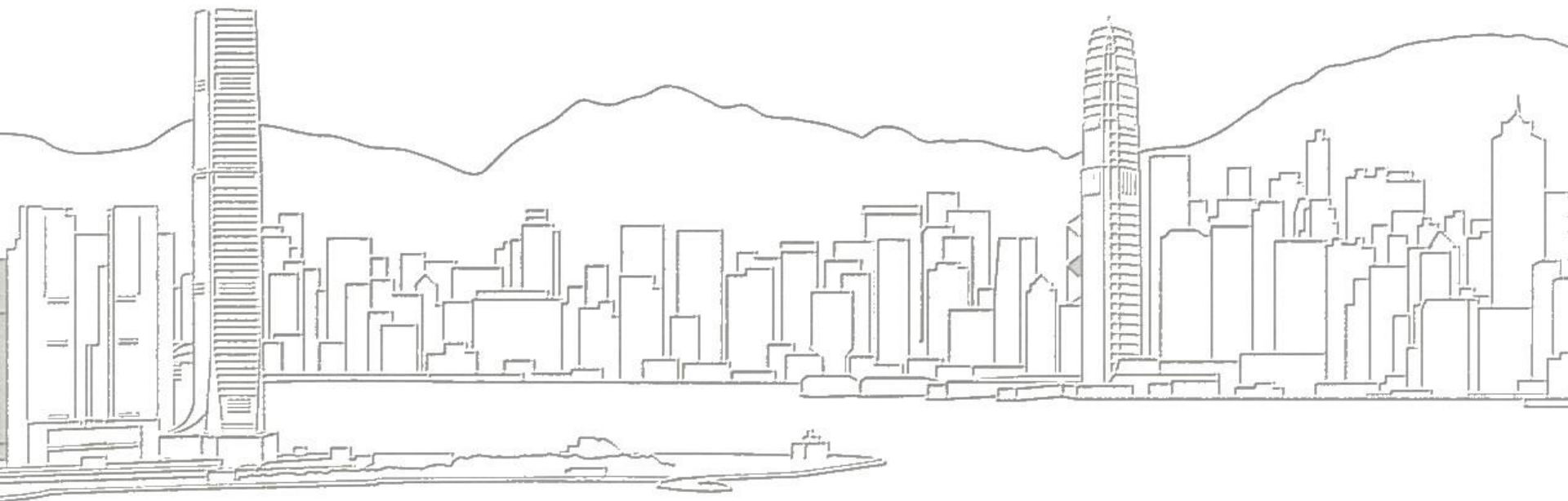




Sun Hung Kai Properties

Building Homes with Heart

FY2020 Interim Results



27 February 2020

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FINANCIAL REVIEW – 1H FY2020

Financial Highlights

	1H FY2020	1H FY2019	Change
Profit attributable to the Company's shareholders			
- Underlying ⁽¹⁾ (HK\$ mn)	13,422	13,733	-2%
- Reported (HK\$ mn)	15,419	20,469	-25%
Basic earnings per share for profit attributable to the Company's shareholders			
- Underlying ⁽¹⁾ (HK\$)	4.63	4.74	-2%
- Reported (HK\$)	5.32	7.07	-25%
Interim dividend per share (HK\$)	1.25	1.25	Flat

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

Profit Breakdown by Segment⁽¹⁾

(HK\$ mn)	1H FY2020	1H FY2019	Change
(1) Property rental			
- Hong Kong	7,539	7,472	
- Mainland	1,858	1,773	
- Singapore	272	263	
Sub-total	9,669	9,508	2%
(2) Property sales			
- Hong Kong	6,335	5,507	
- Mainland	515	1,187	
Sub-total	6,850	6,694	2%
(3) Hotel operation	197	792	-75%
(4) Other businesses	2,279	2,301	-1%
Total (1)+(2)+(3)+(4)	18,995	19,295	-2%

(1) Including shares of associates and joint ventures

Financial Position

	31 Dec 2019	30 Jun 2019	31 Dec 2018
Shareholders' funds (HK\$ mn)	569,757	566,405	545,856
- Shareholders' fund per share (HK\$)	196.6	195.5	188.4
Net debt (HK\$ mn)	101,309	72,968	64,389
Net gearing ratio ⁽¹⁾	17.8%	12.9%	11.8%
	1H FY2020		1H FY2019
Interest cover ⁽²⁾	11.0x		13.0x

(1) Calculated on the basis of net debt to Company's shareholders' funds

(2) Measured by the ratio of operating profit to total net interest expenses including those capitalized

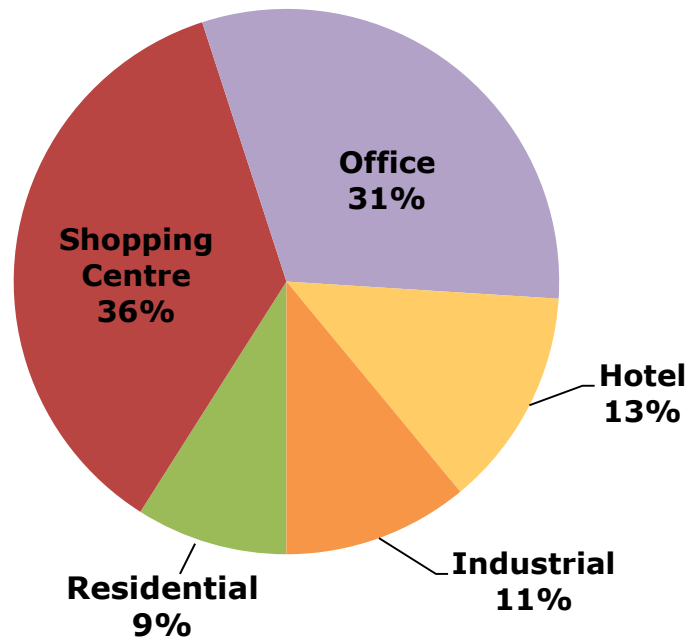
Cullinan West, West Kowloon, Hong Kong



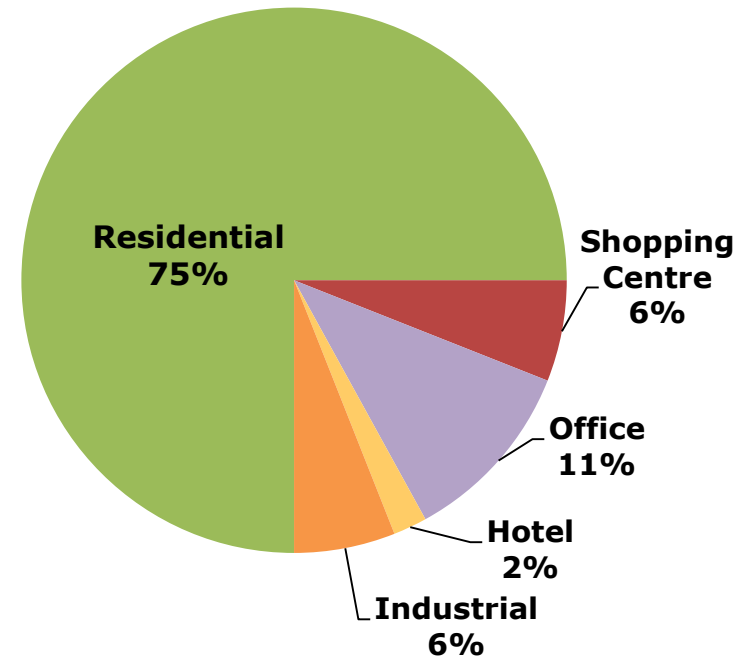
**PROPERTY BUSINESS - HONG KONG
LAND BANK**

Land Bank in Hong Kong

- Total land bank as at 31 December 2019: **58.9mn sq.ft.**⁽¹⁾



Completed properties⁽²⁾
Total: 33.1mn sq.ft.



Properties under development
Total: 25.8mn sq.ft.

(1) In attributable terms

(2) An overwhelming majority are for long-term investment

Land Acquisition in Hong Kong

Commercial Site atop High Speed Rail Terminus, West Kowloon



(1) Under existing planning

Usage Breakdown⁽¹⁾

	Total GFA (sq.ft.)
Office (Group's Stake: 75%)	2,816,000
Retail (Group's Stake: 100%)	349,000
Total	3,165,000

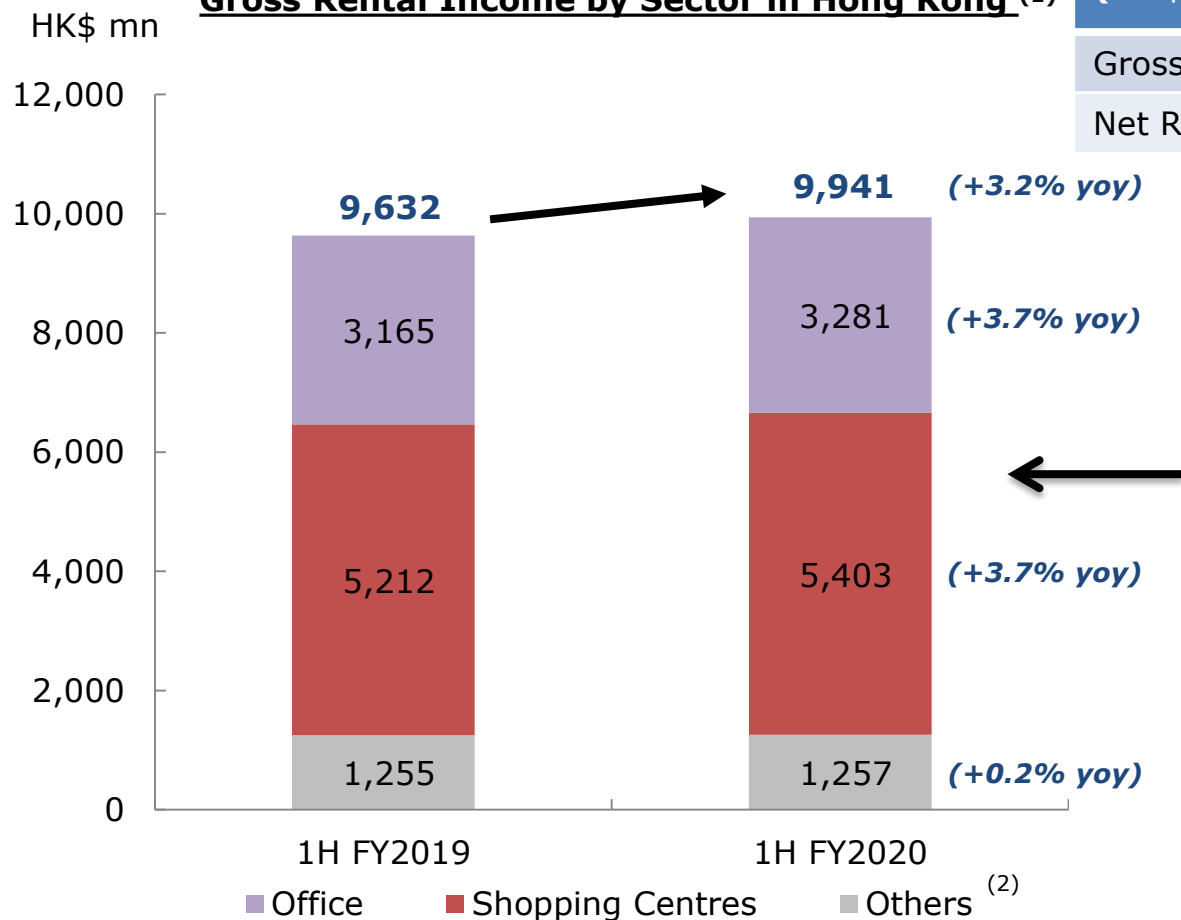
- Acquired through government tender in November 2019
- Situated in a strategic location in West Kowloon
- To be developed into an office-cum-retail landmark of international standards
- Create excellent synergy with the Group's neighbouring ICC office, two 5-star hotels and the West Kowloon Cultural District
- Represent another key milestone of the Group's development and its long-term commitment to Hong Kong
- Discussion are under way with another strategic investor in the office portion



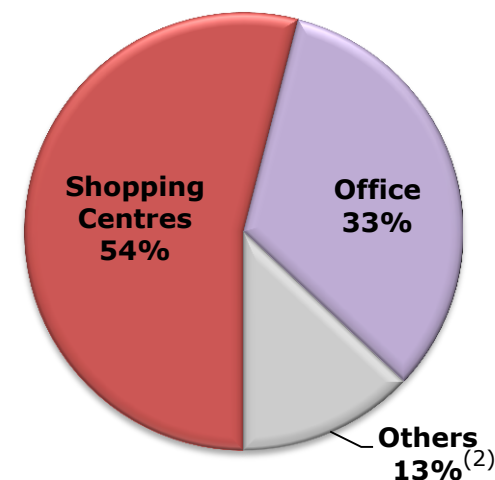
**PROPERTY BUSINESS - HONG KONG
PROPERTY INVESTMENT**

Rental Income from Diversified Portfolio

Gross Rental Income by Sector in Hong Kong ⁽¹⁾



(HK\$ mn)	1H FY2020	Change
Gross Rental Income	9,941	+3.2% yoy
Net Rental Income	7,539	+0.9% yoy



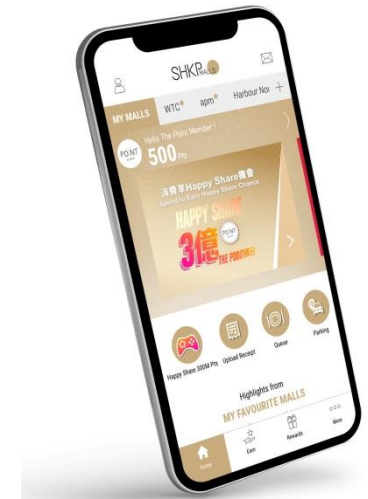
**Overall
Occupancy
~93%**

(1) Including shares of Associates and JCEs

(2) Residential, industrial and car parks

Hong Kong Retail Portfolio of 12mn sq.ft.

- The Group's retail portfolio was affected to a varying degree due to local social incidents in second half of 2019
 - Achieved healthy occupancy despite short-term pressure on renewals and new leases during the period
- Appropriate measures were taken to help tenants tide over difficult time
 - Provide immediate maintenance support to restore business operations
 - Encourage customers to spend and shop more via **The Point by SHKP**, the Group's integrated loyalty programme
 - Offer relief initiatives to tenants in light of unforeseen closure of malls
- Prevailing COVID-19 has further hit both domestic and tourist spending
 - Granted rent concessions in February 2020 to adversely affected tenants, particularly F&B operators, to ease their operating pressure



Latest Retail Additions

V Walk, West Kowloon

Stake: 100%

Total GFA: 298,000 sq.ft.

- Atop MTR Nam Cheong Station
- Opened in July 2019
- Virtually fully leased
- Serve the growing population in the catchment areas



Harbour North, North Point

Stake: 100%

Total GFA: 145,000 sq.ft.

- Retail component of the landmark Victoria Harbour development
- Anchor tenants, including YATA, held their grand openings and have been well received by shoppers



Hong Kong Office Portfolio of 10mn sq.ft.

- Leasing demand for the Group's premium office remained solid

ICC



Attri. GFA: 2.5mn sq.ft

Occupancy: 99%

IFC



Attri. GFA: 1.0mn sq.ft

Occupancy: 99%

Wan Chai & Causeway Bay



Attri. GFA: 1.8mn sq.ft

Occupancy: 96%

Millennium City Cluster



Attri. GFA: 1.7mn sq.ft

Occupancy: 93%⁽²⁾



(1) Occupancies as at 31 December 2019
(2) Included pre-leased area

Major New Addition in the Pipeline

98 How Ming Street, Kwun Tong





Stake: 69.3%
Total GFA: 1.15mn sq.ft.

- Office-cum-retail joint-venture project
 - Two Grade-A office towers: 650,000 sq.ft.
 - Premium shopping mall: 500,000 sq.ft.
- Expect to be completed in FY2022/23
- Further scale up the Group's presence in Kowloon East



PROPERTY BUSINESS - HONG KONG PROPERTY DEVELOPMENT

Recognized Property Sales in Hong Kong

Property Sales ⁽¹⁾	1H FY2020	1H FY2019	Change
Revenue (HK\$ mn)	14,678	12,119	 21%
Operating profit (HK\$ mn)	6,335	5,507	 15%

➤ Major contributors:

- Wings at Sea, PARK YOHO Napoli, Cullinan West & Cullinan West II

➤ Satisfactory development margins

➤ Completed ~1.4mn sq.ft. of attri. residential GFA in 1H FY2020

- Another ~1.6mn sq.ft. of attri. residential GFA due for completion in 2H FY2020

➤ About **HK\$49.2bn**⁽²⁾ contracted sales yet to be recognized

(1) Including shares of associates and joint ventures

(2) As at 31 December 2019

Contracted Sales in Hong Kong

Project	Stake (%)	Attri. Sales Proceeds (HK\$ bn)
Cullinan West III, West Kowloon	JV	10.1
Crown of St. Barth, Ma On Shan	100	1.9
PARK YOHO Napoli, Yuen Long	100	1.4
Others ⁽¹⁾		4.5
Total		17.9

- Wetland Seasons Park near Hong Kong Wetland Park was put on the market in early January 2020 with the first phase nearly sold out
- Contracted sales (up to 23 February 2020): HK\$23.9bn
- Property sales have slowed after the outbreak of COVID-19 since late January 2020

(1) Including proceeds of HK\$0.6bn from sales of non core properties (e.g. carparks)

Upcoming Launches in Hong Kong in the Next 10 Months

Wetland Seasons Park Phase 2

(Stake: 100%)

Res. GFA: 419,000 sq.ft.

252 Texaco Road & 28 Wang Lung Street

(Stake: 65.2%)

Attri. GFA: 248,000 sq.ft.

Hoi Wing Road Project Phase 1

(Stake: 100%)

Res. GFA: 110,000 sq.ft.

To Shek Street Project Phase 1

(Stake: 100%)

Res. GFA: 263,000 sq.ft.

Victoria Harbour Phase 2

(Stake: 100%)

Res. GFA: 258,000sq.ft.

Central Peak Phase 1

(Stake: 100%)

Res. GFA: 122,000 sq.ft.

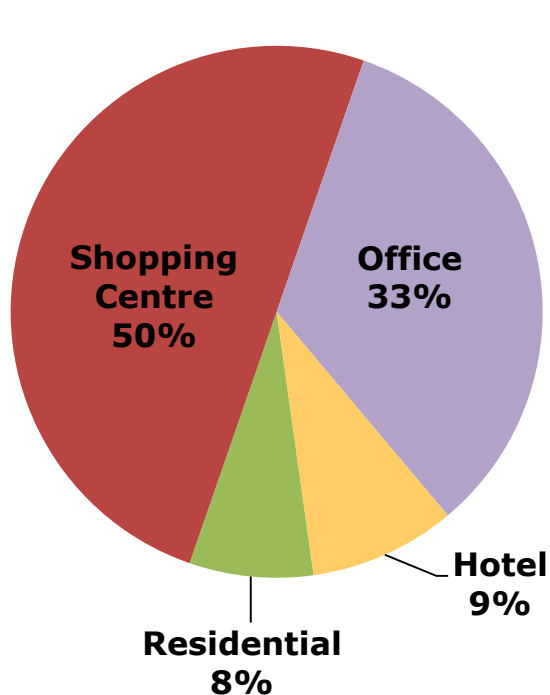
- MTR
- - - MTR (under construction)
- - - MTR (potential future projects)
- Residential projects
- Non-residential projects



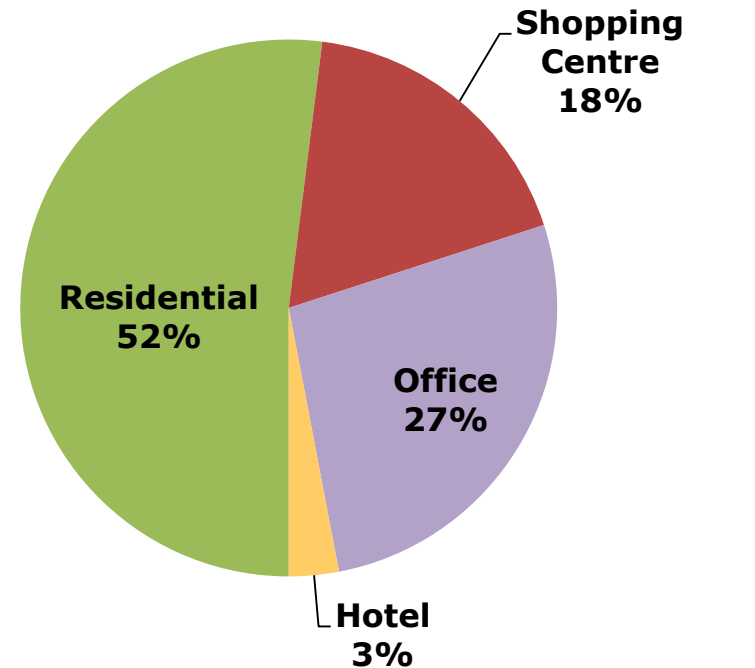
PROPERTY BUSINESS - MAINLAND CHINA
LAND BANK

Land Bank in Mainland China

- Total land bank as at 31 December 2019: **69.7mn sq.ft.**⁽¹⁾



Completed properties⁽²⁾
Total: 14.6mn sq.ft.



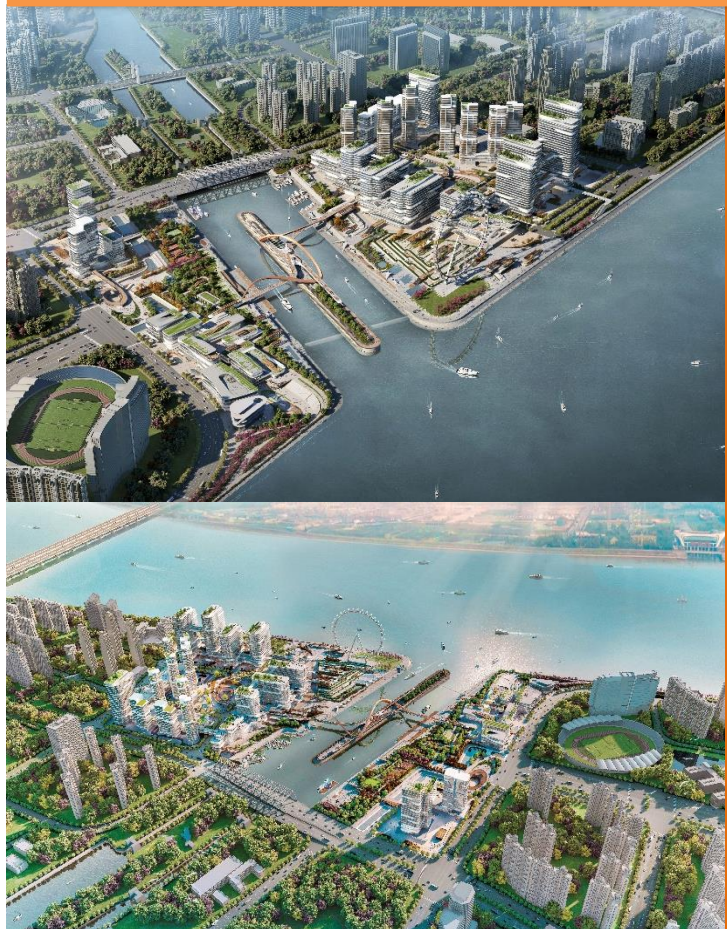
Properties under development
Total: 55.1mn sq.ft.

(1) In attributable terms

(2) An overwhelming majority are for investment purpose

Land Acquisition in Mainland China

Jianghehui Project, Hangzhou



Stake: JV

Usage Breakdown	Total GFA (sq.ft.)
Residential	1,609,000
Office	5,464,000
Retail	1,342,000
Hotel	431,000
Total (Above-ground GFA)	8,846,000

- Acquired the last prime site in Qianjiang New City CBD, Hangzhou in August 2019
- To be developed into an integrated landmark with a total above-ground GFA of ~9mn sq.ft. in phases
- The project is now under planning



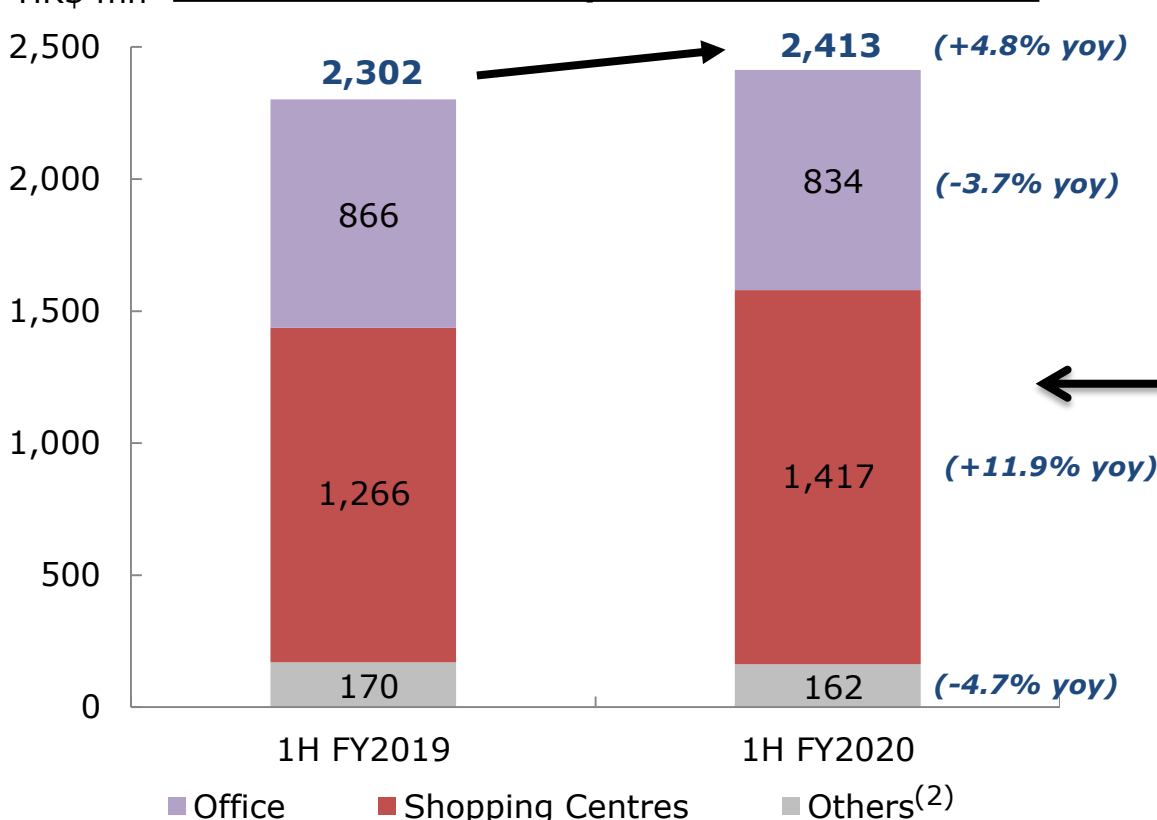
PROPERTY BUSINESS - MAINLAND CHINA

PROPERTY INVESTMENT

Rental Income from Mainland China

- Represented ~19% of the Group's total gross rental income
- Gross rental income of RMB2,168mn, up 7.0% in RMB terms

HK\$ mn **Gross Rental Income by Sector on the Mainland ⁽¹⁾**



(HK\$ mn)	1H FY2020	Change
Gross Rental Income	2,413	+4.8% yoy
Net Rental Income	1,858	+4.8% yoy



(1) Including shares of Associates and JCEs

(2) Residential, car parks and others

Existing Property Investment Portfolio

Shanghai IFC, Pudong Shanghai ICC, Puxi

Stake: 100%

- Shanghai IFC mall achieved healthy rental growth
- Shanghai IAPM will continuously enhance brand mix and recruit popular eateries
- Rental reversions of Shanghai IFC and Shanghai ICC offices remained satisfactory



New Town Plaza, Beijing



New Town Plaza, Beijing

Stake: 100%

Total GFA: 225,000 sq.ft.

- Grand opening in July 2019
- Occupancy stayed high

- Since late January 2020, traffic flow and tenants sales of the Group's mall on the mainland has been under pressure due to the outbreak of COVID-19 and related counter-measures

Property Investments under Development in Major Mainland Cities

ITC, Xujiahui

Stake: 100%

Total GFA: 7.6mn sq.ft.

- **One ITC mall:** soft opened in December 2019; virtually fully leased; further enhanced the leasing competitiveness of the offices atop
- **Two ITC:** retail portion is fully let and scheduled to open in 2020; offices have all been leased
- Expect full completion by late 2023



Nanjing IFC



Nanjing IFC

Stake: 100%

Total GFA: 3.4mn sq.ft.

- **Nanjing One IFC offices:** achieved increased occupancy with tenants gradually moving in
- **Nanjing Two IFC offices:** undergoing internal decoration; to be completed in 2020
- **Nanjing IFC mall:** received positive response from preliminary marketing
- **Andaz Nanjing hotel:** open in late 2021



PROPERTY BUSINESS - MAINLAND CHINA

PROPERTY DEVELOPMENT

Recognized Property Sales in Mainland China

Property Sales ⁽¹⁾	1H FY2020	1H FY2019	Change
Revenue	1,530	2,558	↓ 40%
Operating profit	515	1,187	↓ 57%

- Major contributors:
 - Forest Hill, Oriental Bund and Grand Waterfront Phase 2
- Satisfactory development margins
- ~2.4mn sq.ft. of attri. residential GFA due for completion in 2H FY2020
- Around **HK\$6.3bn**⁽²⁾ contracted sales yet to be recognized

(1) Including shares of associates and joint ventures

(2) As at 31 December 2019

Contracted Sales in Mainland China

Project	Location	Stake (%)	Attri. Sales Proceeds (RMB bn)
Oriental Bund	Foshan	50	0.9
The Woodland	Zhongshan	JV	0.8
TODTOWN	Shanghai	35	0.5
Park Royale	Guangzhou	100	0.4
Others			0.7
Total			3.3 ⁽¹⁾

(1) Contracted sales in terms of HKD amounted to HK\$3.7bn

Upcoming Launches in Mainland China in Next 10 Months

Project	Location	Stake (%)	Attri. Res. GFA (sq.ft.)
Residence at Suzhou ICC	Suzhou	90	530,000
Shanghai Arch Phase 2B (Residential Towers)	Shanghai	100	383,000
New batches of Oriental Bund	Foshan	50	320,000
New batches of Chengdu ICC	Chengdu	40	197,000

- Home sales activities have recently been severely disrupted by the outbreak of COVID-19



HOTEL BUSINESS

Hotel Business

Hotel Business ⁽¹⁾ (HK\$ mn)	1H FY2020	1H FY2019	Change
Revenue	2,179	2,955	↓ 26%
Operating Profit	197	792	↓ 75%



- Worsened operating environment amid plunging visitor arrivals and the Group's Hong Kong hotel portfolio was affected with a significant reduction in RevPAR
- The Ritz-Carlton Shanghai, Pudong delivered stable performance
- Near term performance will be exacerbated by the recent epidemic
- ALVA Hotel by Royal in Sha Tin held its grand opening in December 2019
- Four Seasons Hotel Suzhou and Andaz Nanjing are expected to open by late 2021

(1) Including shares of associates and joint ventures



MARKET AND BUSINESS PROSPECTS

Market Prospects

Hong Kong

- The outbreak of the novel coronavirus adding significant downside risks to the local economy in the short term
- The operating environment will be back on track when the epidemic is contained

Primary residential market

- Market activities will stay slow in the near term, although end-user demand remains solid
- Relatively low mortgage rates with steady new supply over next few years will cushion the downside risks

Grade-A office leasing market

- New leasing demand will remain weak in the near term
- Quality buildings with multinationals and large enterprises tenants should outperform the others
- Core Central should also fare better than other areas due to limited supply

Retail leasing market

- Sectors related to retail, tourism and public transportation will be inevitably affected in the short run
- Malls offering one stop shopping are preferred by locals

Market Prospects (Cont'd)

Key Cities in Mainland China

- A raft of measures have been introduced to support work resumption despite a negative impact of the epidemic on the economy in the near term
- More accommodative measures in stabilizing the economy are likely while the economy is expected to see a reasonable growth over the long term

Primary residential market

- Home sales activities will remain affected amid the corresponding containment efforts
- Favourable monetary policies will help support the market

Grade-A office leasing market

- Both international and domestic tenants become more cautious with expansion plans on hold
- Amid competitive environment, quality office buildings at prime locations with premium management services remain the preferred choices

Retail leasing market

- Local consumption and the traffic flow are inevitably affected in the short term
- Sentiment will rebound once the epidemic is contained while well-managed shopping malls with ongoing trade-mix refinement will draw footfall

Business Prospects

- Both Hong Kong and mainland China have been clouded by the outbreak of COVID-19 since late January 2020
- Certain business segments of the Group, such as retail and hotel, as well as launch schedule of the Group's property sales in Hong Kong and mainland China are inevitably affected in the near term
- The Group is ready to embrace for the market getting back on track
 - Adopt multifaceted strategies of spending boost in the Group's shopping malls and hotels
 - With sufficient saleable resources, prepare for new launches of property sales in Hong Kong and on the mainland

Business Prospects (Cont'd)

- If the COVID-19 lingers for a longer while, the Group's earnings prospect will be affected
- Nevertheless, the Group remains highly confident that Hong Kong will be able to further strengthen its position as an international hub for finance, business, trade and tourism over the long term
 - To seek land acquisition opportunities in both Hong Kong and major mainland cities with strict financial discipline when opportunities arise
 - Continue to expand the diversified property investment portfolio in Hong Kong and mainland China
 - Large-scale commercial site atop High Speed Rail West Kowloon Terminus in Hong Kong, remaining phase of ITC in Shanghai and Jianghehui project in Hangzhou
- The Group with strong financial position will continue to adhere to its prudent financial discipline

Long-term commitment to Hong Kong and Mainland China

“As in the past, the Group is dedicated to supporting Hong Kong by developing landmark projects in difficult times. This can be exemplified by the commitment and development of Two IFC during the Asian financial crisis and the ICC project following the tech bubble burst in 2000. With a commitment to the long-term development of Hong Kong and a firm belief that the city will eventually get back on track, the Group will continue to invest in Hong Kong and the mainland.”

Kwok Ping-uen, Raymond

Chairman & Managing Director

27 February 2020

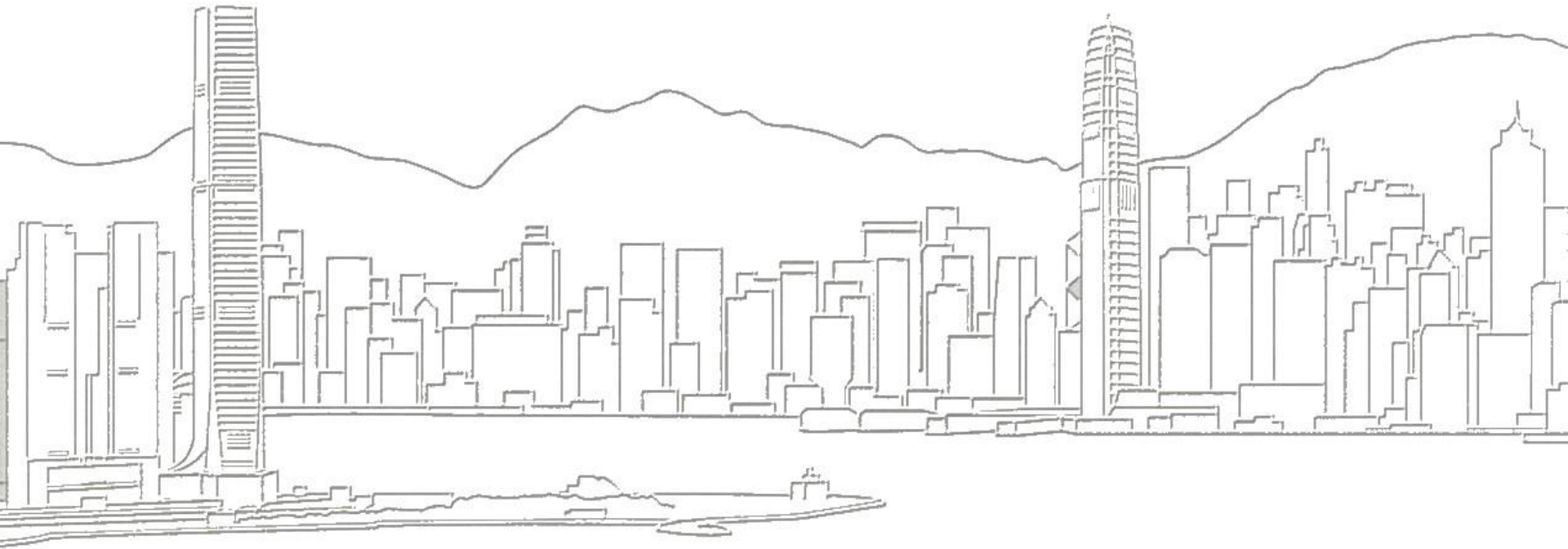
(Extracted from Chairman Statement, 2019/20 Interim Results)



Sun Hung Kai Properties

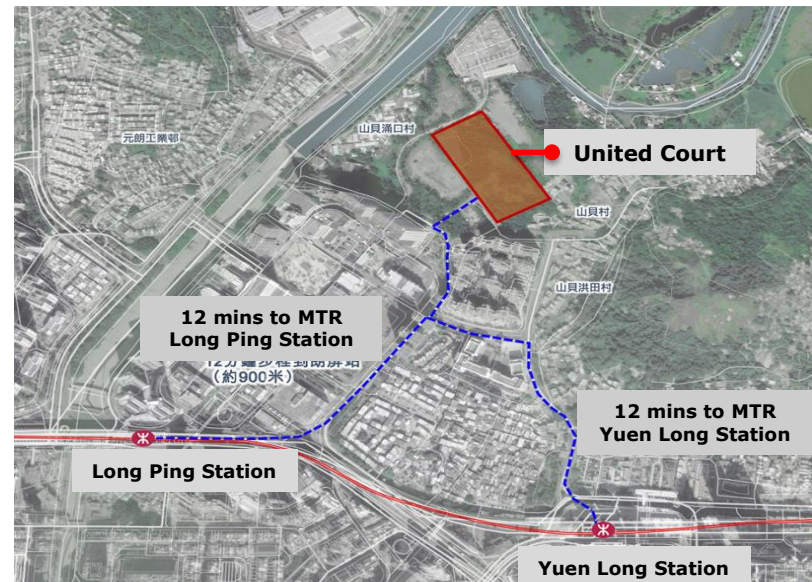
Building Homes with Heart

Q&A



SHKP in Sustainability

- Develop transitional social housing to ease acute housing shortage among the underprivileged
- United Court in Yuen Long
 - Cooperate with Hong Kong Sheng Kung Hui Welfare Council
 - ~10-minute walk to MTR Yuen Long Station with easy access to community amenities
- Together with the other two sites in Kam Tin South and Kwu Tung town centre
 - Aim to provide a total of 2,000 transitional flats
 - Benefit over 6,000 families



SHKP in Sustainability (Cont'd)



Hang Seng Corporate
Sustainability Index
Series Member 2018-2019



FTSE4Good



Hong Kong
Business
Sustainability
Index 2018

