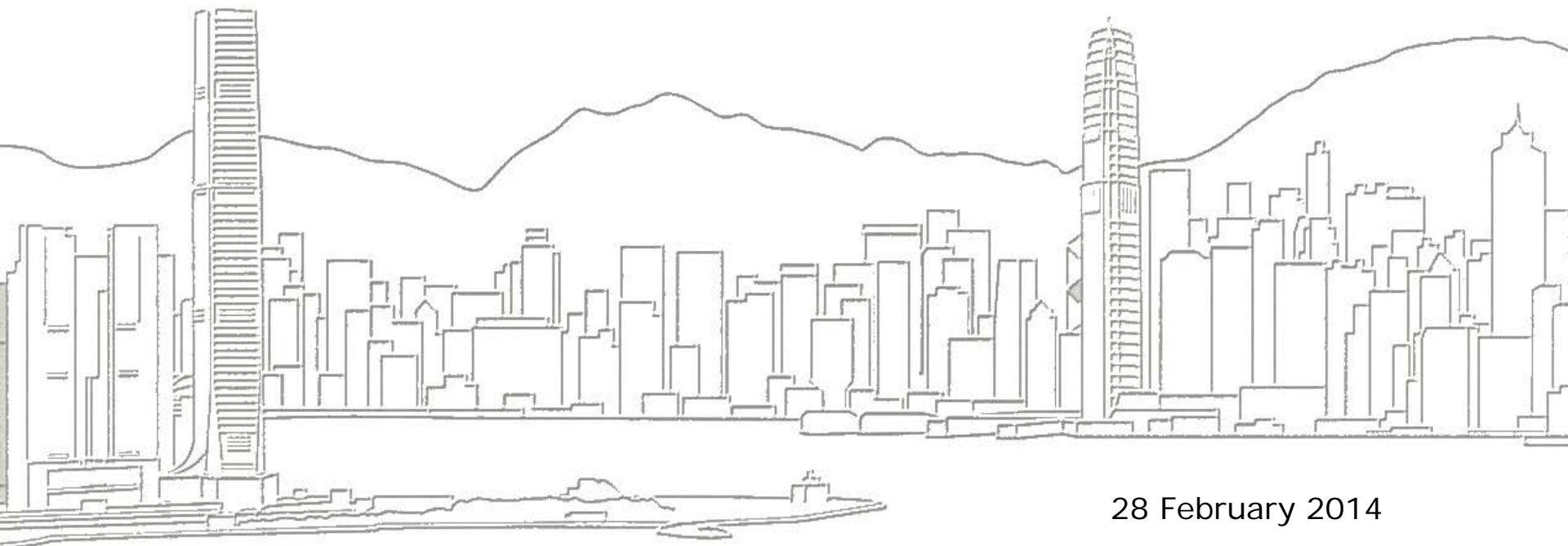




Sun Hung Kai Properties Limited

Interim Results - FY2014



28 February 2014

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Interim Results Highlights

Results Summary

For the six months ended 31 December

	<u>2013</u>	<u>2012</u>	<u>Change</u> (+/-)
Reported net profit (HK\$ million)	19,027	22,515	-15.5%
Reported earnings per share (HK\$)	7.12	8.60	-17.2%
Underlying net profit* (HK\$ million)	10,644	11,546	-7.8%
Underlying earnings per share* (HK\$)	3.98	4.41	-9.8%
Interim dividend per share (HK\$)	0.95	0.95	-

Remarks:

* Excluding the effect of fair value changes on investment properties net of deferred taxation and non-controlling interests



Profit Breakdown By Segment*

For the six months ended 31 December
(in HK\$ million)

	2013	2012	YoY Change
(1) Property rental			
Hong Kong	5,541	4,909	
Mainland	1,073	668	
Singapore	<u>265</u>	<u>258</u>	
Sub-total	6,879	5,835	17.9%
(2) Property sales			
Hong Kong	3,071	5,614	
Mainland	2,559	738	
Singapore	<u>(4)</u>	<u>56</u>	
Sub-total	5,626	6,408	-12.2%
(3) Hotel operation	642	506	26.9%
(4) Other businesses	<u>1,806</u>	<u>1,818</u>	-0.7%
Total (1) + (2) + (3) + (4)	14,953	14,567	2.6%

Remarks:

* Including shares of Associates and JCEs



Financial Position

	31 Dec 13	30 Jun 13	31 Dec 12
Gearing Ratio*	12.9%	12.5%	16.5%
<i>(Gearing ratio after the full payment of land premium for Xujiahui Centre project in January 2014 was below 20%)</i>			
Shareholders' Funds (HK\$ million)	402,589	385,912	368,302
Net Debt (HK\$ million)	51,986	48,159	60,614
	1H FY14		1H FY13
Interest Cover**	11.6x		10.9x

Remarks:

* Calculated on the basis of net debt to Company's shareholders' funds

** Measured by the ratio of operating profit to total net interest expenses including those capitalized



Proposed Bonus Issue of Warrants

Rationale

- Provide existing shareholders with an additional option to invest in the Group's future growth
- Position the Group for rising investment opportunities in Hong Kong property market

Key Terms

- 1 warrant for every 12 shares
- Each warrant will entitle the holder to subscribe for 1 share
- Subscription price: HK\$98.6 per share
- Subscription period: Exercisable at anytime during the period of 24 months commencing on the date of the issue of the warrants

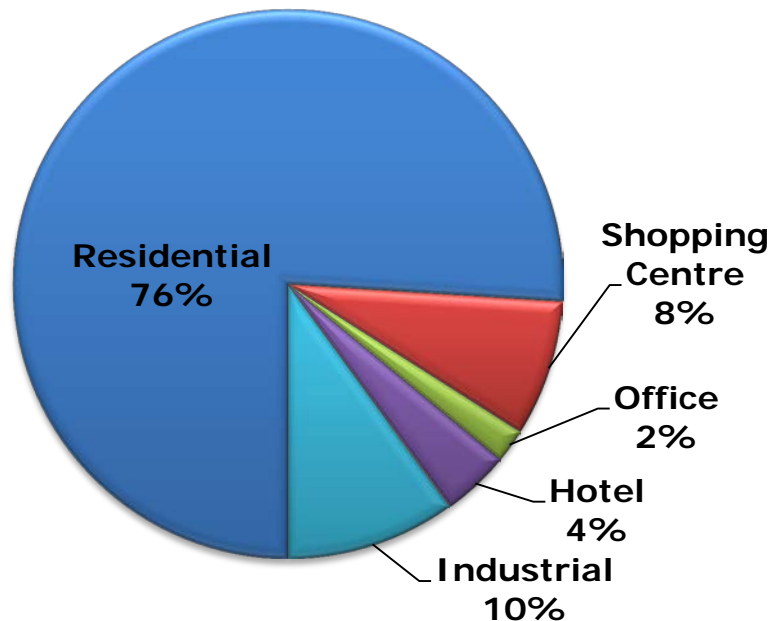


Property Business

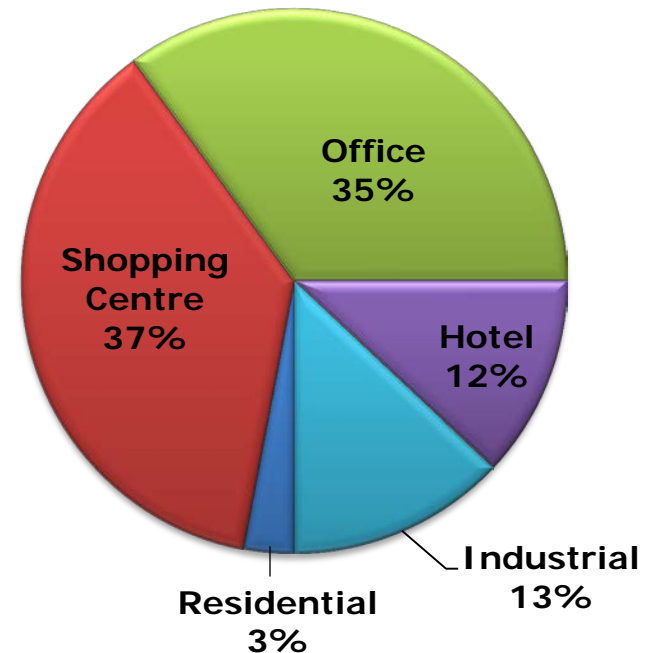
Hong Kong

Land Bank in Hong Kong

- Total land bank: 46.6m sq ft (as at 31 Dec 2013)
 - Excluding over 27m sq ft (site area) of farmland



Properties under development
Total: 17.9m sq ft



Completed investment properties
Total: 28.7m sq ft

Land Acquisition in Hong Kong

- Five new sites with GFA of over 1.1m sq ft added during the period under review

<u>Location</u>	<u>Group's Interest (%)</u>	<u>Usage</u>	<u>Attr. GFA (sq ft)</u>
1-3 Church Lane, Shau Kei Wan	92	R/S	342,000
Yuen Long Town Lot No. 528	100	R	232,000
18-20 Caine Road, Mid-Levels West	92	R	127,000
23 Babington Path, Mid-Levels West	82.8	R	59,000
Tseung Kwan O Town Lot No. 122	74	D	351,000
Total			1,111,000

Key : R=Residential, S=Shopping Centre, D=Data Centre

- Acquired a development site in Tuen Mun (167,000 sq ft of GFA) in February this year



Hong Kong Property Development

- Completed five projects with around 1.2m sq ft of attributable GFA
- Plans to complete 1.6m sq ft of attributable GFA in 2H FY14
- Booked around HK\$6.5bn property sales* with satisfactory margin, mainly from
 - The Cullinan
 - Shouson Peak
 - i·UniQ Residence
 - i·UniQ Grand

Remarks:

** Including shares of Associates and JCEs*



Contracted Sales in Hong Kong

- Contracted sales of nearly HK\$8bn recorded during the period, mainly from
 - The Cullinan
 - Century Gateway II
 - Imperial Kennedy
- Another HK\$4bn contracted sales since January 2014

Looking Ahead in Hong Kong

Upcoming residential projects for sale

(1) The Wings IIIA & IIIB

- SHKP Stake: 100%
- Location: Tseung Kwan O
- Residential GFA: 955,000 sq ft

(2) Tung Chung Project Ph 1

- SHKP Stake: 100%
- Location: Tung Chung
- Residential GFA: 820,000 sq ft

(3) Mount One

- SHKP Stake: 100%
- Location: Fanling
- Residential GFA: 136,000 sq ft



Looking Ahead in Hong Kong (Cont'd)

Upcoming office projects for sale

(1) Hoi Bun Road Project

- SHKP Stake: 64.3%
- Location: Kwun Tong
- Office Attr. GFA: 199,000 sq ft

(2) 50 Wong Chuk Hang Road

- SHKP Stake: 100%
- Location: Aberdeen
- Office GFA: 120,000 sq ft



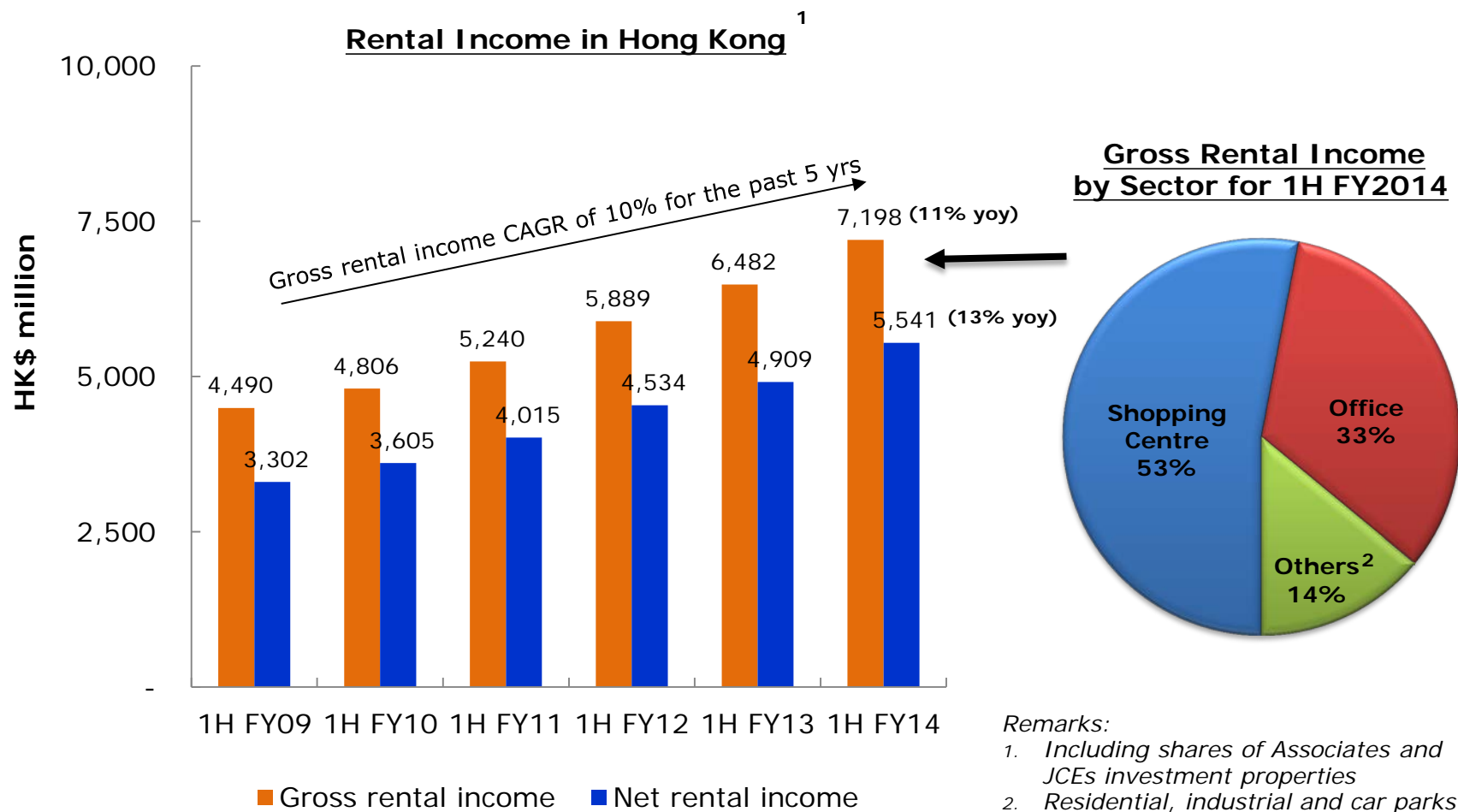
Hoi Bun Road Project



Hong Kong Property Investment

- One of the largest landlords in Hong Kong with over 28m sq ft of completed investment properties
- Quality premises, excellent customer service and constant upgrades make the Group's investment properties the preferred choice for tenants
- High occupancy of 95%
- Positive rental reversions

Steadily Growing Rental Income



Hong Kong Retail Portfolio

- Diversified network of shopping malls with over 10m sq ft of GFA
 - Both malls in prime shopping districts and regional malls continued to record high occupancies, growth in shopper spending and heavy visitor traffic
- Gross rental income of over HK\$3.8bn, up 16% yoy



V City above MTR Tuen Mun Station

- 270,000-square-foot shopping mall
- Increasing number of visitors and tenant sales since opened in August 2013



Hong Kong Retail Network Expansion

- YOHO Mall in Yuen Long (100%)
 - Comprising a new shopping centre and two existing malls to form a million-square-foot shopping hub along the West Rail
 - Replicating the success of New Town Plaza in New Territories East
- Nam Cheong Station project (JV)
 - 300,000-square-foot shopping mall at the interchange of MTR West Rail and Tung Chung lines
- North Point waterfront site (100%)
 - Over 120,000 sq ft GFA premium shopping mall conveniently located near MTR North Point Station

Grand Century Place – Major Reconfiguration

- 725,000-square-foot shopping mall undergoing reconfiguration in phases
 - Expect to be completed in Q1 2015
- A brand new image with a variety of renowned retail brands
- Significant rental growth is expected upon full completion



Hong Kong Office Portfolio

- Gross rental income of over HK\$2.4bn, up 5% yoy for the period under review
- High occupancies and rents continue to increase
- Renovations of existing properties allow the Group to stay competitive in the office leasing market
- IFC in Central remains the preferred choice for quality tenants and higher occupancy was recorded
- Spot rents for Group's offices in other areas stayed firm

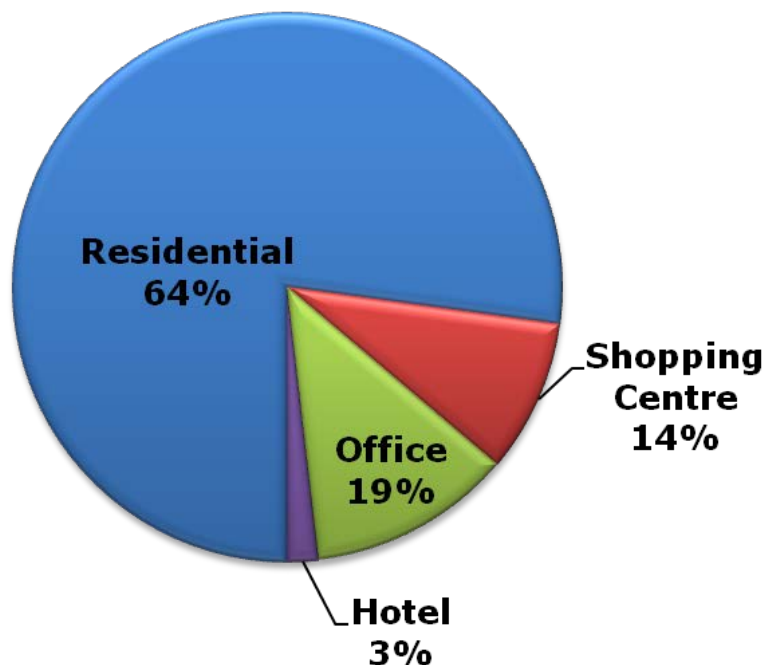


Property Business

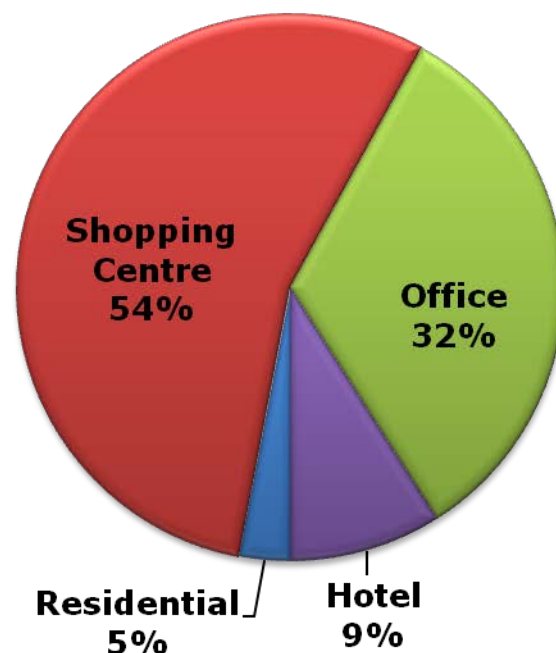
Mainland

Mainland Land Bank

- Total land bank: 85.6m sq ft (as at 31 Dec 2013)



Properties under development
Total: 75.9m sq ft



Completed investment properties
Total: 9.7m sq ft



Mainland Land Acquisition

Shanghai Xujiahui Centre Project (100%)

- Located in the commercial core of Xuhui district
 - Direct access to Xujiahui metro station, an interchange of three major lines
- 7.6-million-square-foot integrated project
 - Comprising premium office, retail and hotel premises
 - Majority of the floor area, including the shopping mall, will be held for long-term investment
- Construction will begin this year
 - First batch of premium offices planned for sale in 2015
 - Sales proceeds will finance the construction of subsequent phases

Mainland Property Development

- Completed eight projects with over 3.5m sq ft of attributable GFA
- Over HK\$7bn in attributable property sales, including shares of Associates and JCEs, was booked*, mainly from
 - Shanghai Arch Phase 1
 - The Riviera
 - Lake Genève Phase 1

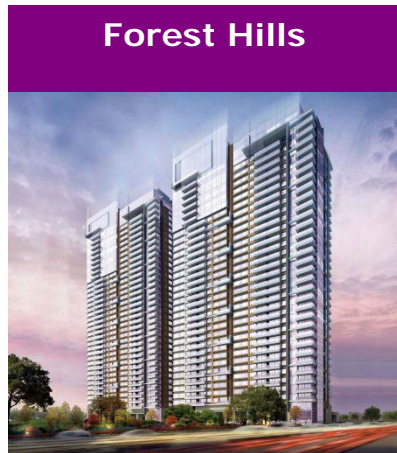
Remarks:

** Only sales from units that have been handed over to buyers*



Contracted Sales on the Mainland

- Over HK\$4bn in contracted sale was recorded in 1H FY14; major projects sold included



- Stake: 70%
- Location: Guangzhou



- Stake: 33%
- Location: Guangzhou



- Stake: 100%
- Location: Shanghai

Looking Ahead on the Mainland

Oriental Bund



- SHKP Stake: 80%
- Location: Foshan
- Attr. GFA: 1,253,000 sq ft

**Sirius
(Phase 1B & 1C)**



- SHKP Stake: 40%
- Location: Chengdu
- Attr. GFA: 422,000 sq ft

**Forest Hills
(offices)**



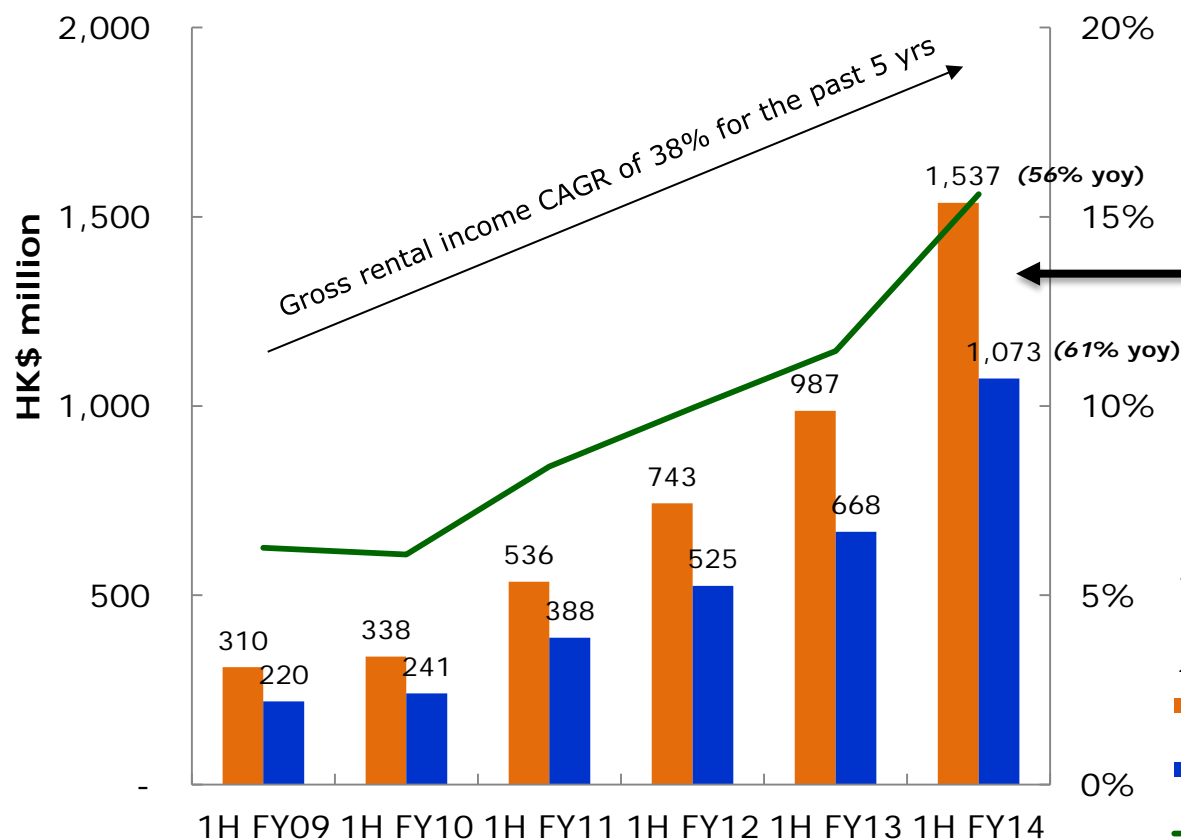
- SHKP Stake: 70%
- Location: Guangzhou
- Attr. GFA: 254,000 sq ft

Mainland Property Investment

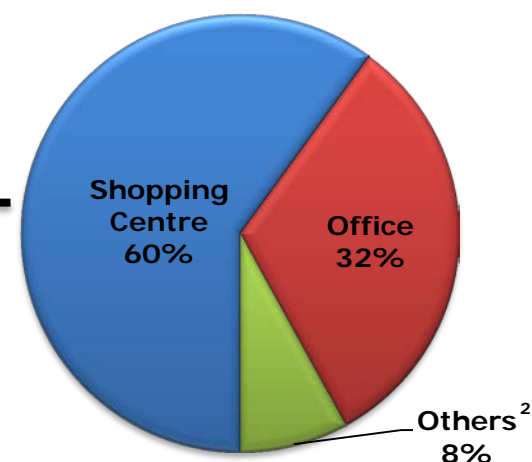
- An important contributor to the Group's rental income
 - Accounted for 17% of the Group's total gross rental income
- Rapid growth with strong presence in Shanghai
- Future expansion will further reinforce the Group's foundation and brand recognition on the mainland

Strong Gross Rental Income Growth

Rental Income on the mainland¹



Gross Rental Income by Sector for 1H FY2014



Remarks:

1. Including shares of Associates and JCEs investment properties
2. Residential and car parks

Orange bar: Gross rental income (LHS)

Blue bar: Net rental income (LHS)

Green line: Contribution to Total Gross Rental Income (RHS)



Significant Presence in Shanghai

- Shanghai IFC (100% owned)
 - Flagship integrated development in the heart of Pudong
 - Shanghai IFC mall with large collection of international flagship stores continues to perform well
 - Higher sales and rents
 - Virtually fully leased
 - Office towers achieved higher occupancies and rents



Significant Presence in Shanghai (Cont'd)

- Shanghai ICC (100% owned)
 - Another flagship integrated project in the core of Puxi
 - IAPM mall (1.3m sq ft) opened in Aug 2013
 - Fully leased with over 90% of the shops open
 - Traffic and tenants sales exceeded expectations
 - High occupancy for One ICC
 - Pre-leasing of Two ICC has begun
 - Numerous enquiries from MNC and mainland companies



Mainland Retail Network Expansion

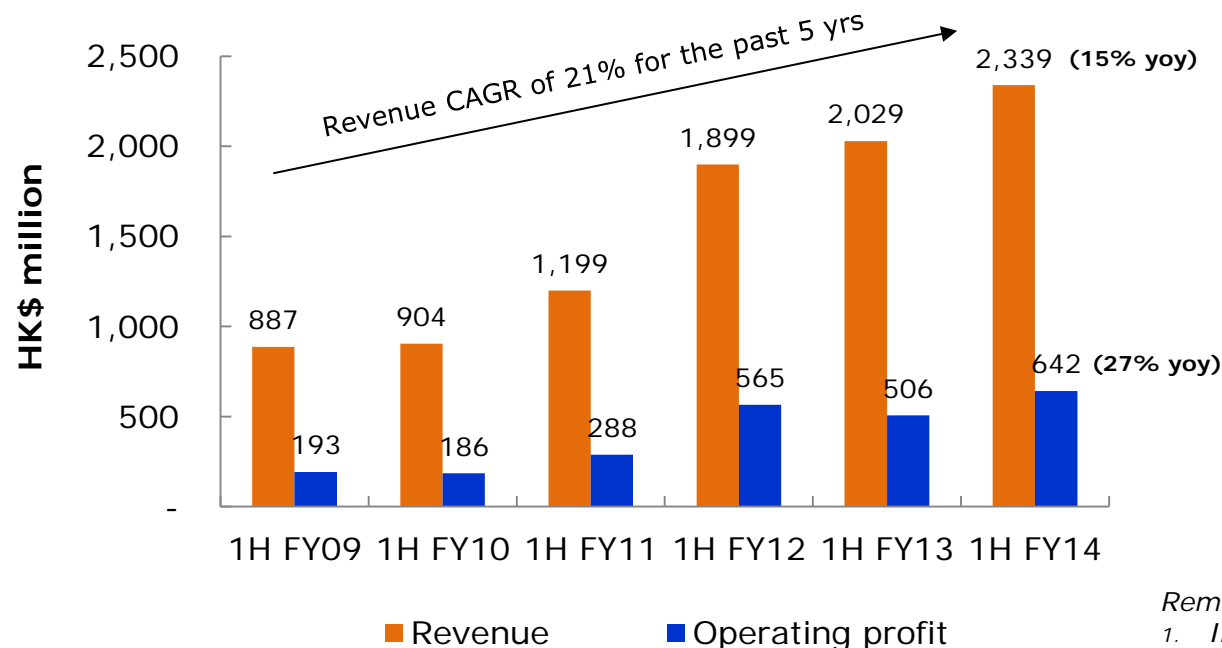
- Hong Cheng retail project (50% owned)
 - A shopping mall with nearly 900,000 sq ft GFA near Tianhe metro station in Guangzhou
 - Completion by the end of 2014
- Minhang project (35% owned)
 - Integrated project above Xinzhuang metro station
 - Including a regional shopping mall of around 1.5m sq ft

Hotel Business

Hotel Business

- Revenue and profit growth mainly driven by full-period contributions of new hotels and renovated Royal Plaza

Revenue and Operating Profit from Hotel Portfolio¹



Remarks:

1. Including shares of Associates and JCEs



Future Expansion of Hotel Portfolio

- North Point waterfront hotel site
 - ~700 rooms
 - Construction will start in early 2014
 - Synergy with the Group's adjacent residential / commercial project
- Siu Lek Yuen in Sha Tin
 - ~600 rooms
 - Completed land use conversion
 - Planning is being finalized



Prospects

Market Prospects

Hong Kong Residential

- Solid end-user demand supported by growing income and low mortgage rates
- Investment and non-local demand constrained by government measures
 - Active primary market amid attractive pricing
 - Secondary market activity to remain subdued

Mainland Residential

- Home sales underpinned by continuous policy support for first-time buyers and strong end-user demand



Business Strategy

- Group business strategies remain unchanged
 - Balance between income from property sales and rental income from investment portfolio
 - Enhance the Group's brand with high-quality products and excellent service
 - Selective and focused approach to investment on the mainland
 - Observe strictly the discipline of prudent financial management

Business Prospects

- Promising prospects for the Group's rental portfolio
 - Healthy rental performance
 - High occupancies, positive rental reversions and contributions from new properties
 - Strong growth in mainland portfolio
 - Adding around 4m sq ft of new shopping malls in the medium term
 - Increasing contributions to the Group's total gross rental income
 - Continue to further strengthen market position and competitiveness
 - By means of renovation, tenant-mix refinement and scale expansion

Business Prospects (Cont'd)

- Aim to enhance asset turnover
 - Committed to launching new projects when ready
 - Increase production over the medium term
 - Focus more on quality small- to medium-sized units to meet customer needs
 - Differentiate through product quality and customer service
 - Seek opportunities to acquire land selectively
 - Particularly in Hong Kong amid rising land supply
- Well position to capture rising investment opportunities
 - Seasoned management team with strong balance sheet



Sun Hung Kai Properties Limited

Q & A

