

# **Shui On Land Limited (272.HK)**

## **2010 Interim Results**

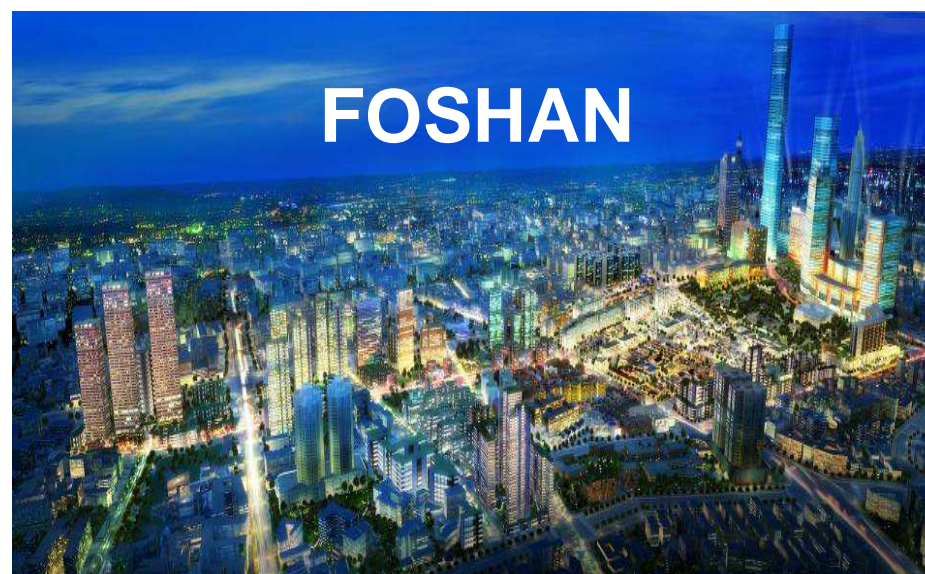
19 August 2010

- 1. Corporate Strategy**
2. Financial Highlights and Business Review
3. Three-Year Plan
4. Key Launches in 2H 2010

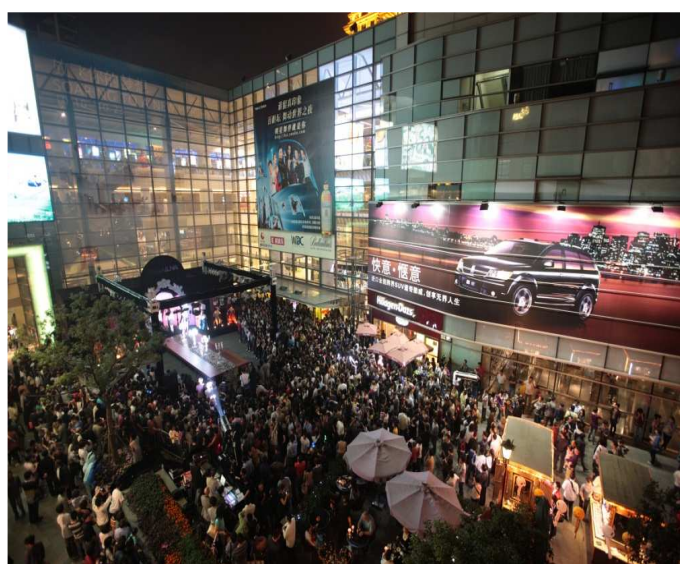
**Large scale, mixed-use city core communities in high growth cities:**

- **A harmonious blend of premium retail areas, offices and luxurious residential with tranquil amenities like parks and/or lakes**
- **Preservation of local heritage and architecture**
- **Icon of fashionable lifestyle**
- **Landmark of the city**
- **Live-Work-Play communities**

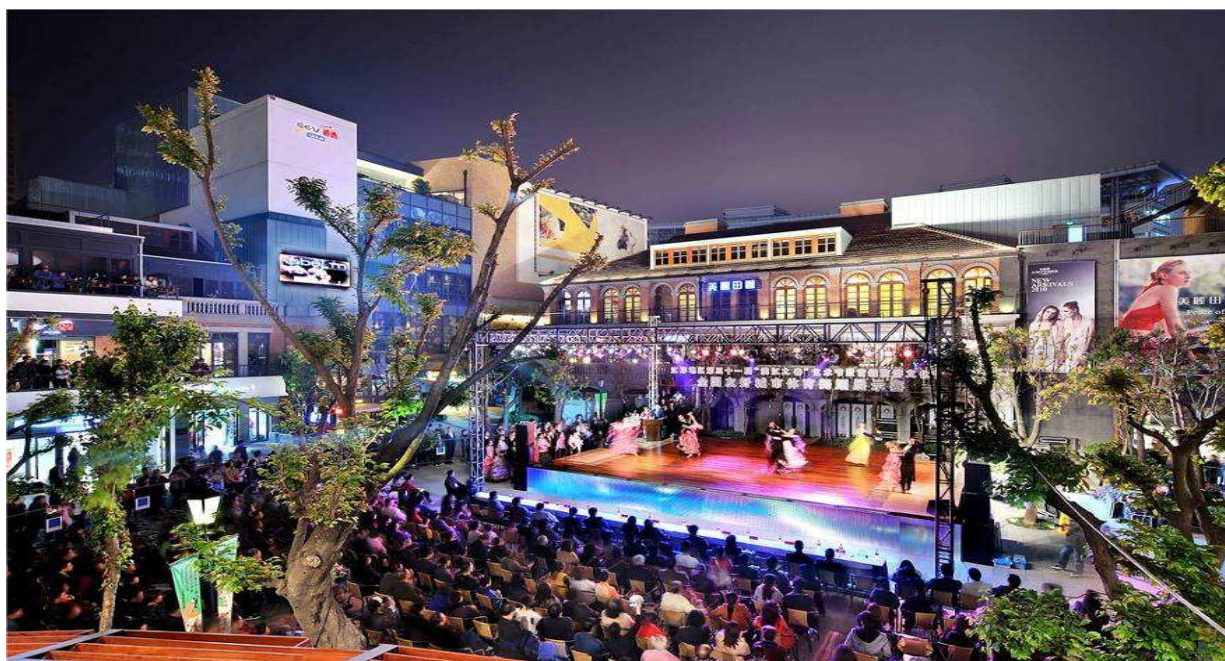
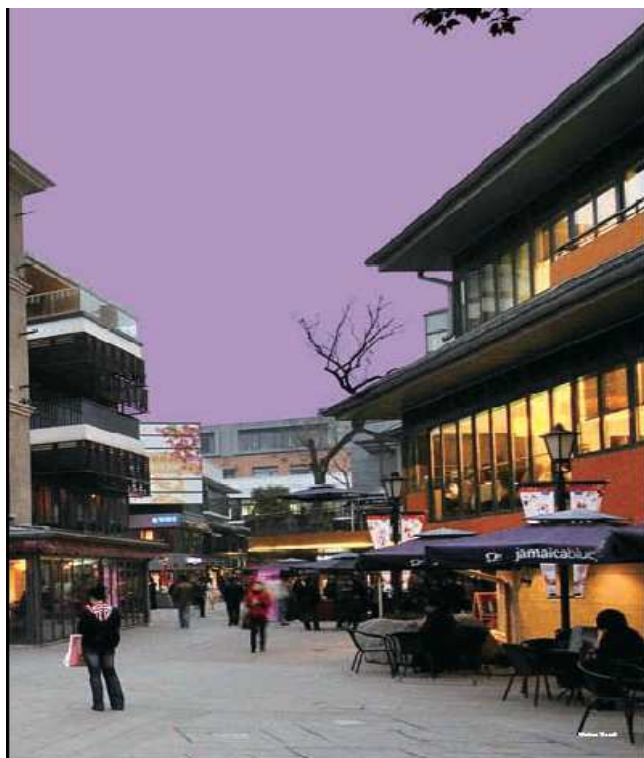
## Successfully Replicating our “Tiandi” Model



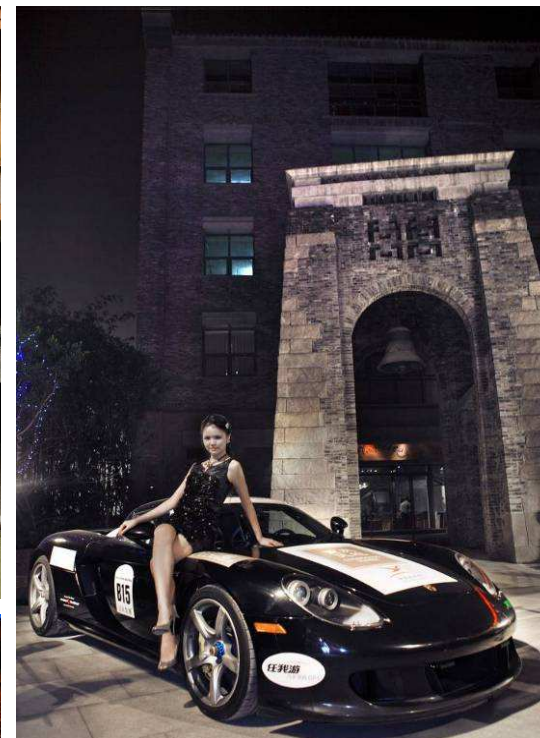
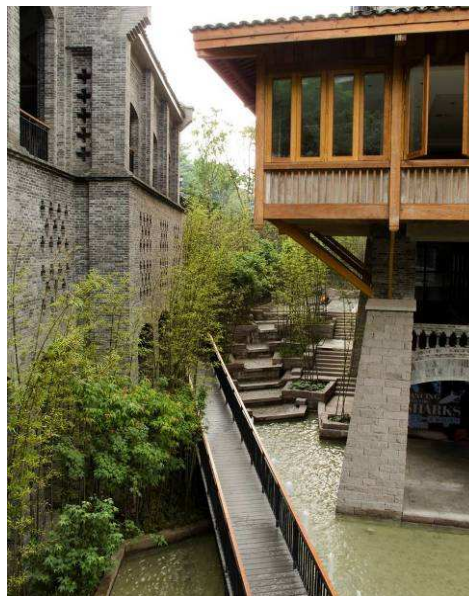




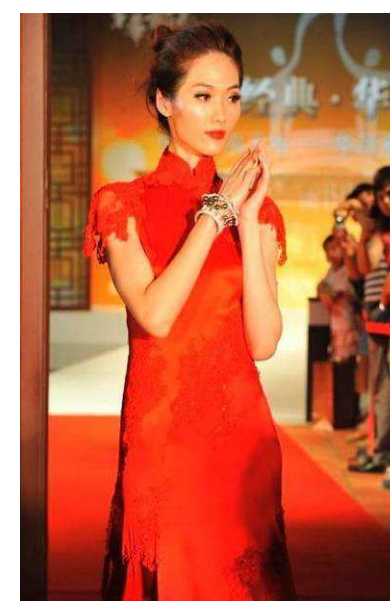












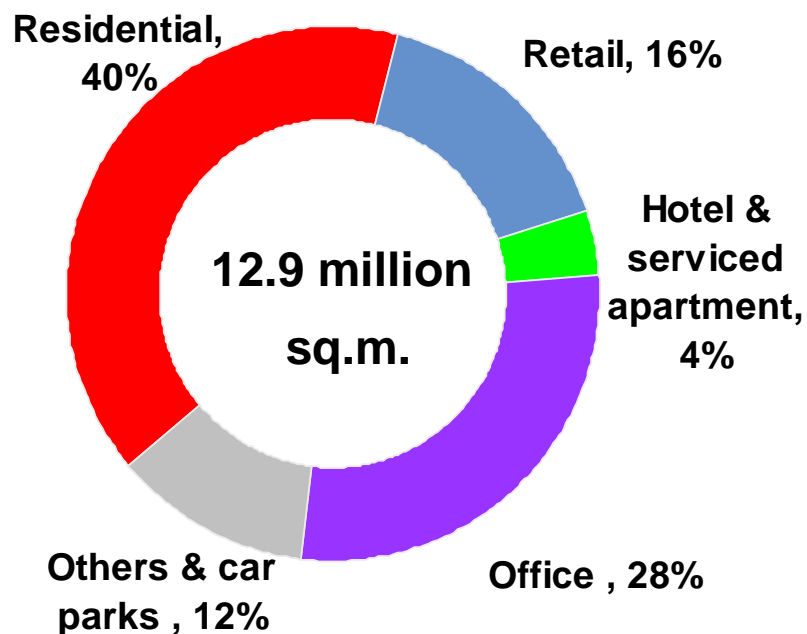


	Year of Entrance	Per Capita GDP (USD/person)	Current year	Per Capita GDP (USD/person)	10-year average GDP growth rate	
					City	China
Shanghai	1996	2,500	2009	11,600	11.5%	10.0%
Chongqing	2004	1,200	2009	3,400	12.0%	
Wuhan	2005	3,300	2009	7,300	13.6%	
Foshan	2007	8,300	2009	11,800	15.8%	
Dalian	2007	7,100	2009	10,500	14.9%	

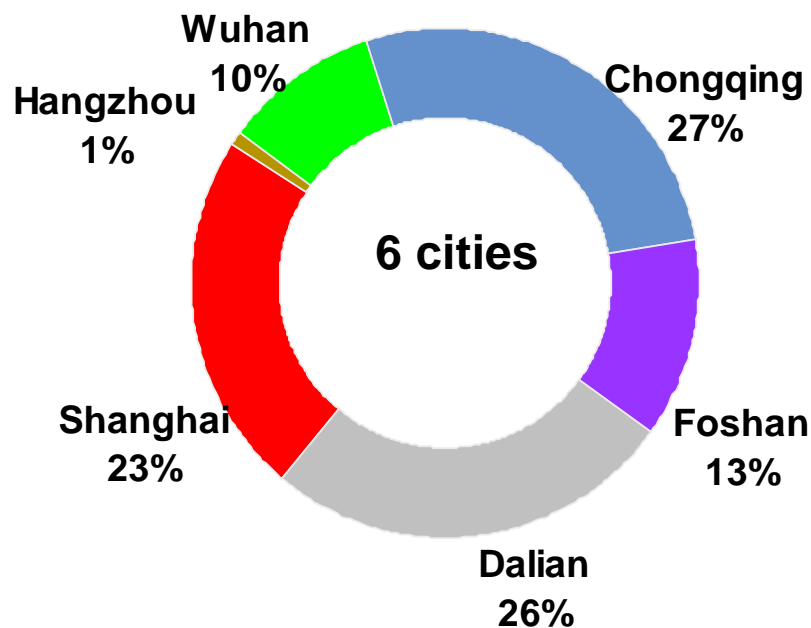
Source: City Statistics Bureau

Well positioned to capture the economic growth, strong housing demand and surging domestic consumptions in Mainland China

Total GFA by usage



Total GFA by city





# Setting a Platform for the Next Stage of Growth

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## **PAST**

**2006 – 2009**

- Acquired 12.9 million sq.m. GFA landbank at good value in core areas of high growth cities
- Completed the master plans of all projects
- Built “Tiandi” commercial cluster along with various phases of residential developments
- Established the “Tiandi” brand

## **PRESENT**

**2010 – 2011**

- Implementing the Three-Year Plan
- Expediting project development
- Collaborating with strategic partners and stakeholders
- Commanding higher average selling price and gross profit margin

## **FUTURE**

**2012 and beyond**

- To accelerate asset turnover
- To achieve sustainable earnings growth

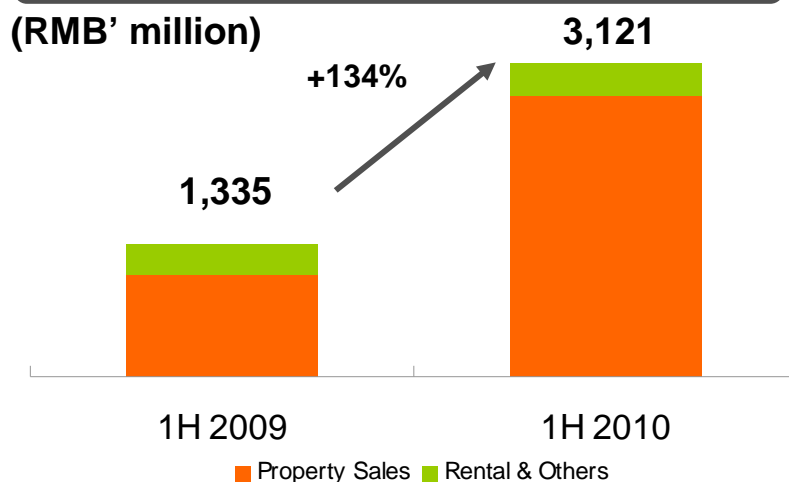
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# Top Line Growth and Margin Expansion

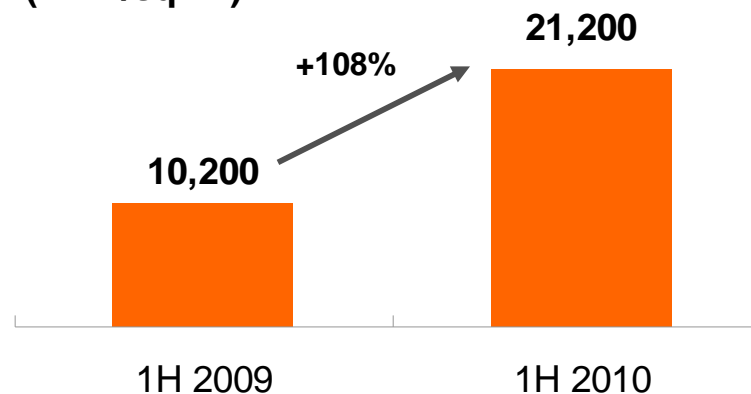
## Turnover

(RMB' million)



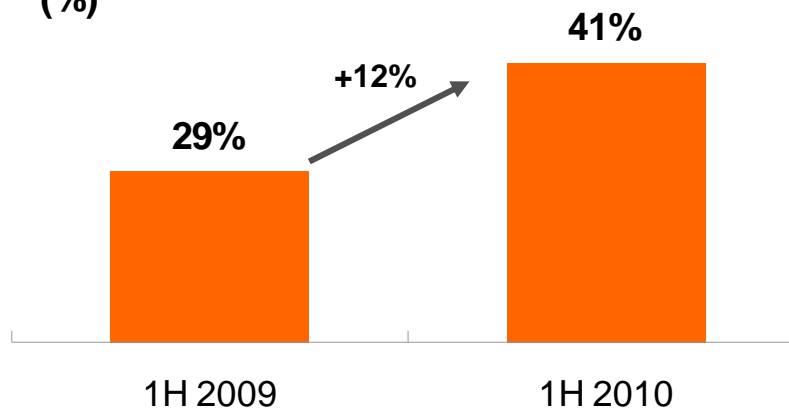
## Average Selling Price (ASP)

(RMB/sq.m.)



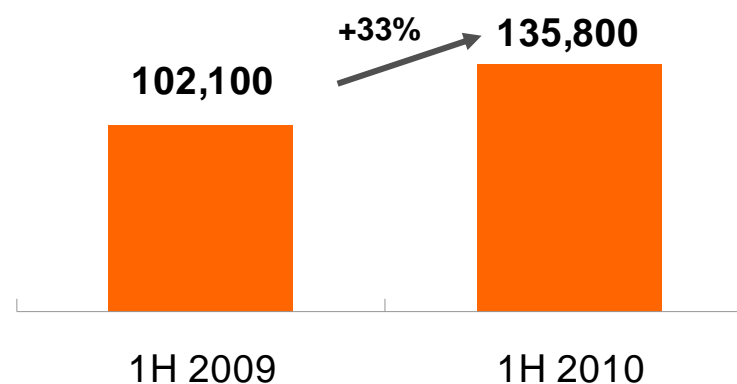
## Gross Profit Margin

(%)



## Gross Floor Area (GFA)

(sq.m.)



## Income Statement – Strong Earnings Growth

RMB' million	Six months ended 30 June		
	2010	2009	Changes
Turnover	3,121	1,335	↑ 134%
Gross profit	1,272	390	↑ 226%
Increase in fair value of investment properties	1,461	199	↑ 634%
Profit for the period	1,708	656	↑ 160%
Profit attributable to shareholders	1,557	718	↑ 117%
Earnings per share – basic (RMB)	0.31	0.16	↑ 94%
Interim dividend (HK\$)	0.06	0.01	↑ 500%



## Fair Value Gain (Loss) on Investment Properties

Project	Fair value as of 30 June 2010		Fair value gain (loss) in 1H 2010
	RMB' million	RMB / sq.m.	RMB' million
<b>Shanghai Taipingqiao</b>			
- Xintiandi	3,418	60,000	116
- Xintiandi Style	1,800	62,000	461
- Corporate Avenue Phase1	3,567	43,000	88
- Corporate Avenue Phase2	3,745	24,000	305
<b>Shanghai Rui Hong Xin Cheng</b>	616	18,000	23
<b>Shanghai KIC</b>	2,984	16,000	471
<b>Wuhan</b>	594	13,000	107
<b>Chongqing</b>	1,126	-	(110)
<b>Others</b>	5,546	-	-
<b>Total</b>	<b>23.676</b>	<b>-</b>	<b>1,461</b>

*Note: The fair value was carried out by Knight Frank, an independent qualified professional valuer.*

## Solid Balance Sheet

RMB' million	30 June 2010	31 December 2009	Changes
Total assets	46,604	42,592	↑ 9%
Total liabilities	22,840	20,018	↑ 14%
Total equity	23,764	22,574	↑ 5%
Total bank borrowings	12,473	10,203	↑ 22%
Cash and bank balances	4,929	4,947	–
Net gearing ratio	32%	23%	↑ 9% ppt



## Well-Managed Debt Profile

**Total debt: RMB12.5 billion**

- Long-term debt vs. Short-term debt: 88% vs. 12% (2009: 79% vs. 21%)
- RMB debt vs. Foreign currency debt: 34% vs. 66% (2009: 35% vs. 65%)
- Effective interest rate: 4.3% (2009: 4.1%)

Currency Denomination	<1 year	1-2 years	> 2years	Total (RMB' million equivalent)
RMB	534	1,560	2,179	4,273
HK\$	702	1,704	5,556	7,962
US\$	238	-	-	238
<b>Total</b>	<b>1,474</b>	<b>3,264</b>	<b>7,735</b>	<b>12,473</b>

## Estimated Capital Expenditure

RMB' billion	2010		2011E	2012E
	1H Actual	2H Estimate		
Construction cost	1.3	2.5	4.6	8.8
Land cost <sup>1</sup>	2.3	4.1	5.7	1.9
<b>Total CAPEX</b>	<b>3.6</b>	<b>6.6</b>	<b>10.3</b>	<b>10.7</b>

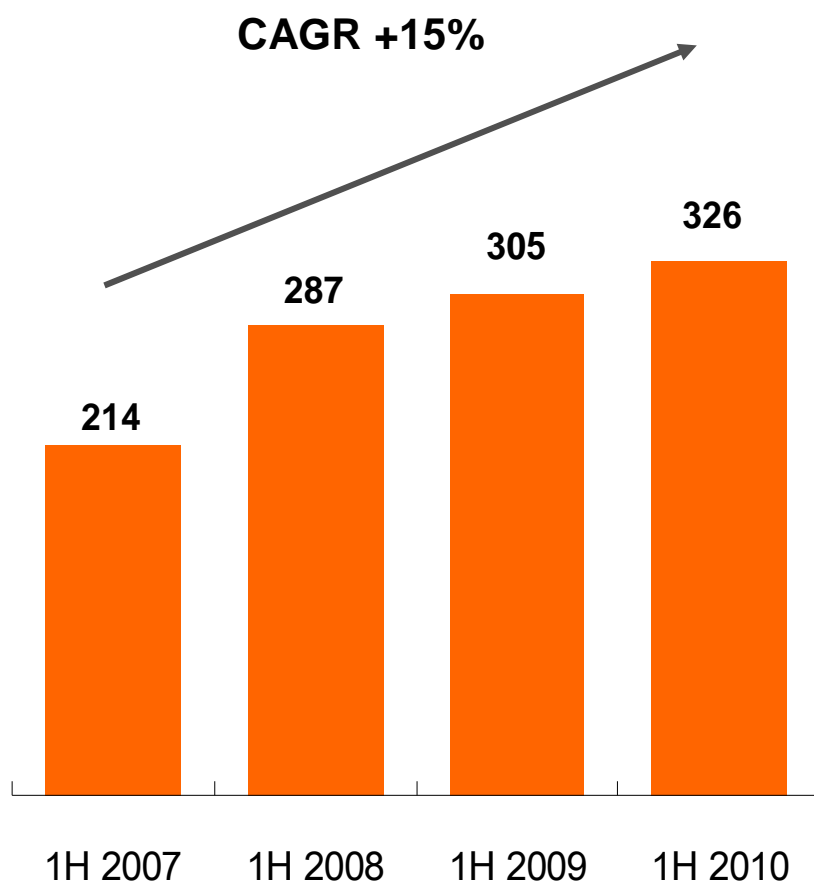
*Note1: Land cost includes land premium and relocation cost.*



## Strong Rental Income Growth and Asset Appreciation

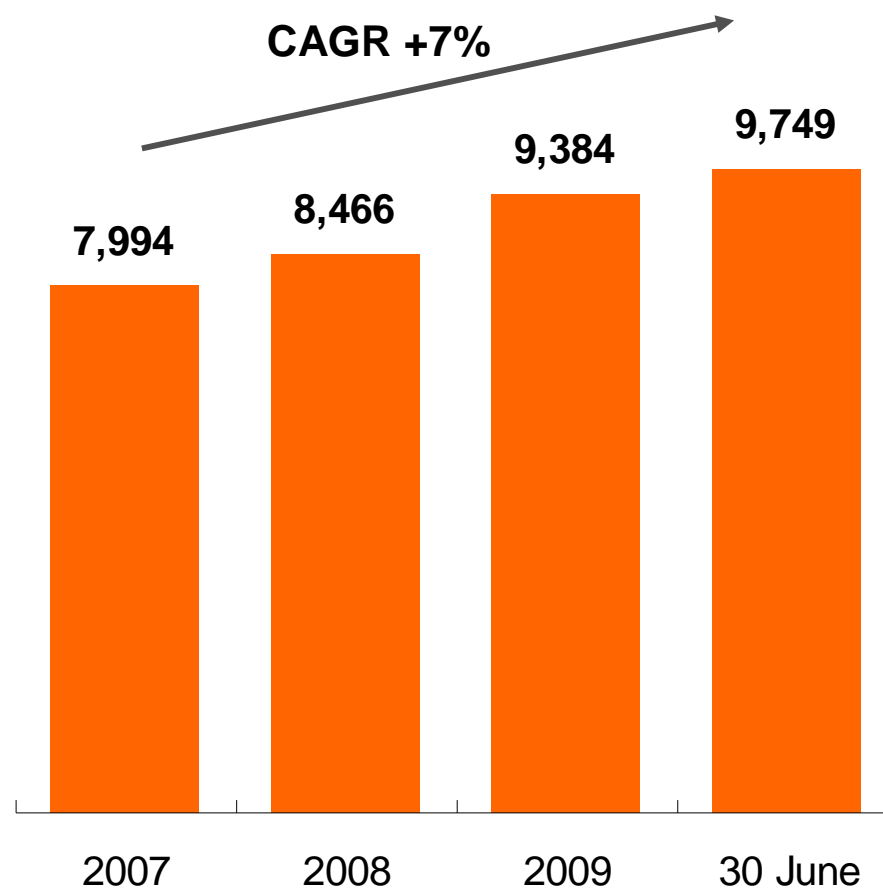
### Rental Income

(RMB' million)



### Investment Properties Value

(RMB' million)



## High Occupancy Rate of Investment Properties

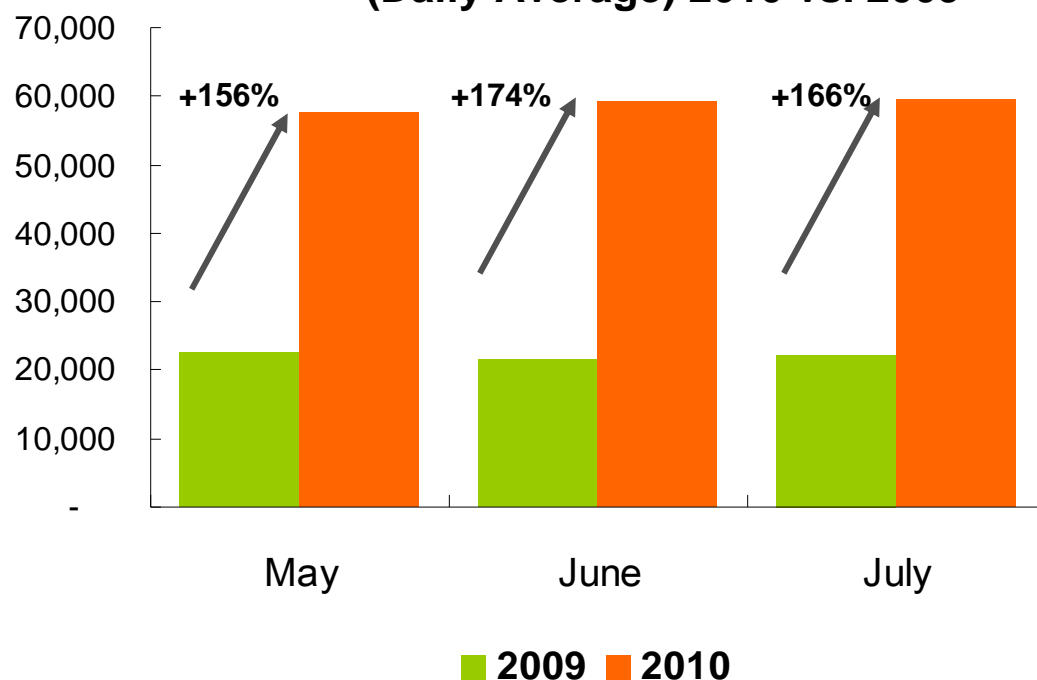
**Total Leasable GFA 355,000 sq.m.**

- By usage: Office 49% Retail 49% Serviced apartment 2%
- By geographic: Shanghai 73% Other cities 27%

Project	Type	Leasable GFA (sq.m.)	Occupancy Rate	
			30 June 2010	31 December 2009
<b>Shanghai Taipingqiao</b>				
- Xintiandi	Retail	57,000	96%	100%
- Corporate Avenue Phase 1	Office	83,000	99%	96%
<b>Shanghai Rui Hong Xin Cheng</b>	Retail	33,000	99%	100%
<b>Shanghai KIC</b>	Office & Retail	75,000	70%	69%
<b>Hangzhou</b>	Retail	6,000	100%	100%
<b>Wuhan</b>	Retail	46,000	82%	71%
<b>Chongqing</b>	Retail	2,000	100%	16%
<b>Leasable GFA completed before 2010</b>		<b>302,000</b>		
New completion in 1H 2010		53,000		
<b>Total leasable GFA</b>		<b>355,000</b>		

# Significant Increase of Traffic Flow in Xintiandi during Shanghai Expo

Number of visitors to Shanghai Xintiandi  
(Daily Average) 2010 vs. 2009





## New Investment Properties in 2010



**“Xintiandi Style” – A new extension of Xintiandi**





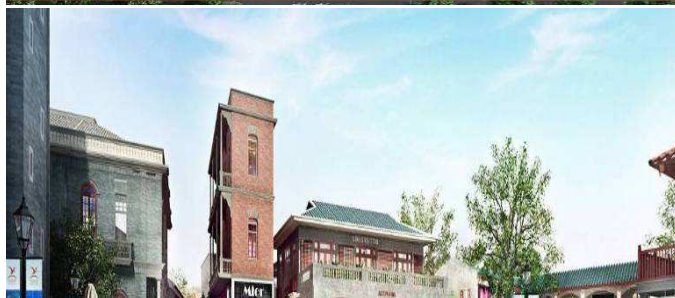
# Growing Investment Property Portfolio



**Foshan Hotel and Retail**



**Dalian IT Tiandi**



**Foshan Lingnan Tiandi**



**Wuhan Office**



**Shanghai Corporate Avenue Phase 2**



**Wuhan Shopping Centre**



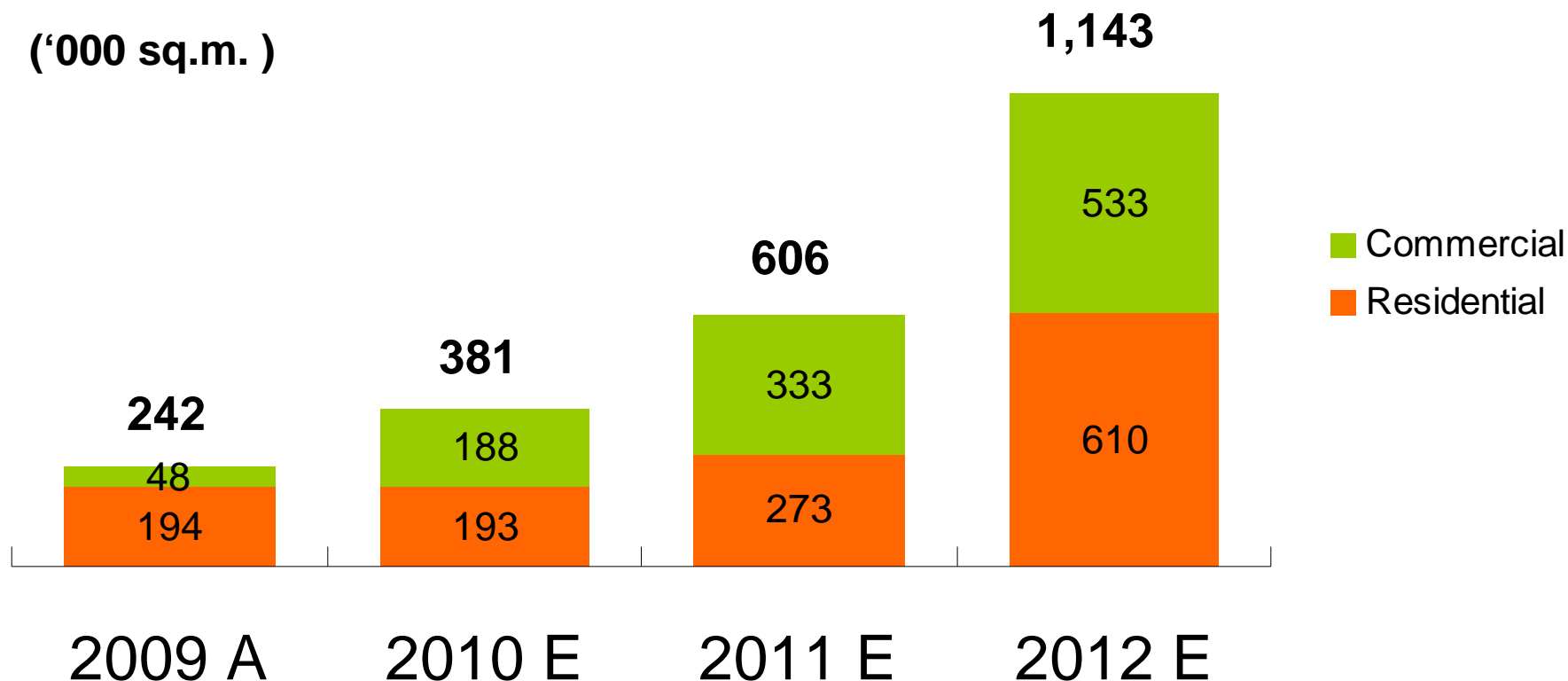
**Chongqing Office**

1. Corporate Strategy
2. Financial Highlights & Business Review
- 3. Three-Year Plan**
4. Key Launches in 2H 2010



- **Deliver a minimum of 1 million sq.m. per annum from 2012 and onwards**
- **Cost control**
- **Decentralisation and Re-organisation**

**Deliver a minimum of 1 million sq.m. per annum  
from 2012 and onwards**



**Growing production scale in the coming three years**

## Achievement on Cost Control

<b>Headcount - property development</b>	1,261	1,429
<b>- property management</b>	1,230	1,114
<b>GFA under development per headcount</b>	2,400 sq.m.	1,400 sq.m.



## Decentralisation and Re-organisation

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- **Decentralisation and project-based organisation**
- **Standardisation of project management**
  - **Design**
  - **Construction**
  - **Procurement**
  - **E-tendering system**
- **Customisation in fitting out features**
- **Quality management**
- **Construction cost control**
- **Betterment on property management**

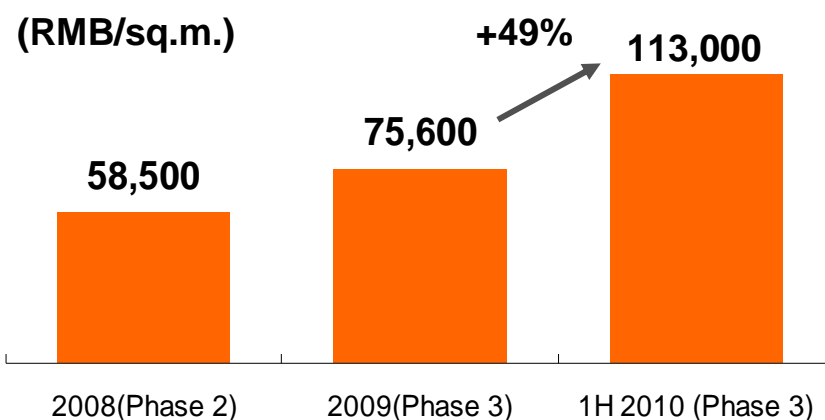
1. Corporate Strategy
2. Financial Highlights & Business Review
3. Three-Year Plan
4. **Key Launches in 2H 2010**

## Key Launches of Residential Sales in 2H 2010

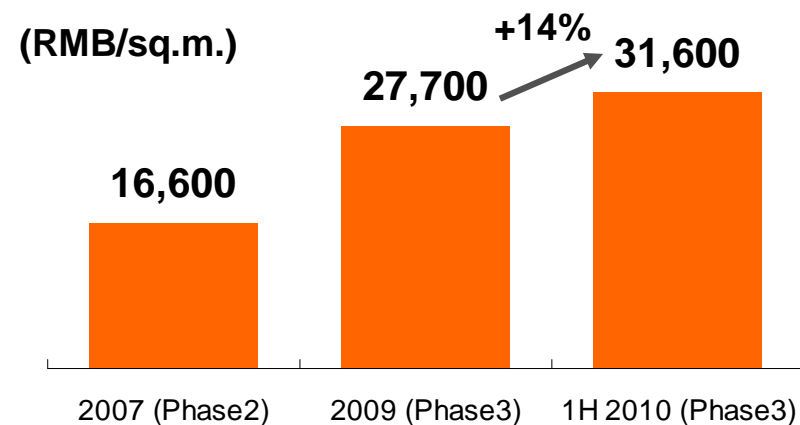
Project	GFA available for launch (sq.m.)	Group's interest
Shanghai Taipingqiao	8,800	99.0%
Shanghai Rui Hong Xin Cheng	30,500	74.3%
Wuhan	11,400	75.0%
Chongqing	121,900	79.4%
Foshan	55,000	100.0%
Dalian	107,000	48.0%
Total	334,600	-

## Continuous increase in ASP across all our Projects

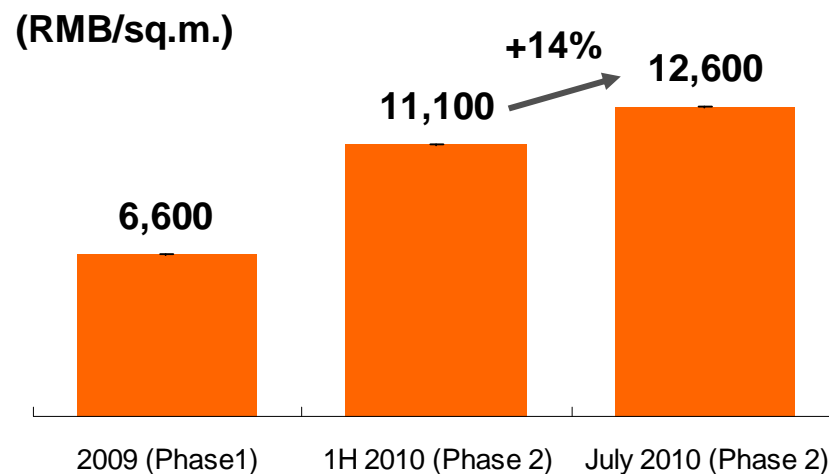
### Shanghai Taipingqiao



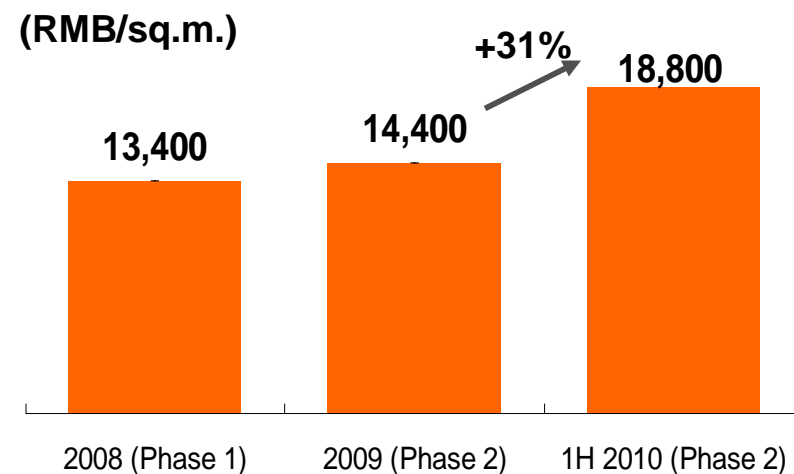
### Shanghai Rui Hong Xin Cheng



### Chongqing Tiandi



### Wuhan Tiandi





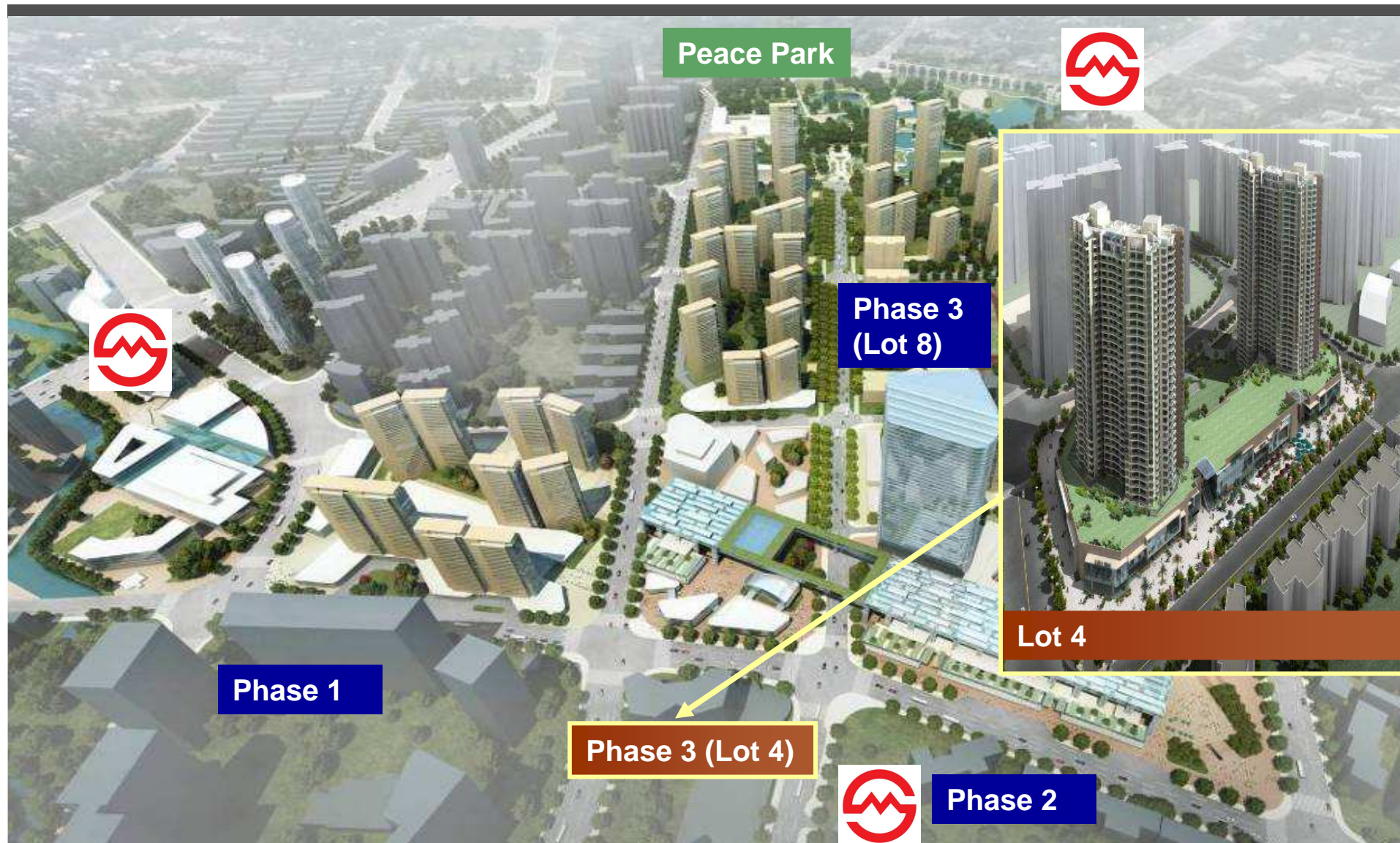
# Shanghai Taipingqiao Residential Phase 3 - “The Manor” - Art of Luxury



The Manor (Tower 3-8)



# Shanghai Rui Hong Xin Cheng Residential Phase 3 - Large Community with access to 3 Metro Lines



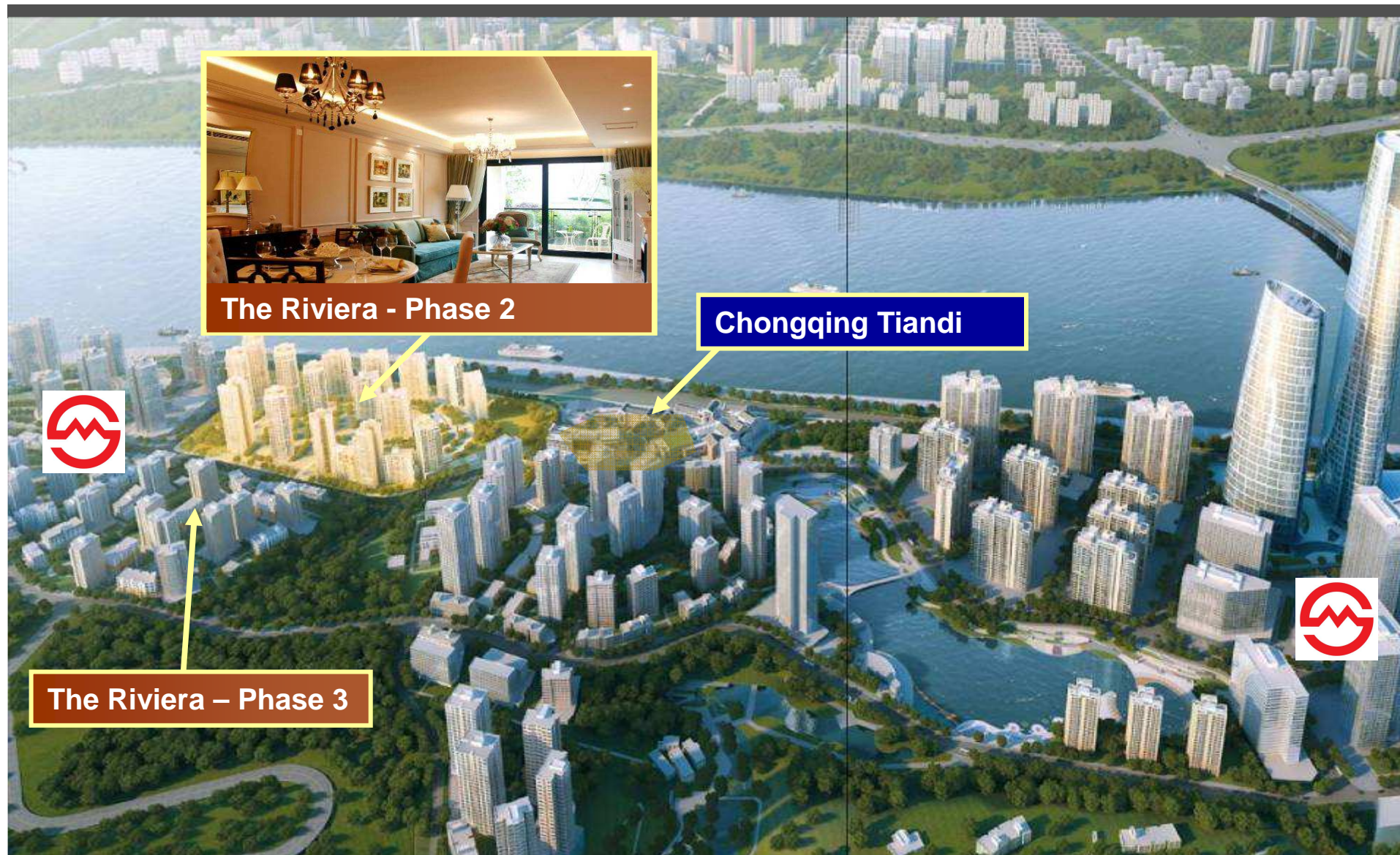


## Wuhan Residential Phase 3 - Waterfront Homes, a Haven of Peace and Serenity





## Chongqing Residential Phase 2 - Lavish Riverview with Convenient Amenities





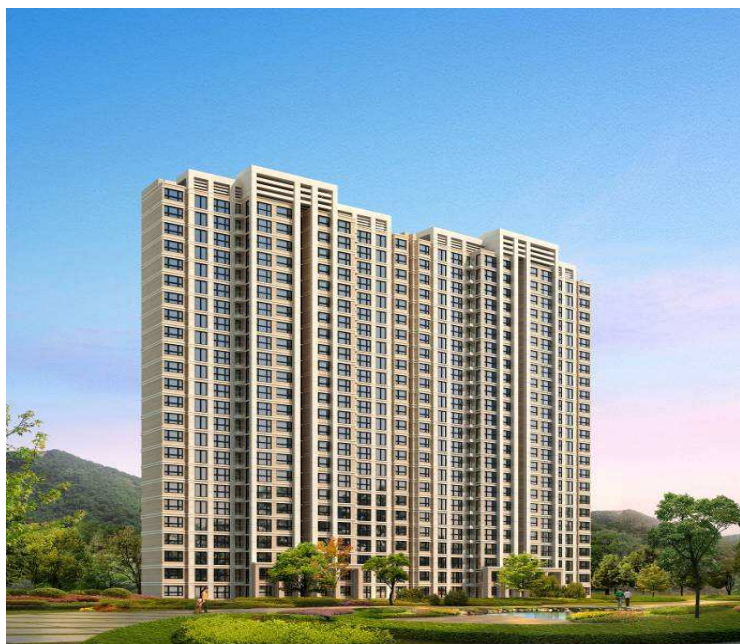
# Foshan Residential Phase 1

## - Opening of Show Flats Ready for Launch





# Dalian Residential Phase 1 - Overwhelming Responses in Open House



**Thank You**

**Q&A**

# Appendix



## Delivery Schedule from 2010 to 2012

Project (sq.m.)	2010E	2011E	2012E
Shanghai Taipingqiao	36,000	-	-
Shanghai Rui Hong Xin Cheng	34,000	15,000	59,000
Shanghai KIC	81,000	53,000	-
Wuhan	87,000	-	294,000
Chongqing	101,000	169,000	442,000
Foshan	-	129,000	201,000
Dalian	42,000	240,000	147,000
<b>Total</b>	<b>381,000</b>	<b>606,000</b>	<b>1,143,000</b>

## Property Sales Recognized Rose by 175%

Project	1H 2010			1H 2009			ASP growth
	Sales Revenue	GFA Sold	ASP <sup>1</sup>	Sales Revenue	GFA Sold	ASP <sup>1</sup>	
	RMB' million	sq.m.	RMB/sq.m.	RMB' million	sq.m.	RMB/sq.m.	%
Shanghai Taipingqiao	324	3,900	87,400	-	-	-	-
Shanghai Rui Hong Xin Cheng	821	31,200	27,700	-	-	-	-
Shanghai KIC	717	30,700	24,600	261	14,000	19,600	26%
Wuhan	759	55,700	14,300	447	32,800	14,300	-
Chongqing	112	14,300	10,300 <sup>2</sup>	279	55,300	6,600 <sup>2</sup>	56%
<b>Sub Total</b>	<b>2,733</b>	<b>135,800</b>	<b>21,200</b>	<b>987</b>	<b>102,100</b>	<b>10,200</b>	-
Car park & others	45	-	-	23	-	-	-
<b>Total</b>	<b>2,778</b>	<b>135,800</b>	<b>-</b>	<b>1,010</b>	<b>102,100</b>	<b>-</b>	<b>-</b>

Notes: 1) ASP is before business tax of 5% whereas the sales revenue is net of business tax.

2) ASP of Chongqing project is based on net floor area, a common practice in the region.

## Contracted Sales

### - ASPs on Rising Trend Across All the Projects

Project	1H 2010			1H 2009			ASP growth
	Contracted Sales	GFA Sold	ASP	Contracted Sales	GFA Sold	ASP	
	RMB' million	sq.m.	RMB/sq.m.	RMB' million	sq.m.	RMB/sq.m.	%
Shanghai -Taipingqiao	204	1,900	113,300	1,119	17,800	66,200	71%
Shanghai –Rui Hong Xin Cheng	9	300	31,600	-	-	-	-
Shanghai - KIC	193	8,200	24,800	131	6,700	20,600	20%
Wuhan	485	27,200	18,800	437	36,800	12,500	50%
Chongqing	546	64,500	11,100	310	61,100	6,600	68%
<b>Sub Total</b>	<b>1,437</b>	<b>102,100</b>	<b>14,800</b>	<b>1,997</b>	<b>122,400</b>	<b>17,200</b>	-
Car park & others	35	-	-	24	-	-	-
<b>Total</b>	<b>1,472</b>	<b>102,100</b>	<b>-</b>	<b>2,021</b>	<b>122,400</b>	<b>-</b>	<b>-</b>

## Shanghai Taipingqiao Casa Lakeville Towers 3-8

### - “The Manor” Picturesque Representation of Luxury





## Shanghai Taipingqiao Casa Lakeville Towers 3-8 - Opulent and Exquisite Finishing



## Shanghai Taipingqiao Casa Lakeville Towers 3-8 - Elegant and Spacious Master Bedroom



## Interior Customisation – A Range of Free Choices



Colour Scheme & Layout



Materials & Texture





## Exterior Customisation – Personalised Gardens

### French Style Garden



### Japanese Style Garden





## Luxurious State of the Art Kitchens

Poggenpohl



Gaggenau



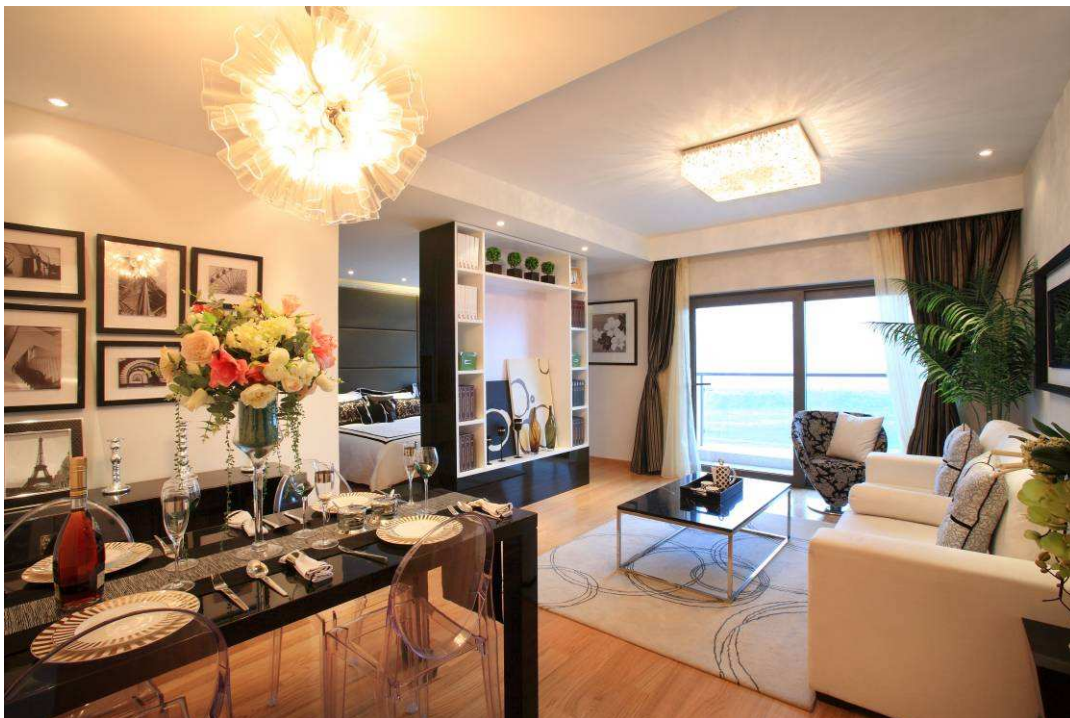
## Meticulous Bathroom Features

Gessi  
Antoniolupi  
Hansgrohe





# Chongqing Residential The Riviera - Peace and Tranquil Environment





## Chongqing Residential The Riviera Phase 2 - Well Received Market Response





## Chongqing Residential Riviera Phase 2 - Distinctive Artistic Apartments





## Chongqing - Full Features Amenities





## Foshan Residential Phase 1 - Tremendous Viewing Traffic in the Show Flats





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