



# Shui On Land Limited

(stock code: 272 HK)

## Annual Results for year ended 31 December 2007

April 2008

# Major achievements in 2007

## *Significant increase in landbank and record profits*

- **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 at 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**.
- **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 ).

*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".*



## Major achievements in 2007

*Increasing earnings per share, dividends, total assets and shareholders equity. Moderate net gearing ratio.*

- 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: RMB 48 cents or HK 47 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 at 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”.*

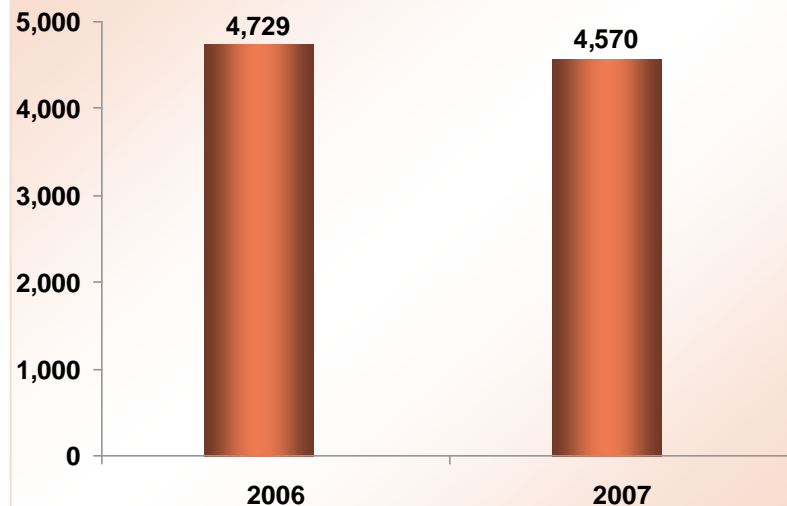


# Major achievements in 2007

## *Solid turnover and record profits*

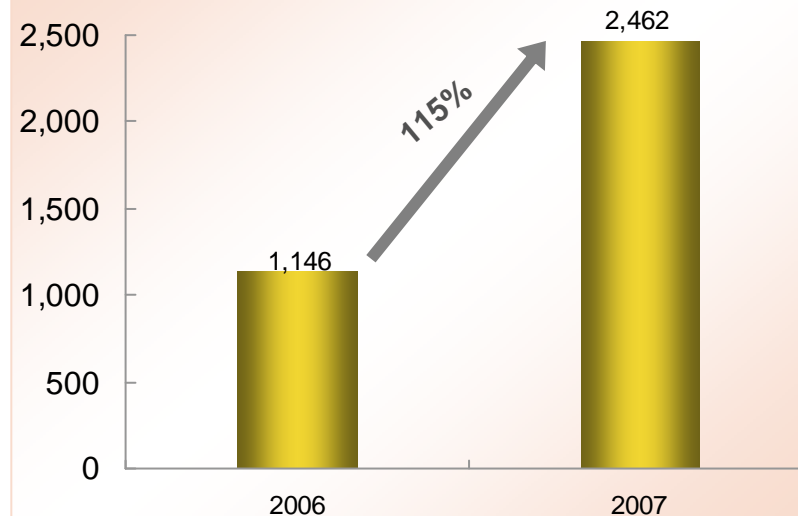
**Turnover**

(RMB million)



**Net profit attributable to shareholders**

(RMB million)



Excluding the effect of revaluation of investment properties and fair value adjustments on derivative financial instruments, the underlying profit attributable to shareholders was RMB 2,060 million, an increase of 34% over 2006 (2006: RMB 1,536 million).



**Upholding Promises Achieving Results**

# Key financial highlights

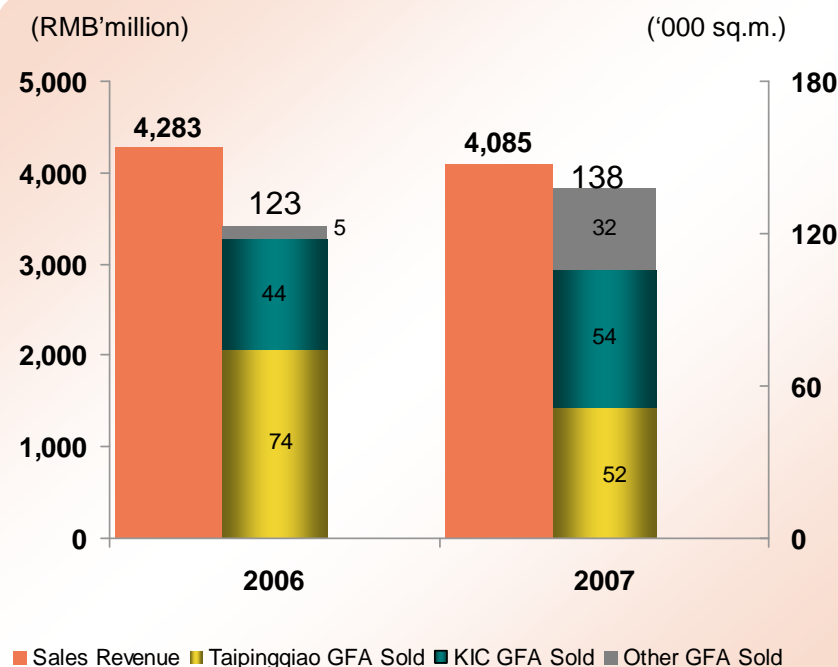
(RMB'millions)	For the year ended 31 December	
	2007	2006
Turnover	4,570	4,729
Net profit attributable to shareholders of the Company	2,462	1,146
<b>Less:</b> Revaluation increase on investment properties	419	87
Loss on change in fair value of derivative financial instruments	-	(500)
Fair value loss/(gain) on early redemption rights on notes	(17)	23
Underlying profit attributable to shareholders of the Company	2,060	1,536
EPS (HK cents)	61	47
Final proposed dividend per share (HK cents)	10	6

(RMB'millions)	As at 31 December	
	2007	2006
Total assets	29,879	26,035
Total liabilities	13,173	10,870
Total equity	16,706	15,165
Net gearing ratio (%)	20%	5%



# Property sales performance for the year ended 31 December 2007

## Property sales and GFA sold



Project	Total GFA sold	Average selling price	Group's interest
	(sq.m.)	(RMB/sq.m.)	
Shanghai Taipingqiao, Lot 114 (Lakeville Regency)	52,000	54,500	99.0%
Shanghai KIC R1	54,000	18,700	86.8%*
Wuhan Tiandi, Lot A9	29,000	13,500	75.0%
Shanghai Rui Hong Xin Cheng, Phase 2, Lot 149	3,000	16,600	99.0%
<b>Total GFA (sq.m.)</b>	<b>138,000</b>		

- Sold 138,000sq.m for total sales proceeds of approximately RMB4.1 billion in 2007, comprising mainly Shanghai Lakeville Regency, Shanghai Knowledge and Innovation Community R1 and Wuhan Tiandi.
- Turnover decreased slightly by 5% when compared to 2006 (2006: RMB4,085 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.

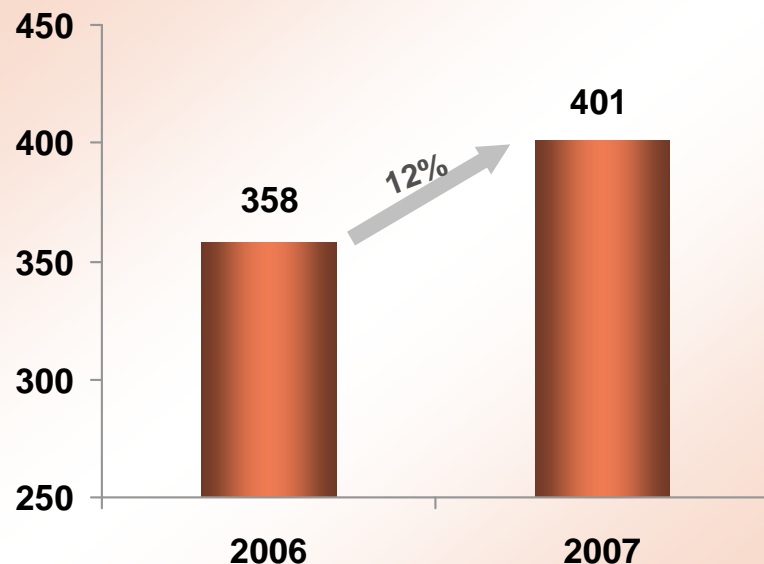


**Solid Sales Performance**

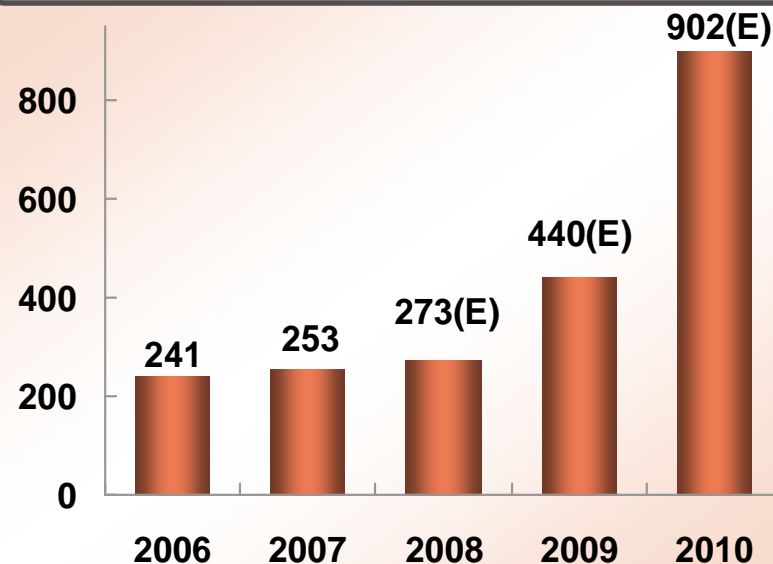
\* Agreement has been reached to increase the interest from 70% to 86.8%, subject to the approval by the relevant PRC government authorities

# Investment property portfolio income for the year ended 31 December 2007

Growth in rental income (RMB'million)



Expanding investment property portfolio  
(GFA '000 sq.m.)



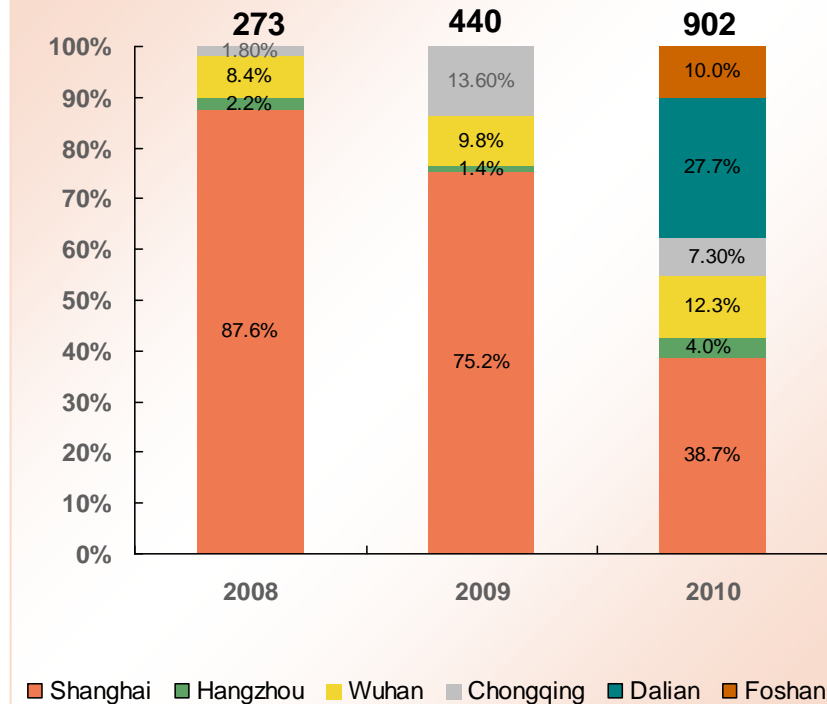
- Shanghai Xintiandi and Corporate Avenue continued to be key contributors of our rental income.
- The occupancy rate for Shanghai Xintiandi and Corporate Avenue as at 31 December 2007 was 97% and 94%, respectively.
- Our portfolio of investment properties is expected to grow to 273,000 sq.m; 440,000 sq.m.; and 902,000 sq.m by the end of 2008, 2009, and 2010 respectively. In that event, the size of our investment property portfolio will grow by 1.1 times; 1.7 times; and 3.6 times that of the current size by the end of 2008, 2009 and 2010, respectively.



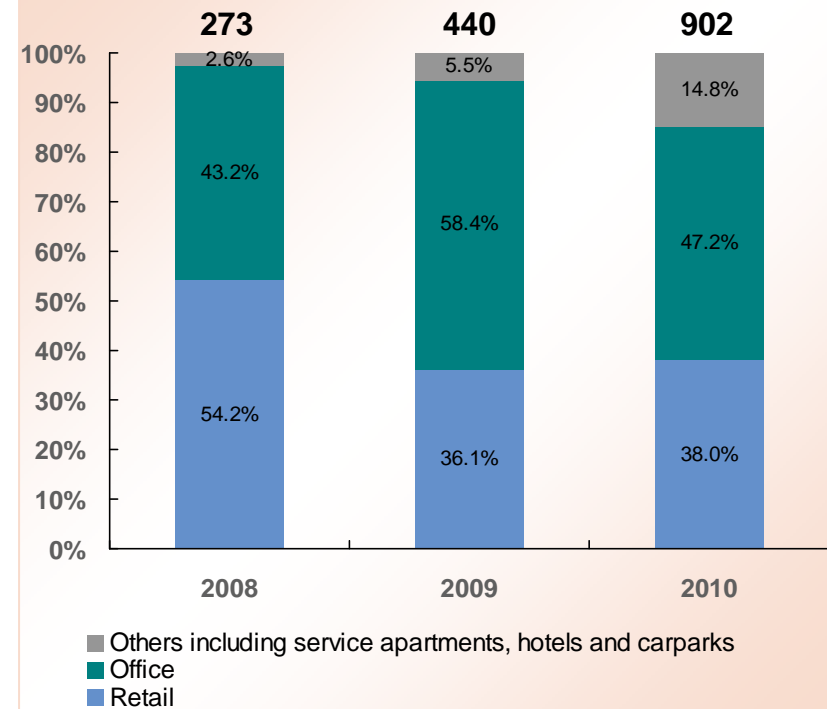
# Expected leasable GFA to be completed between 2008 and 2010

## Total GFA by city

('000 sq.m)



## Total GFA by usage



## Diversified Portfolio of Investment Properties

Note: figures presented above may be subject to change depending on the actual progress of development and construction.



# Debt schedule and capital commitments

(RMB million)

	Currency	Total	Due in 2008	Due in 2009	2010 and beyond
Bank Loans	RMB	1,235	742	103	390
	HKD	3,170	772	483	1,915
Notes	USD	2,667	2,667	-	-
Total		7,072	4,181	586	2,305

- Our cash and bank deposits amounted to **RMB 3,697 million** as at 31 December 2007 (31 December 2006: RMB5,654 million), which included RMB854 million (31 December 2006: RMB1,202 million) of deposits pledged to banks.
- The Group's net gearing ratio was approximately **20%** as at 31 December 2007 (31 December 2006: 5%), calculated on the basis of dividing the excess of the sum of bank loans and notes payable over the sum of bank balances and cash by total equity.
- Total undrawn banking facilities available to the Group were approximately **RMB 1,718 million** as at 31 December 2007 (31 December 2006: RMB2,560 million). Subsequent to 31 December 2007, additional banking facilities of approximately **RMB 2,616 million** have been arranged. We will continue to adopt a prudent financial policy so as to sustain an optimal level of borrowings to meet our funding requirements.
- The Group's rental income for 2007 expressed as a percentage of the Group's total interest costs before capitalization to property under development was approximately **88%** (2006: approximately 42%).



# Strategic partnerships

*Unlocking the value of our prime property portfolio*

- It remains the Group's strategy to forge strategic partnerships with developers, contractors, consultants and other investors and replicate those relationships in our other projects in the same city or elsewhere, to the extent commercially feasible.
- Seek strategic partners to co-develop the projects, accelerate returns, releases the capital, diversify risks, improve cashflow and enhance operational efficiency.
- Strategic partnership with Trophy Property:
  - Sold 25% interest in Wuhan Tiandi and 49% interest in Lot 116 Shanghai Taipingqiao.
  - Total consideration and gain on disposal amounted RMB 1,609 million and RMB 845 million, respectively.



# Construction pipeline for 2008 to 2010

Saleable and leaseable pipeline GFA ('000 sq.m.)			
Project	2008	2009	2010
Shanghai Taipingqiao	55	54	-
Shanghai Rui Hong Xin Cheng	-	96	139
Shanghai Knowledge and Innovation Community	47	168	49
Hangzhou Xihu Tiandi	-	-	30
Wuhan Tiandi	50	106	231
Chongqing Tiandi	112	166	98
Dalian Tiandi • Software Hub	-	-	350
Foshan Lingnan Tiandi	-	-	90
<b>Total</b>	<b>264</b>	<b>590</b>	<b>987</b>
<i><b>For sale</b></i>	<i><b>244</b></i>	<i><b>423</b></i>	<i><b>525</b></i>
<i><b>For lease</b></i>	<i><b>20</b></i>	<i><b>167</b></i>	<i><b>462</b></i>



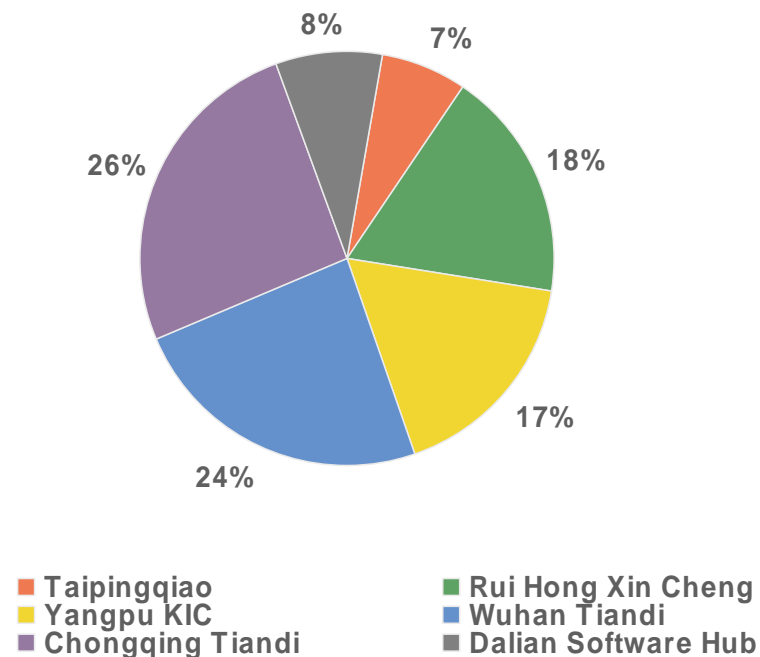
**Centre of the Key Cities**

*Note: Figures presented above may be subject to changes depending on the actual progress of construction*

## Expected launch of residential properties for sale/pre-sale in 2008

Our inventory that is expected to be made available for sale/presale in 2008 will amount to 230,000 sq.m.

- Lakeville 3, Shanghai, Taipingqiao  
71,000 sq.m or 434 units
- Riviera, Chongqing Tiandi,  
107,000 sq.m or 784 units
- Riverview, Wuhan Tiandi,  
39,000 sq.m or 265 units
- Inventory at KIC and other projects carried  
over from 2007: 13,000 sq.m. of GFA .



Note: figures presented above may be subject to change depending on the actual progress of construction.

# Access to Land in Prime Cities

## Wuhan—

Population	8.9 mn
GDP Growth	15.6%
Per Capita GDP (RMB/Person)	35,000
Investment in real estate (RMB Bn)	46

### • Wuhan Tiandi

- GFA as at 31 Dec 2007: 1,519
- Ownership 75%

## Dalian—

Population (2005)	6.0 mn
GDP Growth	17.5%
Per Capita GDP (RMB/Person)	42,579
Investment in real estate (RMB Bn)	41

### • Dalian Tiandi • Software Hub

- GFA as at 31 Dec 2007: 3,541
- Ownership 48%\*\*\*

## Shanghai<sup>1</sup> —

Population	18.6 mn
GDP Growth	13.3%
Per Capita GDP (RMB/Person)	64,500
Investment in real estate (RMB Bn)	131

### • Taipingqiao

- GFA as at 31 Dec 2007: 1,163
- Ownership: 69%, 97%, 99%\*

### • Rui Hong Xin Cheng

- GFA as at 31 Dec 2007: 1,150
- Ownership: 99%

### • Knowledge and Innovation Community

- GFA as at 31 Dec 2007: 566
- Ownership 86.8%\*\*

## Chongqing—

Population	28.1 mn
GDP Growth	15.6%
Per Capita GDP (RMB/Person)	14,600
Investment in real estate (RMB Bn)	85

### • Chongqing Tiandi

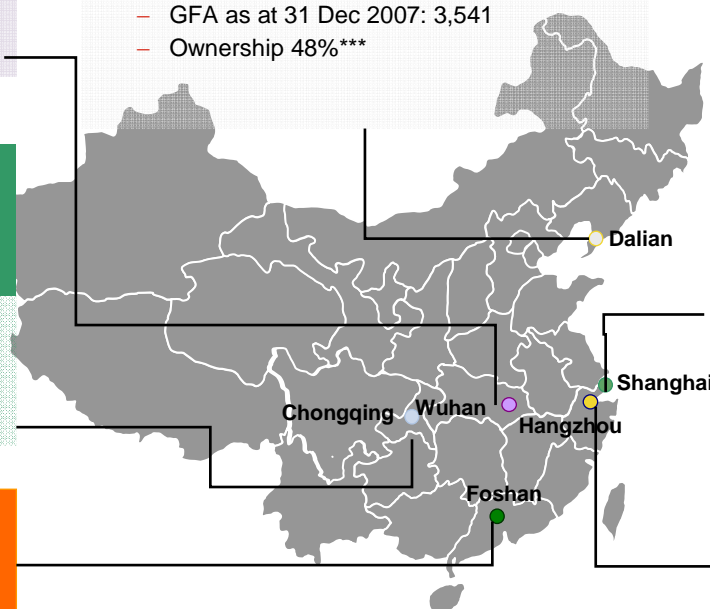
- GFA as at 31 Dec 2007: 3,596
- Ownership 79.4%

## Foshan—

Population	5.9 mn
GDP Growth	19.2%
Per Capita GDP (RMB/Person)	61,000
Investment in real estate (RMB Bn)	31

### • Foshan Tiandi

- GFA as at 31 Dec 2007: 1,500
- Ownership 100%



**Total landbank: 13.1 mn sqm**  
**Total attributable landbank: 10.0 mn sqm**

## Hangzhou—

Population	6.1 mn
GDP Growth	14.6%
Per Capita GDP (RMB/Person)	51,300
Investment in real estate (RMB Bn)	52

### • Xihu Tiandi

- GFA as at 31 Dec 2007: 80
- Ownership 100%

\*: The Group has a 99% interest in the remaining lots within Shanghai Taipingqiao project, except for Lot 116, in which we have a 50% interest after the sale of a 48% interest to a strategic partner in July 2007.

\*\*\*: Agreement has been reached to increase the interest from 70% to 86.8%, subject to the approval by the relevant PRC government authorities.

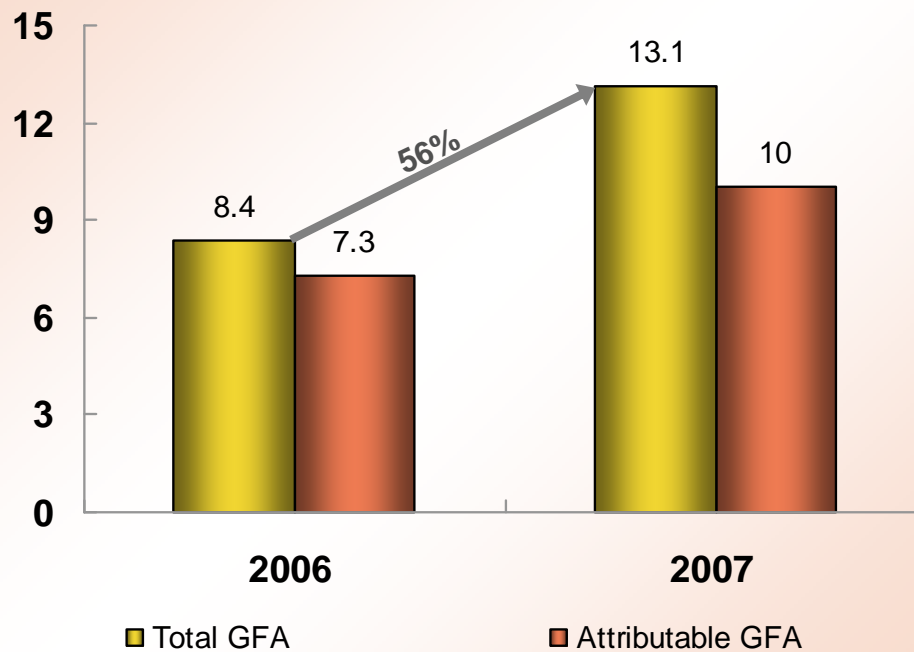
\*\*\*: Dalian Tiandi-Software Hub comprises 23 plots of land with an expected GFA totalling approximately 3,541,000 sq.m. planned for development in phases over a period of 8 to 10 years. It is the intention of the joint venture companies to acquire all 23 plots of the land. As at 31 March 2008, 5 plots of land of approximately 1,765,000 sq.m. of GFA have been acquired with legally binding contracts signed. Acquisition of the remaining 18 plots of land of approximately 1,776,000 sq.m. of GFA will be by way of competitive bidding and there is no assurance that the joint venture companies will be successful in acquiring these lands.



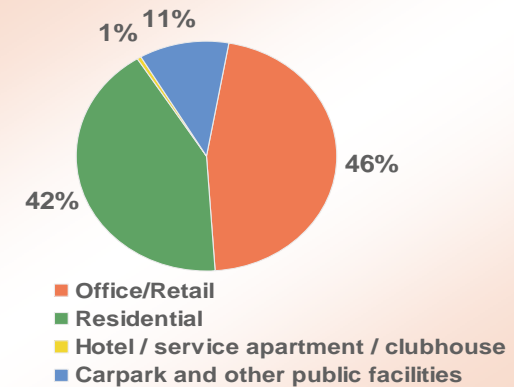
# Landbank

Total GFA and attributable GFA

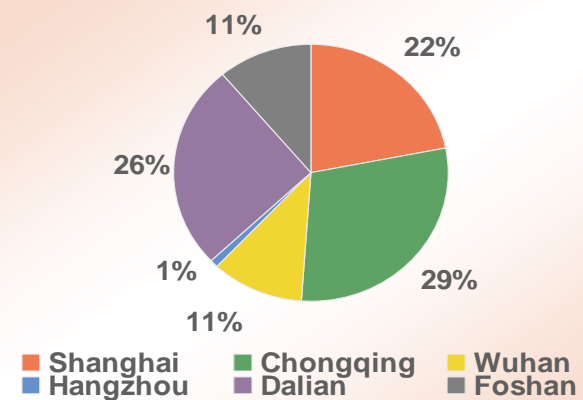
(million sq.m.)



GFA by usage



GFA by city



**Sufficient Landbank for the next 8 to 10 years of Development**



# Landbanking strategy

*Further screening to deliver strategic growth reaching the horizon*

## 5.1 million sq.m. of projects acquired in 2007

Jun-07	Dalian Tiandi • Software Hub	3.6 million sq.m. (please refer to Slide 13 *** for more detail)
Nov-07	Foshan Lingnan Tiandi	1.5 million sq.m.

## 6.96 million sq.m of New projects in Kunming / Lijiang / Dali / Diqing (Shangri-La)

Expected GFA	Kunming: 2.5 million sq.m.	Lijiang: 1.20 million sq.m.
	Dali: 2.5 million sq.m.	Diqing (Shangri-La): 0.76 million sq.m.
Usage	Mixed use with office, retail entertainment, cultural and residential developments	
Status	Memoranda of understanding (MOUs) have been signed as at the year end with the respective municipal governments in four cities in Yunnan Province, namely Kunming, Dali, Diqing (Shangri-La), and Lijiang for the proposed development of regional tourism resort property projects.	



**Increasing Landbank in Excellent Locations**

# Established brand and reputation

- Our brand represents:
  - Quality
  - Innovation
  - Excellence
- Won the Citi Award for Corporate Governance Excellence at Hong Kong Corporate Governance Excellence Awards 2007



- a. 2007 International ARC Awards GOLD WINNER, the design of Shui On Land Limited Annual Report 2006;
- b. The Citi Award for Corporate Governance Excellence, Shui On Land Limited;
- c. National Community Commercial Model Community, Rui Hong Xin Cheng;
- d. Best Residential of Zhan TianYou Civil Engineering Award, Rui Hong Xin Cheng.







**Thank You**

Member of Shui On Group





## Q&A

Member of Shui On Group



# Appendix



# Breakdown of our landbank

('000 sq.m.)	Taiping qiao	Rui Hong Xin Cheng	KIC *	Xihu Tiandi	Chongqing Tiandi	Wuhan Tiandi	Dalian Tiandi• Software Hub ***	Foshan Lingnan Tiandi	Total GFA (million sq.m)	Attributable GFA (million sq.m)
Group's interest	97%, 99%* *	99%	86.8%	99%	79.4%	75%	48%	100%		
Completed held for investment	140	28	67	6	-	12	-	-	253	238
Completed held for operation	10	5	-	-	-	1	-	-	16	15
Completed held for sale	-	-	13	-	-	-	-	-	13	12
Properties under development	355	297	225	73	496	135	-	-	1,581	1,409
Properties for future development	658	820	262	-	3,100	1,371	3,541	1,500	11,252	8,336
<b>Total</b>	<b>1,163</b>	<b>1,150</b>	<b>567</b>	<b>79</b>	<b>3,596</b>	<b>1,519</b>	<b>3,541</b>	<b>1,500</b>	<b>13,115</b>	<b>10,010</b>

\* Denotes Yangpu Knowledge and Innovation Community

\*\* The Group has a 99% interest in the remaining lots within Shanghai Taipingqiao project, except for Lot 116, in which we have a 50% interest after the sale of a 48% interest to a strategic partner in July 2007.

\*\*\* Dalian Tiandi-Software Hub comprises 23 plots of land with an expected GFA totalling approximately 3,541,000 sq.m. planned for development in phases over a period of 8 to 10 years. It is the intention of the joint venture companies to acquire all 23 plots of the land. As at 31 March 2008, 5 plots of land of approximately 1,765,000 sq.m. of GFA have been acquired with legally binding contracts signed. Acquisition of the remaining 18 plots of land of approximately 1,776,000 sq.m. of GFA will be by way of competitive bidding and there is no assurance that the joint venture companies will be successful in acquiring these lands.



# Our development completion schedule

(GFA'000 sq.m.)

Project	Year 2008			Year 2009			Year 2010		
	Saleable GFA	Leasable GFA	Total GFA	Saleable GFA	Leasable GFA	Total GFA	Saleable GFA	Leasable GFA	Total GFA
Shanghai Taipingqiao	55	-	55	25	29	54	-	-	-
Shanghai Rui Hong Xin Cheng	-	-	-	94	2	96	126	13	139
Shanghai Knowledge and Innovation Community	43	4	47	107	61	168	44	5	49
Hangzhou Xihu Tiandi	-	-	-	-	-	-	-	30	30
Chongqing Tiandi	107	5	112	111	55	166	92	6	98
Wuhan Tiandi	39	11	50	86	20	106	163	68	231
Dalian Tiandi •Software Hub	-	-	-	-	-	-	100	250	350
Foshan Lingnan Tiandi	-	-	-	-	-	-	-	90	90
<b>Total</b>	<b>244</b>	<b>20</b>	<b>264</b>	<b>423</b>	<b>167</b>	<b>590</b>	<b>525</b>	<b>462</b>	<b>987</b>



Note: figures presented above may be subject to change depending on the actual progress of construction.

## Breakdown of property sales in 2007 and potential launch of properties for sale/pre-sale in 2008

2007		Ownership	Average selling price	GFA sold (sq.m.)
Shanghai	Shanghai Taipingqiao, Lot114 (Lakeville Regency)	99%	54,500	52,000
	Rui Hong Xin Cheng Phase 2	99%	16,600	3,000
	Knowledge and Innovation Community R1	86.8%*	18,700	54,000
Wuhan	Wuhan Tiandi Lot A9	75%	13,500	29,000
Total				138,000

2008		Ownership	GFA expected to be available for sale/presale (sq.m.)
Shanghai	Taipingqiao, Lot113 (Lakeville 3)	99%	71,000
	Knowledge and Innovation Community R1	86.8%*	13,000
Wuhan	Wuhan Tiandi Lot A7, Riverview	75%	39,000
Chongqing	Chongqing Tiandi Lot B1-1/01, Riviera	79.4%	107,000
Total			230,000

\* Subsequent to 31 December 2007, agreement has been reached to increase the Group's interest from 70% to 86.8%, subject to approval by the relevant government authorities.



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