer of securities for sale in the United States or elsewhere. Securities may not be offered or sold in the United States absent registration or an exemption from registration under the United States Securities Act of 1933, as amended. Shui On Land Limited does not intend to register the securities or conduct a public offering in the United States. This document (and the information contained herein) is not for publication or distribution to persons in the United States. Potential investors in shares of the Company should read the prospectus of the Company for detailed information about the offer before deciding whether or not to invest in the shares being offered.

The estimated net proceeds to the Company of HK\$2,558 million (before the exercise of the over-allotment option and assuming the mid-point of the proposed offer price range of HK\$5.075) will primarily be used for funding existing and future projects, with the remainder for general corporate purposes.

Under the over-allotment option, the Company may issue up to a further 115,874,600 shares. If the option is exercised in full, the total size of the Global Offering could reach up to HK\$6,819 million (before expenses), based on the maximum offer price of HK\$5.35 per share.

The Hong Kong Public Offer will open at 9:00 am on 20 September 2006 (Wednesday) and close at noon on 25 September 2006 (Monday). The final offer price will be determined on or around 27 September 2006 (Wednesday), and allocation results will be announced on 3 October 2006 (Tuesday). Shares in Shui On Land are expected to commence trading on the Main Board of the Stock Exchange of Hong Kong on 4 October 2006 (Wednesday) in board lots of 500 shares.

Strong Corporate Governance – Sir John Bond and Dr. Edgar Cheng join the Board

Shui On Land enjoys quality leadership combined with strong corporate governance and a board of directors that includes leaders in the worlds of business and academia.

“The appointment in September of two additional independent non-executive directors of the highest calibre underscores the Company’s commitment to corporate governance. We now have seven independent non-executive directors out of a total of 10 members, forming a powerful independent voice on our board,” commented Wilfred Y.W. Wong, Vice-Chairman and Chief Operating Officer of Shui On Land.

The independent non-executive directors now comprise:

- Sir John R.H. Bond, Chairman of Vodafone Group plc and former Group Chairman of HSBC Holdings plc (new appointment in September)
- The Honourable C.Y. Leung, GBS, JP, Chairman of DTZ Debenham Tie Leung Limited

This document is not an offer of securities for sale in the United States or elsewhere. Securities may not be offered or sold in the United States absent registration or an exemption from registration under the United States Securities Act of 1933, as amended. Shui On Land Limited does not intend to register the securities or conduct a public offering in the United States. This document (and the information contained herein) is not for publication or distribution to persons in the United States. Potential investors in shares of the Company should read the prospectus of the Company for detailed information about the offer before deciding whether or not to invest in the shares being offered.

- Dr. Edgar Cheng, Chairman of World-Wide Investment Co. Ltd. and former Chairman of the Stock Exchange of Hong Kong (new appointment in September)
- Dr. William K.L. Fung, JP, Group Managing Director of Li & Fung Limited
- Professor Gary C. Biddle, Chair Professor, Department Head of Accounting, and Associate Dean of the School of Business and Management of the Hong Kong University of Science and Technology
- Dr. Roger L. McCarthy, Chairman Emeritus and Executive Director of Exponent, Inc.
- Mr. David J. Shaw, an adviser to the Board of HSBC Holdings plc

Growth Strategy, Recent Progress

Shui On Land leverages its master planning capability to transform neighbourhoods and communities of the cities in which its projects are located. It has access to over 8.1 million square metres of gross floor area (“GFA”), open areas and other public facilities under land use rights, land grant contracts and legally binding master agreements with district governments. This includes six current projects that are at various stages of development in the city centres of Shanghai, Chongqing, Wuhan and Hangzhou. In addition, the Company has progressed several key developments in the last three months:

- In July, Shui On Land signed a framework agreement with the Kunming municipal government to explore the possibility of redeveloping the Caohai district as a mixed-use development with entertainment, cultural, live/work and other facilities. The first step of this agreement is to conduct a feasibility study on the project and if positive, the Company expects to bid for suitable land for development. The potential project would increase the total area which the Company is developing or plans to develop by 30% to 10.6 million square metres of GFA, open areas and other public facilities (based on a GFA of 2.5 million square metres for the project in the master plan, which is subject to change and approval).
- In August, Shui On Land also obtained land use rights for over 80% of Site A of its Wuhan Project.

With relocation costs already agreed upon for approximately 71% of the total estimated leasable and saleable GFA, Shui On Land will continue leveraging its

This document is not an offer of securities for sale in the United States or elsewhere. Securities may not be offered or sold in the United States absent registration or an exemption from registration under the United States Securities Act of 1933, as amended. Shui On Land Limited does not intend to register the securities or conduct a public offering in the United States. This document (and the information contained herein) is not for publication or distribution to persons in the United States. Potential investors in shares of the Company should read the prospectus of the Company for detailed information about the offer before deciding whether or not to invest in the shares being offered.

proven ability to access land for phased redevelopment to ensure the smooth execution of its planned developments.

- In September, Shui On Land entered into legally binding agreements for strategic partnerships through the sale to certain parties of an aggregate 19.8% of its 99% indirect interest in the Chongqing Tiandi Project.

“A core part of our business model is to realise value through forming strategic partnerships when opportunities arise. We have in the past entered into similar arrangements for other projects in Shanghai. This new partnership in Chongqing demonstrates our ability to create and realise value from our investments at an early stage. Our flexible business model helps minimise development risks, release capital and resources for more projects, and accelerate our returns on investment,” Mr. Wong said.

Financial Strength

Shui On Land’s geographical and product diversity promotes earnings flexibility and value creation, allowing the Company to market different products to different buyers. The Company has expanded outside of Shanghai, which now only accounts for approximately 39% of the area which the Company is developing or plans to develop. In addition, under the Company’s master plans, around 43% of this area is proposed to be non-residential investment properties. It is a strategy of the Company to retain long-term ownership of certain commercial properties that it has developed.

“Upon listing, the Company’s ratio of adjusted borrowings to unaudited proforma adjusted net tangible assets will be reduced to approximately 32% based on the top of the offer price range. The listing will thus position Shui On Land to further develop its growth strategy,” said Tim Addison, Managing Director and Chief Financial Officer of Shui On Land.

“Leveraging our access to land in prime locations, established brand and reputation and proven track record in developing large-scale projects, it is our vision to replicate our scaleable, sustainable and unique business model into other high growth cities in China,

This document is not an offer of securities for sale in the United States or elsewhere. Securities may not be offered or sold in the United States absent registration or an exemption from registration under the United States Securities Act of 1933, as amended. Shui On Land Limited does not intend to register the securities or conduct a public offering in the United States. This document (and the information contained herein) is not for publication or distribution to persons in the United States. Potential investors in shares of the Company should read the prospectus of the Company for detailed information about the offer before deciding whether or not to invest in the shares being offered.

and to become the premier innovative property developer in the Chinese Mainland,” concluded Mr. Lo.

Deutsche Bank, HSBC and JPMorgan are the joint global coordinators, joint book runners, joint sponsors and joint lead managers of Shui On Land’s Global Offering.

Offering Summary

Offering Structure

Number of Offer Shares:	1,158,746,000 shares (subject to over-allotment option)
Number of International Offer Shares:	1,042,871,000 shares (subject to adjustment and over-allotment option)
Number of Public Offer Shares:	115,875,000 shares (subject to adjustment)
Offer Price Range:	HK\$4.80 to HK\$5.35 per share
Expected Offering Size:	HK\$5,562 million to HK\$6,199 million (before exercise of over-allotment option)
Market Capitalisation:	HK\$19.8 billion to HK\$21.8 billion

Profit Forecast for the year ending 31 December 2006

Net profit attributable to equity holders before revaluation of investment properties and fair value adjustment on derivative financial instruments	RMB1,450 million
---	------------------

Prospective price/earnings multiple before
 revaluation on investment properties and fair value
 adjustment on derivative financial instruments
(based on maximum offer price of HK\$5.35 per share)

1) On a pro forma fully diluted basis	15.4 times
2) On a weighted average basis	9.0 times

- End -

This document is not an offer of securities for sale in the United States or elsewhere. Securities may not be offered or sold in the United States absent registration or an exemption from registration under the United States Securities Act of 1933, as amended. Shui On Land Limited does not intend to register the securities or conduct a public offering in the United States. This document (and the information contained herein) is not for publication or distribution to persons in the United States. Potential investors in shares of the Company should read the prospectus of the Company for detailed information about the offer before deciding whether or not to invest in the shares being offered.

About Shui On Land

Headquartered in Shanghai, Shui On Land is the flagship property company of the Shui On Group in the Chinese Mainland. Shui On Land has a proven track record in developing large-scale, mixed-used city-core development projects and integrated residential development projects. With access to over 8.1 million square metres of gross floor area, open areas and other public facilities, the Company currently has six projects at various stages of development in the city centres of Shanghai, Chongqing, Wuhan and Hangzhou.

For media enquiries, please contact Edelman:

Cynthia Ng

Tel: (852) 2837 4738

Mobile: (852) 9883 8148

Email: cynthia.ng@edelman.com

Eda Yek

Tel: (852) 2837 4731

Mobile: (852) 9097 7030

Email: eda.yek@edelman.com

This document is not an offer of securities for sale in the United States or elsewhere. Securities may not be offered or sold in the United States absent registration or an exemption from registration under the United States Securities Act of 1933, as amended. Shui On Land Limited does not intend to register the securities or conduct a public offering in the United States. This document (and the information contained herein) is not for publication or distribution to persons in the United States. Potential investors in shares of the Company should read the prospectus of the Company for detailed information about the offer before deciding whether or not to invest in the shares being offered.