



深圳控股有限公司

SHENZHEN INVESTMENT LIMITED

2009 Annual results

9 April 2010

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2009 annual results summary (1)

	2009	2008	%
	HK\$m	HK\$m	Change
Revenue	5,387	4,081	32%
Gross profit	1,796	1,713	5%
Increase in fair value from investment property	214	515	-59%
Share of profits of associates	348	433	-20%
Net profit	1,134	1,023	11%
* Minority interests	147	150	-2%
* Attributable to shareholders	987	873	13%
Operating cash flow	2,335	(865)	
Basic earnings per share (HK cents)	29.59	27.19	9%
Final dividend per share (HK cents)	7.00	8.00	-12.5%
Total dividend per share (HK cents)	12.00	11.00	9%
Book value per share (HK dollar)	3.51	3.33	5%

2009 annual results summary (2)

	31-Dec-09	31-Dec-08
Balance Sheet	HK\$m	HK\$m
Net assets (after minority interests)	12,390	10,692
Total assets	31,077	27,719
Total liabilities	17,665	16,161
Cash and deposits	6,434	4,571
Bank loans	10,967	12,251
Ratios	2009	2008
Gross profit margin	33.3%	42.0%
Bank loans / total assets	35.3%	44.2%
Net gearing (year-end)	36.6%	71.8%

Strong cash position

6.4bn cash on hand, Net gearing down to 36.6%

HK\$m		
	31-Dec-09	31-Dec-08
Total bank loans	10,967	12,251
Long-term debts	7,704	6,874
Cash on hand	6,434	4,571
* Net debts	4,533	7,680
Equity attributable to shareholders	12,390	10,692
Net debt to equity ratio	36.6%	71.8%

Projects booked in 2009

Property sales up 39% y-o-y

	Project	Type	GSA sold (sqm)	Net Revenue (RMB mn)
1	Shumyip Coast Phase III	Re	61,303	728
2	Purple Kylin Hill Phase I (villa)	Re	27,181	468
3	Noble Residence	Re	72,149	461
4	Water Pine	Office	9,157	145
5	Red Pine	Office	12,237	193
6	Wuhan Nanhu Rose Garden Phase I	Re	13,113	122
7	Wuhan Nanhu Rose Garden Phase II	Re	60,325	342
8	Wanlin Lake Phase I & II	Re	69,960	422
9	Noah Forest I & II	Re	47,502	145
10	Others		3,327	72
	Total		376,254	3,097

Note: Net revenue of RMB3,097m is equivalent to HK\$3,520m
Excluding our portions in associates.

Projects sold and will be booked in 2010 (unaudited) as at 2010/3/31

	Project	GSA sold (sqm)	Turnover (m)	ASP (rmb/sqm)
	Projects sold in 2009 and will be booked in 2010			
1	Times Industrial Park	85,991	719	8,356
2	Shumyip Coast Phase III (Part 2)	34,394	398	11,563
3	Purple Kylin Hill Phase I (Part 2)	28,405	255	8,965
4	Royal Springs Villas	23,157	415	17,913
5	Royal Springs (High-rise)	9,217	69	7,459
	Sub-total	181,164	1,854	10,236
	Projects sold in 2010			
1	Wanlin Lake Phase I & II	7,015	55.28	7,880
2	Wanlin Lake Phase III	5,751	47.07	8,185
3	Noah Mountain Forest Phase I (remaining units)	748	3	4,358
4	Noah Mountain Forest Phase II (Part 1)	2,021	7.27	3,597
5	Noah Mountain Forest (commercial)	566	2.48	4,382
6	Garden Hill Phase I	5,949	46.85	7,875
7	Purple Kylin Hill Phase I (Part 1 Villas)	4,146	119.64	28,857
8	Purple Kylin Hill Phase I (Part2 Highrise)	2,151	22.86	10,628
9	Noble Residence	3,057	24.80	8,113
10	Noble Residence (commercial)	163	2.34	14,356
11	Royal Springs Villas	416	7.51	18,053
12	Royal Springs (High-rise&commercial)	5,455	40.94	7,505
13	Shunde Shumyip City Phase I	26,021	161.88	6,221
14	Red Pine Building	14,294	264.70	18,518
15	Wuhan Nanhu Rose Garden Phase I	2,230	42.40	19,013
16	Wuhan Nanhu Rose Garden Phase II	20,049	130.98	6,533
	Sub-total	100,032	980	9,799
	Total	281,196	2,835	

Excluding our portions in associates.

2010 Sales target: RMB 4.5 billion

Project	Location	Type	Salesable area for 2010(sqm)	Pre-sales plan in 2010 (sqm)	Value (RMB'000,000)	ASP (RMB/sqm)	Stake
Snow Pine Building	Shenzhen	Indu	36,000	16,000	304	19,000	75%
Red Pine Building	Shenzhen	Indu	18,800	18,600	353	19,000	75%
Wuhan Nanhu Phase I	Wuhan	Re	11,600	6,700	107	16,000	75%
Wuhan Nanhu Phase II	Wuhan	Re	37,400	28,400	185	6,500	75%
Wuhan Nanhu Phase III	Wuhan	Re	34,100	30,700	276	9,000	53%
Noah Mountain Forest Phase I & II	Changsha	Re, Com	24,200	17,100	68	4,000	80%
Noah Mountain Forest Phase III	Changsha	Re, Com	69,000	33,900	119	3,500	80%
Wanlin Lake Phase I & II	Huizhou	Re, Com	27,300	18,200	218	12,000	100%
Wanlin Lake Phase III	Huizhou	Re	33,400	33,400	251	7,500	100%
Garden Hill Phase I	Huizhou	Re	54,500	37,100	293	7,900	100%
Purple Kylin Hill Phase I (Part 1)	Shenzhen	Re	27,900	27,900	781	28,000	100%
Purple Kylin Hill Phase I (Part 2)	Shenzhen	Re	2,200	2,200	23	10,600	100%
Purple Kylin Hill Phase I (Part 3)	Shenzhen	Com	2,200	1,600	23	14,500	100%
Purple Kylin Hill Phase I (Part 3)	Shenzhen	Re	104,525	23,831	262	11,000	100%
Royal Springs (Villa)	Dongguan	Re	1,741	1,741	33	19,000	100%
Royal Springs (High-rise)	Dongguan	Re, Com	98,500	67,100	503	7,500	100%
Noble Residence	Shenzhen	Re	9,300	9,300	79	8,500	100%
Shumyip City Phase I	Foshan	Re, com	99,700	82,700	579	7,000	100%
Shumyip City Phase II	Foshan	Re, com	29,500	8,900	62	7,000	100%
Sub-total				465,372	4,521	9,715	

2010: Land Bank Restructuring

- We are optimistic for SZ and Pearl River Delta in mid-long term
- Will increase land exposure to SZ from 1.3 m to 1.8 m sq.m (GFA)
- Acquire 1 m sq.m new land in Southern China
- Trim land reserves in over-supply cities , i.e. Changsha, Huizhou.
- A parcel of 146,000 sq.m land in Changsha was sold @152 m; Huizhou commercial land under negotiation for sale
- CAPEX for land bank replenishment: RMB 3-5bn

2010: How we acquire new lands

- We bought only 350,000 sq.m (GFA) of land at Chengdu in Y2009
- Still keen on M&A for Pearl-River-Delta projects
- New land parcels in SZ from Re-development Programs : More than 1,000,000 sq.m
- Land acquisition from Prime-Land-Development projects: Lower cost
- Enforcing co-operations with parent company: Shumyip holds 2,000,000 sq.m SZ land at prime locations

2010: Shenzhen re-development program set sail

- **Shenzhen government announced city-renewal-ordinance at 2009 year end**
- **First batch of 89 renewal-units been approved, a total of 6.8 sq.km land involved, most in industrial regions**
- **We have 2 approved units at robust districts, estimated GFA around 500,000 sq.m, expected to launch in 2012**
- **Urban planning and valuations should be completed before breaking ground, quite time-consuming**
- **Potential GFA from re-developments in SZI: 1,000,000 sq.m**

Locations of our City Renewal Projects



Prime land development: We are collecting fruits

- A 51/49 co-development program with local SOE from 2007 in Taizhou, Jiangsu province for land arrangement covering 16 sq.km in city centre
- First parcel of land , or 390,000 sq.m, was sold in 2009 via government auction @ RMB 2500 /sq.m, 80% higher than the settlement cost
- More hot land auctions can be expected given the strong economy in Jiangsu
- We are copying the model in Nanning and other south China cities with local governments

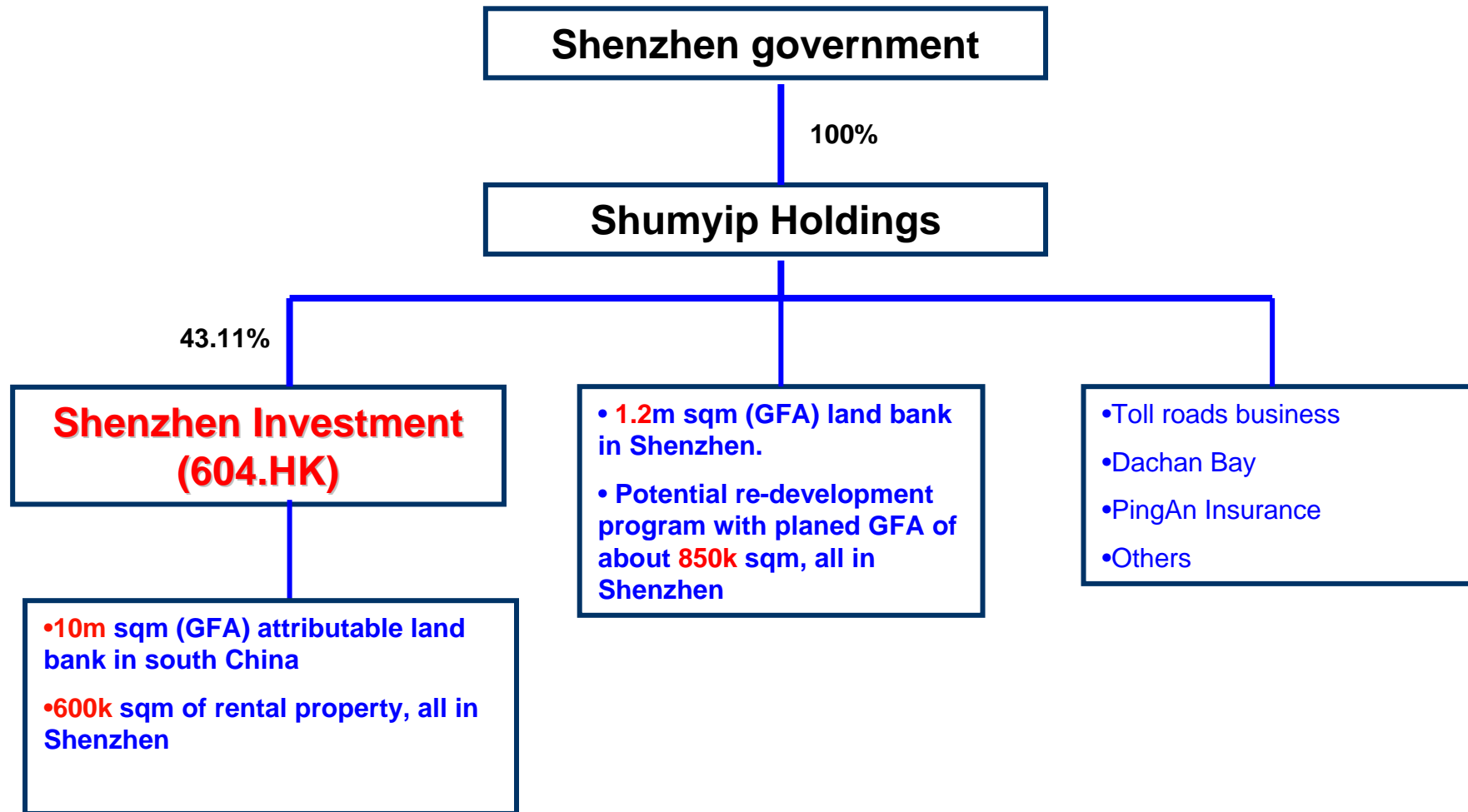
Our Vision

- **A leading developer in Shenzhen, our home market with greater market share in 5 years**
- **A strong developer with core competence in Pearl River Delta, covering most major cities in the region in 3 years**
- **Expanding cautiously to Yangtze River Delta and other major cities**

Our long-term strategy

- **Property sales to achieve RMB10bn in the next 3-5 years. Sales in Shenzhen and Guangdong to account for 50%**
- **Targeting a 20% CAGR in core earnings in FY2010-FY2012**
- **Steady land bank of 10m sqm (attributable GFA). Increase exposure to major cities and shrink exposures in markets with oversupply**
- **Stable dividend payout ratio, around 40%**
- **Gearing under 70%**

We are a pure property developer



Targeting mid-high market in South China: Focusing on our home market



Shenzhen Investment's land bank by region (up to date)

Excluding our portions at associates

			Total GFA (sqm)	Attr. GFA (sqm)	%	
Fully paid land premium	Guangdong	Shenzhen	1,367,259	1,268,922	12.51%	
		Huizhou	1,519,971	1,494,627	14.73%	
		Dongguan	435,892	435,892	4.30%	
		Foshan	761,347	761,347	7.50%	
	Hubei	Wuhan	403,209	239,056	2.36%	
	Hunan	Changsha	1,675,790	1,340,632	13.21%	
	Anhui	Chaohu	191,600	153,280	1.51%	
	Jiangsu	Taizhou	600,774	600,774	5.92%	
	Liaoning	Shenyang	201,282	94,603	0.93%	
	Sichuan	Chengdu	707,232	530,424	5.23%	
		Sub-total		7,864,356	6,919,557	
	With outstanding land premium		Heyuan	1,530,000	1,530,000	15.08%
		Foshan	961,651	961,651	9.48%	
		Maanshan	1,100,000	734,800	7.24%	
		Sub-total		3,591,651	3,226,451	
Total			11,456,007	10,146,008	100.00%	

Completion schedule 2010

Excluding our portions in Tianan Cyber Park, Road King and Coastal Greenland (sqm)

Project	Location	Type	GFA (sqm)	GSA sqm	Stake
Expected completion, 2010					
Snow Pine Building	Shenzhen	Indu	50,400	42,700	75%
Wuhan Nanhu Rose Bay Phase III	Wuhan	Re	41,967	34,295	53%
Times Industrial Park	Shenzhen	Indu	87,662	73,442	100%
Wanlin Lake Phase III (Part2)	Huizhou	Re	43,922	33,398	100%
Garden Hill Phase I (Part 1)	Huizhou	Re	58,119	55,268	100%
Shumyip Coast Phase III (Part2, block 22,25)	Shenzhen	Re	34,703	34,394	100%
Purple Kylin Hill Phase II	Shenzhen	Re	33,647	31,988	100%
Royal Springs (High-rise)	Dongguan	Re	111,278	107,601	100%
Shumyip City Phase I	Foshan	Re	130,200	73,400	100%
Wuai Terminal	Shenyang	Com	201,282	45,220	47%
Sub-total			793,180	531,706	

Targets are not forecasts or guidance. We may miss targets. Difference between construction GFA and GSA is public areas, car parks and amenities. Disclaimer on final page

Completion schedule 2011

Excluding our portions in Tianan Cyber Park, Road King and Coastal Greenland (sqm)

Project	Location	Type	GFA (sqm)	GSA sqm	Stake
Expected completion, 2011					
Chengdu Qingbaijiang Phase I	Chengdu	Re	60,000	50,000	53%
Guanlan Project Phase I	Shenzhen	Re	80,000	70,000	38%
Wanlin Lake Phase V (Part2)	Huizhou	Re	43,922	33,398	100%
Garden Hill Phase I (Part 2)	Huizhou	Re	25,202	25,202	100%
Noah Forest Phase III	Changsha	Re	75,790	70,108	80%
Euro-view Garden Phase I (Part 1)	Dongguan	Re	97,122	49,076	100%
Splendid City Phase I (Part 1)	Jiangsu Jiangyan	Re	80,774	68,832	100%
Purple Kylin Hill Phase III	Shenzhen	Re	116,017	110,325	100%
Shumyip City Phase I	Foshan	Re	90,900	76,869	100%
Noble Times Phase I	Shenzhen	Re	146,000	82,081	100%
Yundonghai Villas Phase I	Foshan	Re	141,000	138,000	100%
Kenzi project Phase I	Shenzhen	Re	66,065	66,065	100%
Sub-total			1,022,792	839,956	

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Completion schedule 2012

Excluding our portions in Tianan Cyber Park, Road King and Coastal Greenland (sqm)

Project	Location	Type	GFA (sqm)	GSA sqm	Stake
Expected completion, 2012					
Terra Building	Shenzhen	Indu	173,700	130,200	75%
Wuhan Nanhu Rose Bay Phase IV	Wuhan	Re	100,000	80,000	53%
Chengdu Qingbaijiang Phase II	Chengdu	Re	75,000	60,000	53%
Chengdu Nanning Phase I	Nanning	Re, Logistic	60,000	50,000	75%
Wanlin Lake Phase VI	Huizhou	Re	87,843	64,151	100%
Garden Hill Phase II	Huizhou	Re	55,000	40,000	100%
Noah Forest Phase 2.2	Changsha	Re	37,642	33,318	80%
Noah Forest B Phase 1	Changsha	Re	62,000	50,000	80%
Splendid City Phase I (Part 2)	Jiangsu Jiangyan	Re	62,100	61,769	100%
Euro-view Garden Phase II	Dongguan	Re	167,656	127,601	100%
Shumyip City Phase II (Part 1)	Foshan	Re	95,642	65,295	100%
Noble Times Phase II	Shenzhen	Re	133,000	87,562	100%
Caohu villas Part I	Anhui Chaohu	Re	27,000	27,000	80%
Caohu villas Part II	Anhui Chaohu	Re	27,000	27,000	80%
Huizhou West Train Station Phase I	Huizhou	Re	120,000	80,000	100%
Maanshan Residential Phase I (Part 1)	Maanshan	Re,com	100,000	90,000	67%
Maanshan Residential Phase I (Part 2)	Maanshan	Re,com	150,000	135,000	67%
Sub-total			1,533,583	1,208,896	

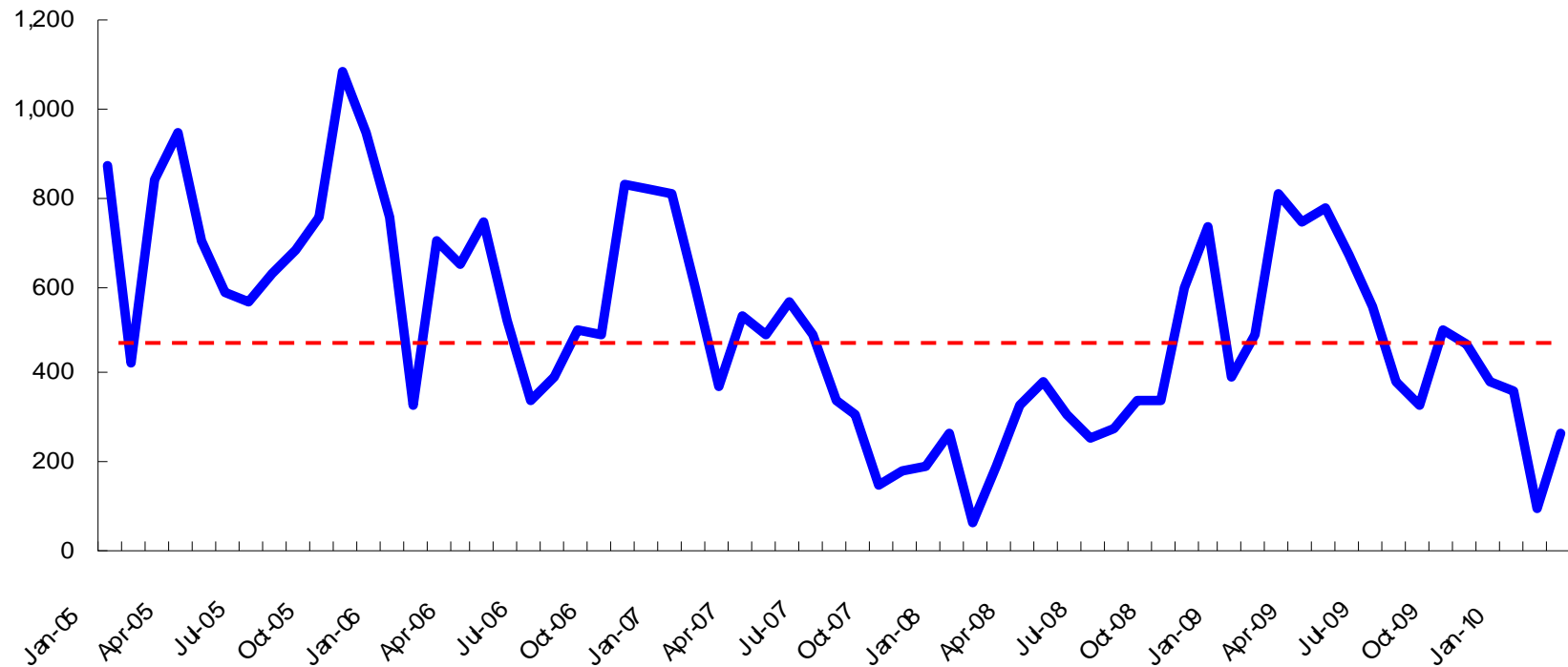
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2010: Volume shrinks, ASP fluctuates

- **Property transaction volumes no better than Y2009, averagely 15-20% lower**
- **End-users struggled with affordability, investors' hands tied up under tightening**
- **No intent from developers to cut prices, given strong cash positions**
- **Urbanization, Liquidity, RMB appreciation, Anti-Inflation expectations still look after the sector**
- **Home buyers re-emerge when there is a 20% down in ASP**

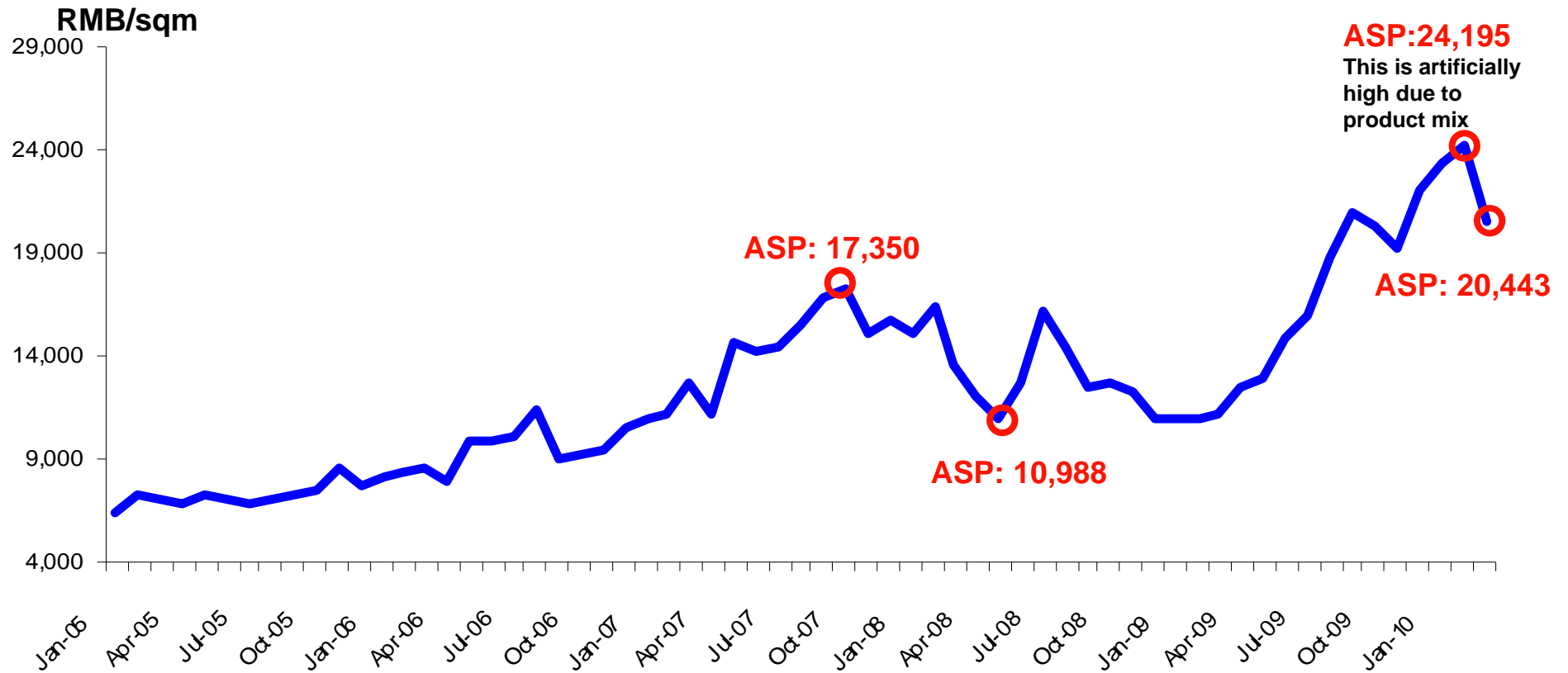
Transaction volume in Shenzhen

'000 sqm



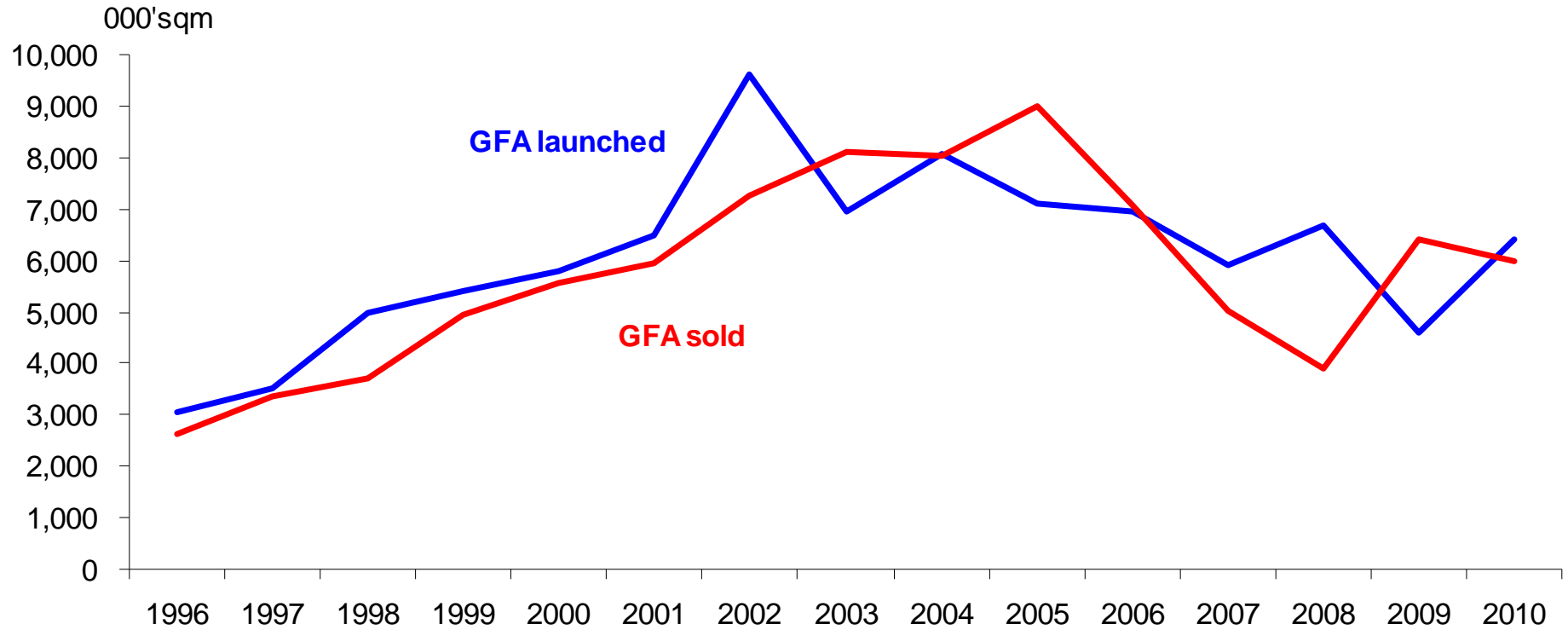
Source: Shenzhen Municipal Bureau of Land Resources and Housing Management

ASP in SZ



Source: Shenzhen Municipal Bureau of Land Resources and Housing Management

Shenzhen: Supple-Demand



annualized

Source: Shenzhen Municipal Bureau of Land Resources and Housing Management, Central line, SZI

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