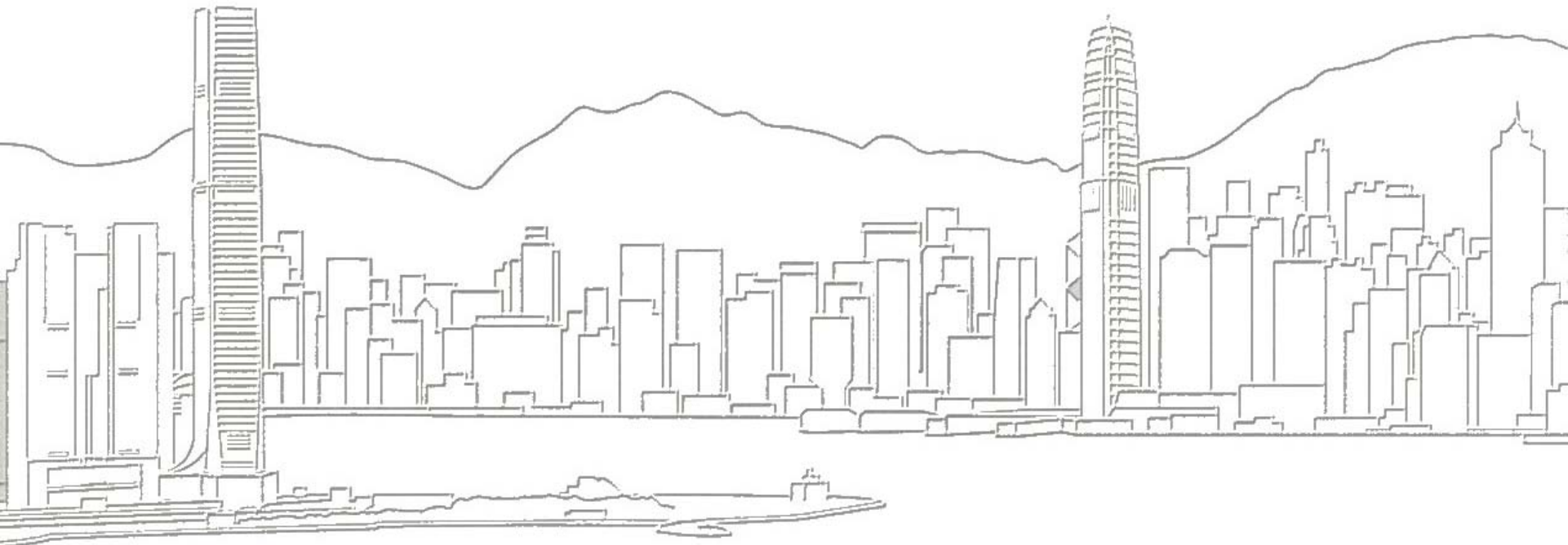




Sun Hung Kai Properties Limited

FY2010 Interim Results

11 March 2010



Agenda

- Interim Results Highlights
- Business Review
 - Hong Kong
 - Mainland and Singapore
- Prospects





Interim Results Highlights

Interim Results Highlights

Six months ended 31 December

	<u>2009</u>	<u>2008</u>	<u>Change</u>
Underlying net profit* (HK\$m)	6,510	4,535	↑ 44%
Underlying earnings per share* (HK\$)	2.54	1.77	↑ 44%
Reported net profit (HK\$m)	14,338	692	↑19.7x
Reported earnings per share (HK\$)	5.59	0.27	↑19.7x
Interim dividend per share (HK\$)	0.85	0.80	↑ 6%
Net debt to shareholders' funds ratio (%)	14.9	18.7	

* Excluding the effect of fair value changes on investment properties net of deferred tax



Profit Breakdown

6 months ended 31 December (HK\$m)

	<u>2009</u>	<u>2008</u>	<u>Change</u>
Property sales	2,128	1,782	↑ 19%
Net rental income	3,963	3,522	↑ 13%
Hotel operation	186	193	↓ 4%
Telecommunications	88	93	↓ 5%
Other businesses	815	834	↓ 2%
Other income/(losses)	351	(101)	n/a
Unallocated administrative expenses	(430)	(420)	↑ 2%
Increase/(Decrease) in fair value of investment properties	11,581	(4,624)	n/a
Net finance costs	(371)	(407)	↓ 9%
Profit before tax	18,311	872	↑ 20.0x
Tax (including deferred tax on change in fair value of investment properties)	(3,660)	(74)	↑ 48.5x
Minority Interests	(313)	(106)	↑ 195%
Reported Net Profit	14,338	692	↑ 19.7x
Underlying Net Profit	6,510	4,535	↑ 44%



Review of FY2010 Interim Results

- Booked property sales of HK\$4,607m
 - Increased contribution from improved margins
- Property sales and presales of HK\$9,159m during the period, an increase of 22% from the previous period

Sales and presales from:	<u>1H FY2010</u> (HK\$m)	<u>1H FY2009</u> (HK\$m)	<u>Key projects in 1H FY2010</u>
Hong Kong	6,996	6,208	Aria, The Latitude, The Cullinan
China and Singapore	2,163	1,305	The Lake Dragon, The Arch, Jovo Town, Taihu International Community and The Orchard Residences
Total	<u>9,159</u>	<u>7,513</u>	



Review of FY2010 Interim Results

- Net rental income rose 13% YoY
 - Positive rental reversion for retail and office portfolios, particularly for International Finance Centre (IFC)
 - Increased contributions from International Commerce Centre (ICC) and ION Orchard
- Positive change in fair value of investment properties vs negative change same period last year
- Net gearing of 14.9% as at 31 December 2009
 - Ample committed and undrawn banking facilities



Business Review

Hong Kong

Land Bank – Hong Kong

Attributable GFA (m sq ft)

Properties under development	18.0
Completed investment properties	26.1
	<u>44.1</u>

- About 25m sq ft (site area) of agricultural land
 - Majority under conversion to residential use



Major Land Acquisitions - Hong Kong

<u>Site</u>	<u>Group's Interest</u> (%)	<u>Usage</u>	<u>Attributable GFA</u> (sq ft)
Yuen Long Town Lot 507	100	R/S	2,319,000
Tseung Kwan O Area 66B	100	R/S	728,000
Total			3,047,000

Key : R=Residential, S=Shopping Centre/Retail



Project Completions - Hong Kong

<u>Project</u>	<u>Group's Interest</u> (%)	<u>Usage</u>	<u>Attributable GFA</u> (sq ft)
Valais I & II	100	R	683,000
Peak House	100	R	33,000
GreenView	100	R	27,000
One Harbour East	100	O	292,000
Total			1,035,000

Key : R=Residential, O=Office



Property Sales - Hong Kong

- Major projects sold in 1H FY2010
 - Aria on Kowloon Peak
 - The Cullinan at Kowloon Station
 - The Latitude in Kowloon
- Sold or pre-sold properties over HK\$7,500m since January this year
 - Mostly from YOHO Midtown with over 1,200 units sold since its launch in February 2010



Property Sales - Hong Kong

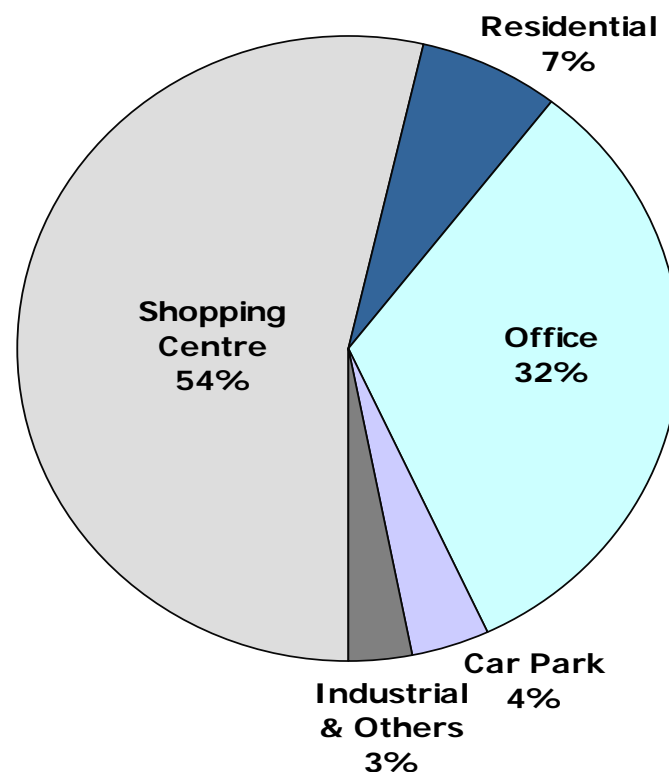
- Continue to strengthen market position and enhance quality which enables premium pricing
- Key projects to be launched in the near term
 - Larvotto in Island South
 - Valais in Sheung Shui
 - Lime Stardom in Kowloon



Property Investment – Hong Kong

- Maintain high overall occupancy at 93%
- Retail sector
 - Pick-up in tenants' sales
 - Malls in tourist areas continue to benefit from mainland tourists' spending
- Office sector
 - Spot rents stabilizing

Gross Rental Income for 1H FY2010*
(HK\$5,360m)



* Including share from joint venture investment properties and properties in Mainland China and Singapore



Property Investment – Hong Kong

ICC

- About 90% has been leased or pre-leased
- Phase 2 of ICC was completed in 2009
- The entire building is scheduled for completion this year
- An observation deck on the 100th floor of ICC will be opened in 4Q2010

Develop about 4.8m sq ft of new rental properties in the next few years



Business Review

Mainland & Singapore

Land Bank – Mainland

Attributable GFA (m sq ft)

Properties under development	85.0
Completed investment properties	3.3
	<hr/>
	88.3
	<hr/> <hr/>

- Majority under development
 - Residential projects account for over 75% of properties under development
 - Expect gradual growth in completion in the next few years



Major Land Acquisitions - Mainland

<u>Site</u>	<u>City</u>	<u>Group's Interest (%)</u>	<u>Usage</u>	<u>Attributable GFA (sq ft)</u>
Chan Cheng Project	Foshan	100	R/S/O	29,720,000
Linhe Project	Guangzhou	70	R	1,394,000
Total				31,114,000

Key : R=Residential, S=Shopping Centre/Retail, O=Office



Project Completions - Mainland

<u>Project</u>	<u>City</u>	<u>Group's Interest (%)</u>	<u>Usage</u>	<u>Attributable GFA (sq ft)</u>
Shanghai IFC Tower 1	Shanghai	100	O	887,000
Taihu International Community	Wuxi	40	R	362,000
Total				1,249,000

Key : R=Residential, O=Office



Property Sales - Mainland

- The Lake Dragon in Guangzhou has been popular since its first launch in April 2009
 - About 240 houses have been sold at market-premium prices
- Pre-sale of Jovo Town in Chengdu was also satisfactory
- Development progress
 - Smooth progress for the luxury Weifong project in Shanghai
 - Construction of Liedecun project started in August 2009
 - Recent ground breaking for Suzhou project



Property Investment - Mainland

- Smooth development of Shanghai IFC
 - Tower 1 was completed and is almost fully occupied
 - Pre-leasing of Tower 2 is also progressing well
 - Soft opening of shopping mall expected in 2Q2010
 - Majority of the mall has been already let
 - Entire project completion by 1H2011
- Shanghai Huai Hai Zhong Road project will be completed in phases from 2011 onwards
 - Many international retailers negotiating for space at the shopping mall



Opening of ION Orchard in Singapore

- ❑ Officially opened in October 2009
- ❑ 900,000 sq ft GFA world-class shopping mall on Orchard Road shopping belt
- ❑ Occupancy is high at 97%
- ❑ Diversified trade mix with leading international outlets and brands
 - Very popular with locals and tourists
- ❑ Orchard Residences are scheduled for completion this year
 - Almost 90% has been sold at premium price



Prospects

Prospects – Hong Kong

- Hong Kong economy to benefit from continuous growth on the Mainland
- Fundamentals for Hong Kong residential market remain favourable
- Continue launching projects for sale
- Actively pursue land acquisition opportunities, particularly through farmland conversion
- Strong brand for prestige and quality remains as competitive edge
 - Constantly monitor changing market demand and provide right products to customers



Prospects – Hong Kong

- Steady growth of rental income from balanced investment properties portfolio
 - Retail portfolio to benefit from improved job conditions
 - Expect demand for office space to show gradual improvement amid mild global recovery
 - Rental portfolio will be expanded by 18% (additional 4.8m sq ft) in the next few years
 - Disposal of non-core investment properties to enhance asset turnover and shareholders' return



Prospects – Mainland

- Long-term prospects promising despite short-term market volatility
- Maintain selective and focused approach to investments
- Aim to achieve balanced investment between residential and commercial properties
- Earnings from the mainland business are expected to rise over time
 - Gradual completion of residential and rental projects





Sun Hung Kai Properties Limited

Q & A session

