



SUN HUNG KAI PROPERTIES

FY 2000/01 FINAL RESULTS

27 September 2001

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Business Highlights

- Completed 4.1 million square feet of development properties
 - of which 3.6 million square feet are residential properties
 - sold 85% of residential properties completed during the year
 - Le Sommet and Chelsea Heights contributed to the high average margin of 33.8%
- Modest rental income growth, mainly due to full-year contribution from One IFC and Millennium City Phases 1 and 2



Results Highlights

Year ended 30 June	<u>2001</u>	<u>2000</u>	<u>change</u>
Net profit (HK\$ m)	8,330	10,822	▼ 23.0%
Net profit – adjusted for gain from SUNeVision's listing (HK\$ m)	8,330	8,134	▲ 2.4%
Earnings per share (HK\$)	3.47	4.51	▼ 23.0%
Total dividend per share (HK\$)	1.55	1.75	▼ 11.4%
Dividend payout ratio	44.7%	38.8%	



Final Results (HK\$ million)

Year ended 30 June	<u>2001</u>	<u>2000</u>	<u>change</u>
Property sales	3,625	4,078	▼ 11%
Rental income	4,073	4,059	▲ <1%
Property management	252	234	▲ 8%
Hotel	195	150	▲ 30%
Other businesses	122	263	▼ 54%
Other revenue less unallocated expenses	<u>62</u>	<u>(444)</u>	N/A
Profit from operation	8,329	8,340	▼ <1 %
Net finance cost	(1,158)	(1,137)	▲ 2%
Profit on disposal of investments	445	1,236	▼ 64%
Gain from spin-off of SUNeVision	-	2,688	N/A
Net profits from associates and joint venture	<u>1,582</u>	<u>378</u>	▲ 319%
Profit before tax	9,198	11,505	▼ 20%
Net Profit (HK\$ m)	8,330	10,822	▼ 23%



Financial Highlights

As at 30 June

	<u>2001</u>		<u>2000</u>	<u>change</u>
	HK\$m	HK\$ per share		
Cash	9,061		10,414	↓ 13%
Borrowings	(28,992)		(28,389)	↑ 2%
Net debt	(19,931)		(17,975)	↑ 11%
Net gearing ratio*	15.8%		14.9%	
Total assets	178,942	74.5	170,821	↑ 5%
Shareholders' funds	126,007	52.5	120,904	↑ 4%

* Net gearing ratio = net debt to shareholders' funds



Projects Completed in FY 2000/01

Project	Interest %	Attributable GFA (square feet)		
		Residential	Retail	Data Centre
Royal Peninsula	50	739,000		
Oscar by the Sea Phase 1	JV	447,000		
Le Sommet	100	390,000		
Villa Premiere	100	217,000		
Villa Esplanada Phase 3	22.5	193,000		
Grand Villa	100	24,000	6,000	
Ocean Shores Phase 1	49	666,700	5,300	
Chelsea Heights Phase 2	100	551,000	116,000	
The Belcher's Phase 1	29	323,500	62,500	
Shouson Place	100		17,000	
MEGA-iAdvantage	84.3			293,000
Total		3,551,200	206,800	293,000


 Total GFA = 4,051,000 square feet



Land Bank Added in FY 2000/01

Project	Usage	Group's Interest %	Attributable GFA square feet
Airport Railway Kowloon Station Development Packages 5, 6 & 7	O/S/R/A/H	JV	4,698,000
KIL 11145, Farm Road	R/S	100	268,000
New Kowloon Marine Lot 3, Lai Chi Kok	R/S	34	376,000
Total			5,342,000

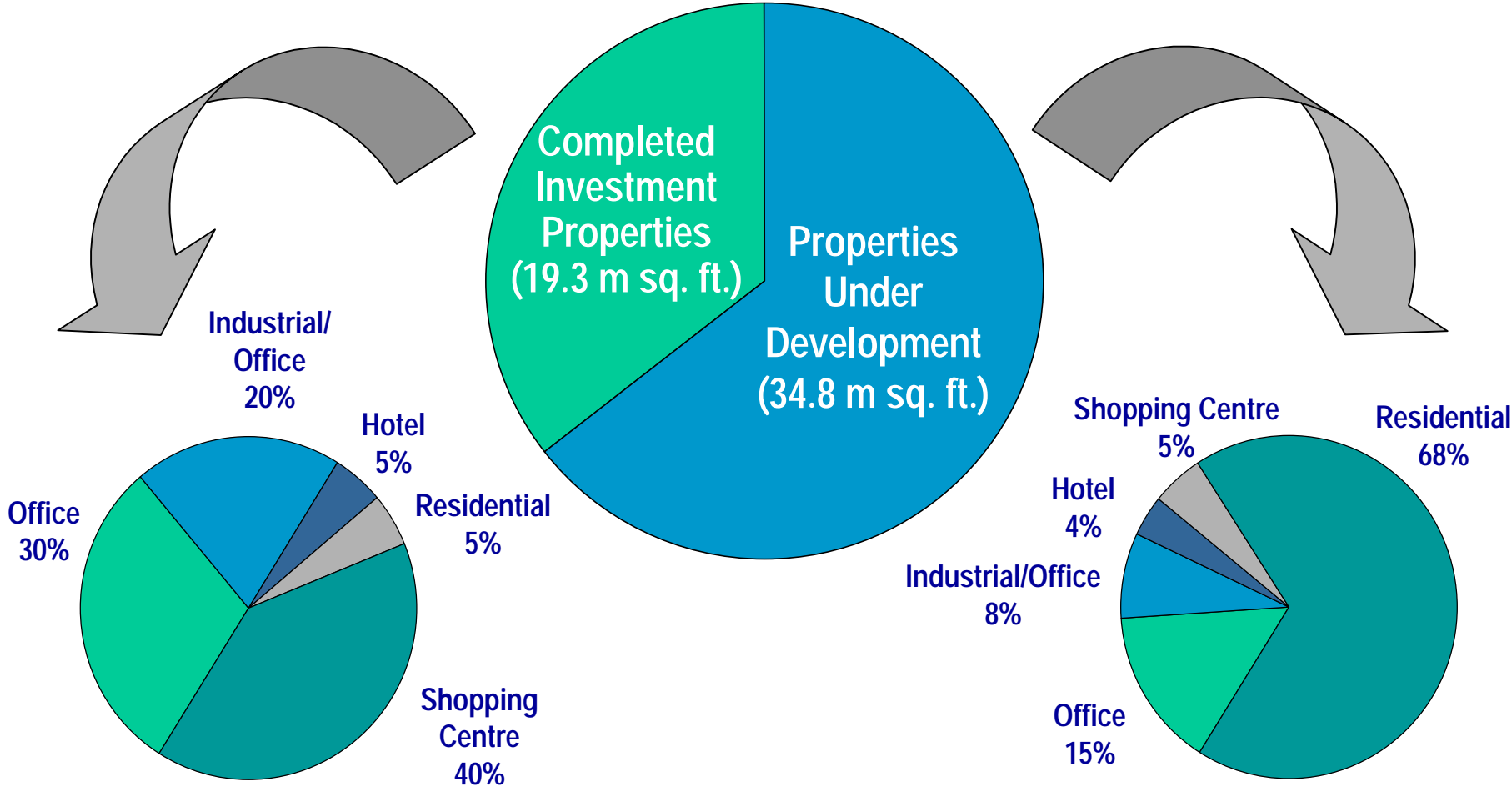
Key – O: Office, S: Retail, R: Residential, A: Serviced apartment, H: Hotel



Business Review

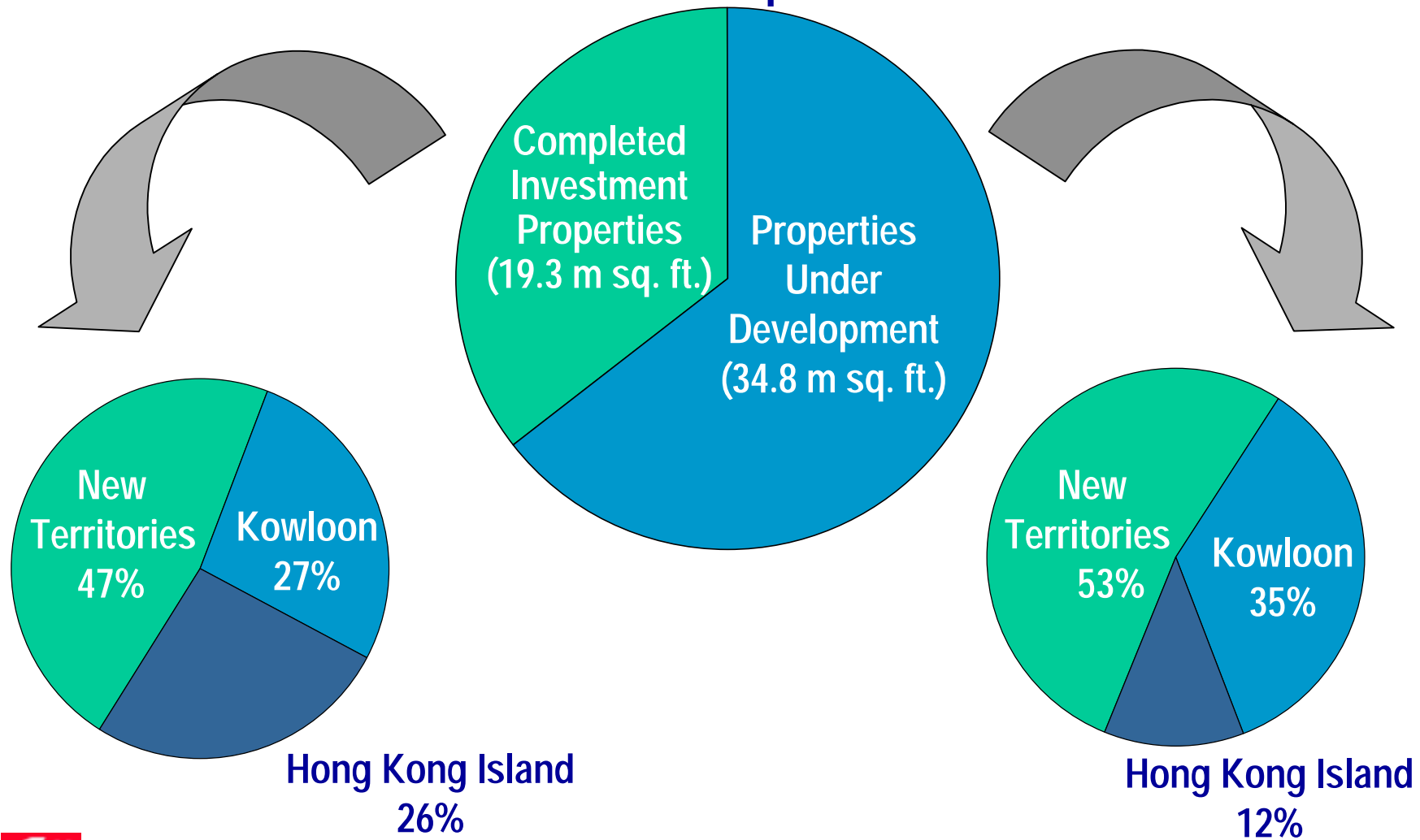
Total Land Bank By Usage (Hong Kong)

54.1 million square feet



Total Land Bank By Location (Hong Kong)

54.1 million square feet



Residential Completions

- Compound annual growth rate of residential completions over the next 3 years is about 14%

(Attributable GFA in million square feet)

Financial Year	Residential properties	Others	Total
2001 Actual	3.55	0.50	4.05
2002	4.47	0.12	4.59
2003	4.85	0.96	5.81
2004	5.21	1.58	6.79



Property Development

- Brand name recognition of quality products and services
- Wide-range of flat sizes, substantial majority are small-to-medium sized units
- Increase production volume of residential properties
- 25% of residential development land bank with premium to be finalized
- 75% of residential properties to be completed in FY2001/02 have been presold



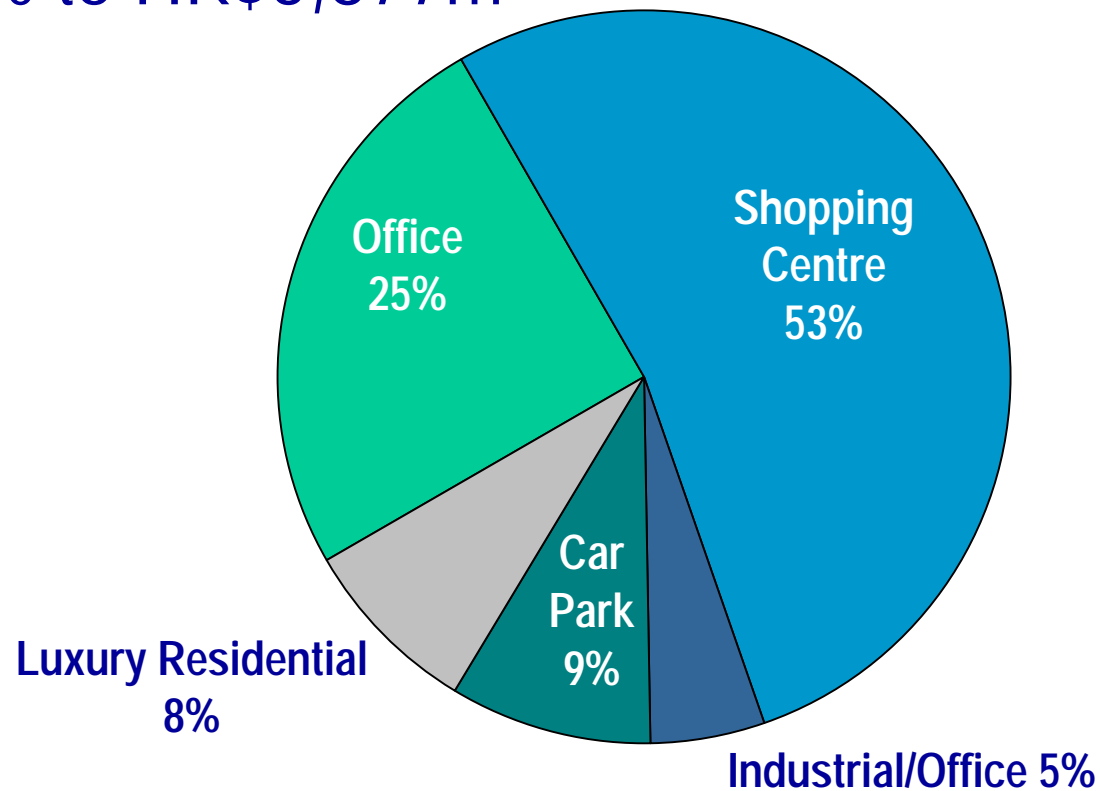
Property Investment

- High occupancy rate of 95%
- Maintain an optimal mix of quality portfolio
- Develop 8.0 million square feet of new investment properties, including two 6-star hotels above Hong Kong Station and Kowloon Station on the Airport Railway
- Dispose of non-core rental properties to enhance returns



Rental Income by Sector

- Gross rental income for FY 2000/01, including those from associates and joint ventures, increased by 3.7% to HK\$5,877m



Prospects

Hong Kong Property Market

- Negative impact as a result of the tragic events in the US is likely to be short term
- Recent positive government measures on housing should enhance home buyers' confidence
- Completion of new supply will fall after 2003
- End-user driven market with sizeable pent up demand



Hong Kong Property Market (Cont'd)

- Strong property market fundamentals:
 - positive carry on home ownership
 - lowest mortgage rate on record
 - property prices back to early 1992 levels
 - strongest affordability for home buyers in 13 years



Strategy and Prospects

- Focus on Hong Kong property market
- Strengthen brand name
- Build superior quality properties in a cost effective manner
- Increase completion of residential properties for sale
- Develop new landmark investment properties; at the same time, sell non-core rental properties
- Selectively invest in property projects in major cities in Mainland China
- Emphasis on return and shareholder value





Thank You
