



SUN HUNG KAI PROPERTIES

FY 2002/03 FINAL RESULTS

25 September 2003

Contents

- Results Highlights
- Business Review and Prospects



Results Highlights

Final Results Highlights

Year ended 30 June	<u>2003</u>	<u>2002</u>	<u>change</u>
Net profit (HK\$m)	6,584	8,519	↓ 23%
Earnings per share (HK\$)	2.74	3.55	↓ 23%
<u>Dividend per share (HK\$)</u>			
Interim	0.60	0.55	↑ 9%
Final	<u>1.00</u>	<u>1.00</u>	unchanged
Total before special dividend	<u>1.60</u>	<u>1.55</u>	↑ 3.2%
Dividend payout ratio	<u>58.4%</u>	<u>43.7%</u>	
30 th anniversary special cash dividend	N/A	0.60	



Final Results

Year ended 30 June
(HK\$ million)

	<u>2003</u>	<u>2002</u>	<u>change</u>
Property sales	3,694	4,837	▼ 24%
Rental income	4,100	4,432	▼ 8%
Hotel	154	189	▼ 19%
Other businesses	1,318	1,344	▼ 2%
Other revenue	339	394	▼ 14%
Unallocated administrative expenses	(502)	(497)	▲ 1%
Net finance cost	(474)	(933)	▼ 49%
Profit on disposal of investments	348	48	▲ 6.3 times
Provision for properties	(1,229)	-	N/A
Impairment of investments (SUNeVision)	(252)	(356)	▼ 29%
Restructuring costs (SUNeVision)	-	(131)	N/A
Profit before tax	<u>7,496</u>	<u>9,327</u>	▼ 20%
Net Profit	<u><u>6,584</u></u>	<u><u>8,519</u></u>	▼ 23%



Business Highlights for FY2002/03

- Completed 4.65m sq.ft. of residential properties
 - over 92% sold
 - achieved satisfactory development margin
- Net rental income* fell by 7.5% to \$4,100m, mainly due to
 - weak office rental market
 - loss of rental income resulting from disposal of non-core assets
- Both SmarTone and SUNeVision generated profits from operation
- Included provision of \$1,481m for
 - development properties (\$1,106m)
 - SUNeVision's data centres (\$123m)
 - SUNeVision's equity technology investments (\$252m)

** including joint venture investment properties*



Financial Highlights

As at 30 June

Group Level HK\$ million

Net debt

Net debt to shareholders' funds ratio

Shareholders' funds

Interest coverage

Net book value per share

2003

2002

13,236

20,057

10.9%

15.6%

121,721

128,598

13.2 times

9.8 times

\$50.7

\$53.6

The Group has not taken any speculative positions in derivatives, and it has no off-balance sheet or contingent liabilities other than borrowings of joint venture companies



Projects Completed in FY2002/03

Project	Interest %	Attributable GFA (square feet)		
		Residential	Retail	Office
Park Island Phase 1	JV	1,765,000	86,000	
Park Central Phase 1 & 2	57.52/25	1,397,000	195,000	
Ocean Shores Phase 3A	49	502,000	10,500	
Villa by the Park	100	439,000		
Aegean Coast	25	307,000	5,000	
1 Ho Man Tin Hill	JV	158,000		
1 Po Shan Road	60	72,000		
Kelletteria	100	14,000		
Two IFC	47.5		242,000	927,000
Millennium City Phase 3	70			108,000
Total		4,654,000	538,500	1,035,000



Total GFA = 6,227,500 square feet



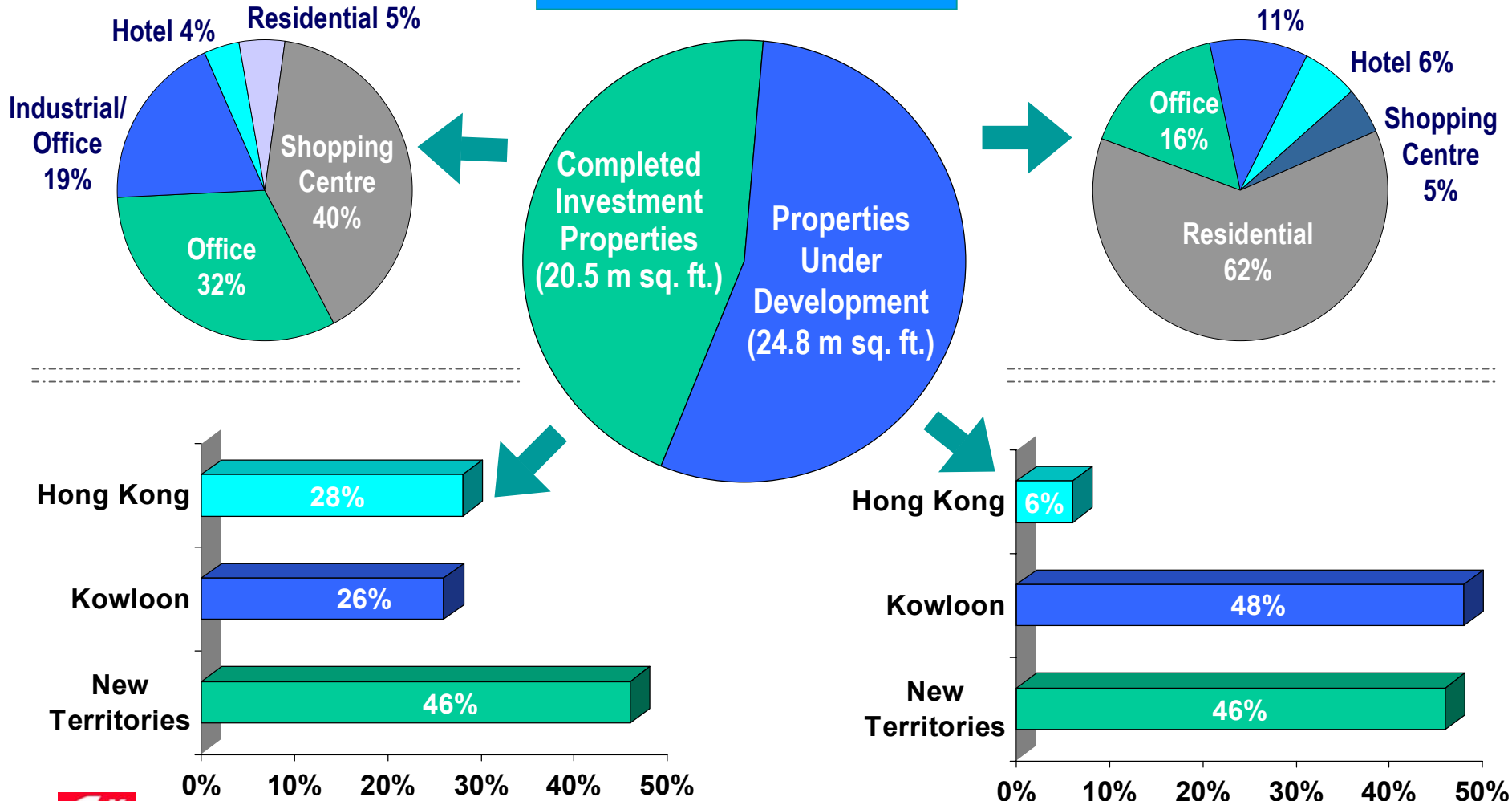
Business Review and Prospects

Land Bank in Hong Kong

- Total land bank of 45.3m sq. ft. in attributable terms (30 June 2002 : 50.4m sq. ft.) comprising
 - 24.8m sq. ft. of properties under development
 - 20.5m sq. ft. of completed investment properties
- No land acquisition during financial year ended 30 June 2003
 - due mainly to the moratorium on government land sales

Total Land Bank in Hong Kong

45.3 million square feet



Agricultural land

- Quality agricultural land with site area of over 21 m sq. ft.
 - the majority is in conversion process
 - negotiation of land premium are under way
 - about 50% is located in the Northwest New Territories
 - located along existing and future railway lines
 - benefit from improving transportation network
 - close to the border to benefit from the increasing two-way traffic

Property Development

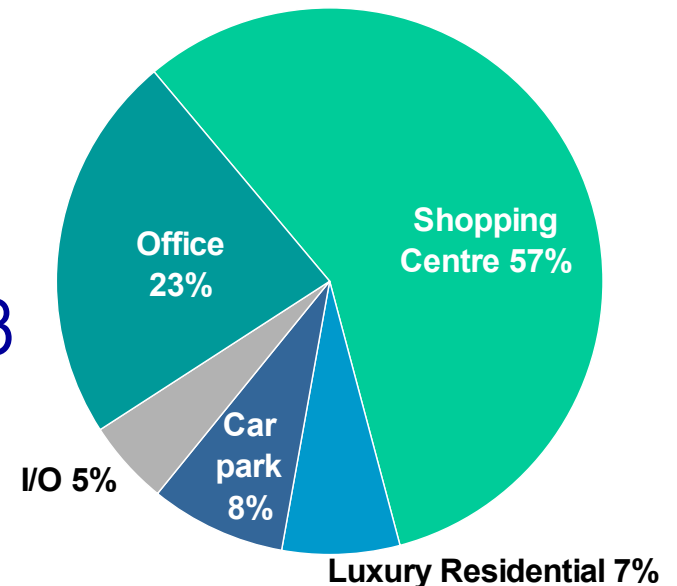
- Brand name recognition of quality products and services
- Aim to produce high volume of residential properties
- Presold 40% of residential properties to be completed in FY2004
- Enhanced development margin by capturing the current market recovery
- Upcoming new launches including
 - Tuen Mun Town Lot 399
 - 18 Farm Road, Ho Man Tin
 - Park Island Phase 2, Ma Wan



Property Investment

- Maintain an optimal mix of quality portfolio
- 92% occupied, excluding the recently completed Two IFC
- Gross rental income* for FY2002/03 was HK\$5,628m, down 3.7% year-on-year
- Resilience of retail rental income
 - shopping centers are mostly located in new towns
 - renovate regularly and enhance tenant mix to capture new customer profile
- Sell non-core rental properties to enhance return

Gross Rental Income*



* including contributions from associates and joint ventures

China Property

- Satisfactory performance of Sun Dong An Plaza, Beijing
- Shanghai Central Plaza, Shanghai, was almost fully let
- 70% of the Woodland Phase 1 residential project, Zhongshan, has been sold

China Property (Cont'd)

- Recently signed an agreement to develop a commercial project in Pudong, Shanghai
 - comprising office, retail, service apartments and hotels
 - total gross floor area : 4.5m sq. ft.
 - total project costs (including finance costs) : HK\$8 billion
 - construction to commence in 2004
 - to be developed in phases
 - expected completion of the entire project by 2011

Prospects

- Major beneficiary of the current market recovery
- Leveraging on powerful brand to achieve premium pricing
- Replenish land bank through land use conversion and other means
- Aim to produce high volume of residential properties for sale
- Develop new landmark investment properties and selectively sell non-core rental properties
- Selectively invest in property projects in four major cities on the Mainland





Thank You
