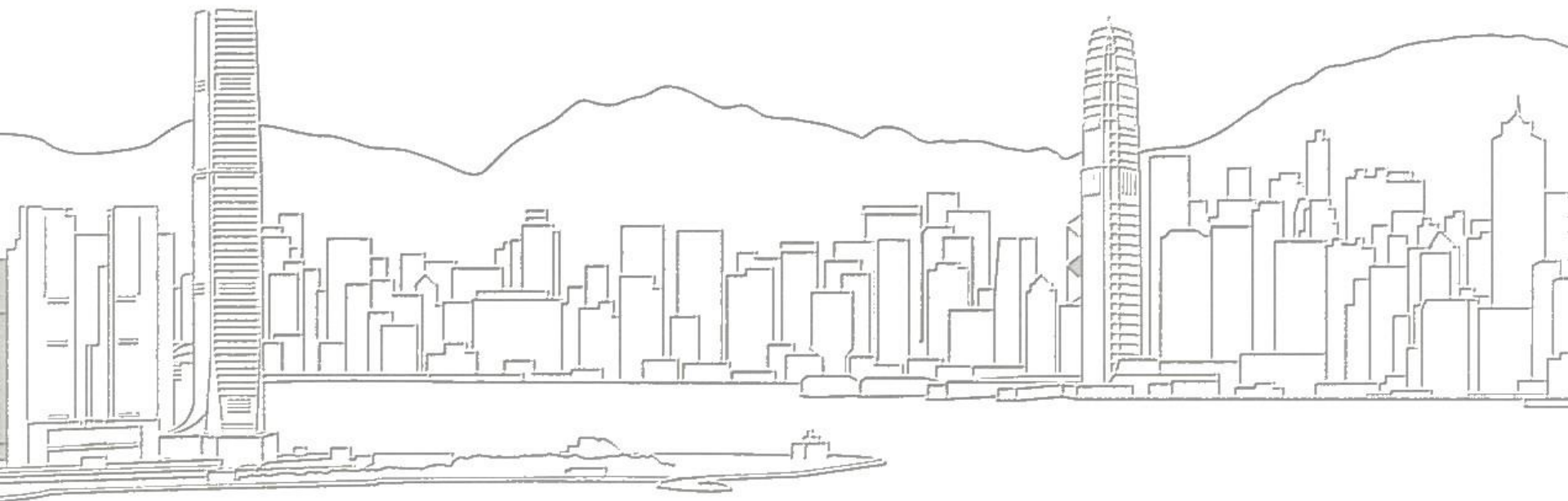




Sun Hung Kai Properties

Building Homes with Heart

FY2020 Annual Results



10 September 2020

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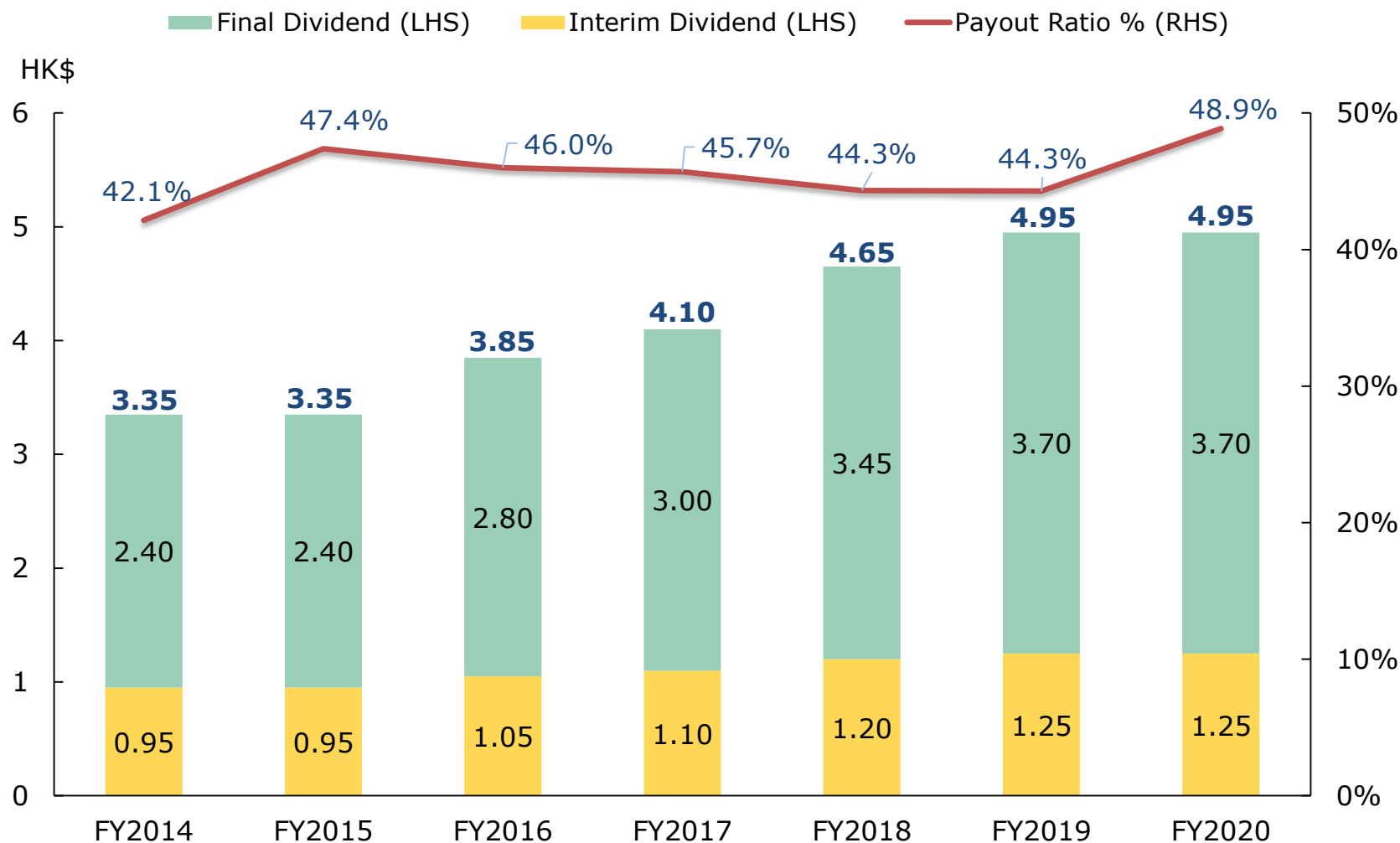
FINANCIAL REVIEW – FY2020

Financial Highlights

	FY2020	FY2019	Change
Profit attributable to the Company's shareholders			
- Underlying ⁽¹⁾ (HK\$ mn)	29,368	32,398	-9.4%
- Reported (HK\$ mn)	23,521	44,912	-47.6%
Basic earnings per share			
- Underlying ⁽¹⁾ (HK\$)	10.13	11.18	-9.4%
- Reported (HK\$)	8.12	15.50	-47.6%
Final dividend per share (HK\$)	3.70	3.70	Flat
Total dividend per share (HK\$)	4.95	4.95	Flat

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

Sustainable Dividend



Earnings Drivers

Profit Breakdown by Segment ⁽¹⁾ (in HK\$ mn)	FY2020	FY2019	Change
(1) Property sales			
- Hong Kong	16,333	16,395	
- Mainland	2,034	2,302	
- Singapore	10	0	
Sub-total	18,377	18,697	-1.7%
(2) Property rental			
- Hong Kong	14,456	15,373	
- Mainland	3,662	3,746	
- Singapore	447	559	
Sub-total	18,565	19,678	-5.7%
(3) Hotel operation	(330)	1,433	n.a.
(4) Other businesses	4,169	4,580	-9.0%
Total (1)+(2)+(3)+(4)	40,781	44,388	-8.1%

(1) & (2) Including shares of associates and joint ventures

Financial Position

As at	30 Jun 2020	31 Dec 2019	30 Jun 2019
Shareholders' equity (HK\$ mn)	571,813	569,757	566,405
- Shareholders' equity per share (HK\$)	197.3	196.6	195.5
Net debt (HK\$ mn)	80,901	101,309	72,968
Net gearing ratio ⁽¹⁾	14.1%	17.8%	12.9%
	FY2020		FY2019
Interest cover ⁽²⁾	11.8x		14.6x

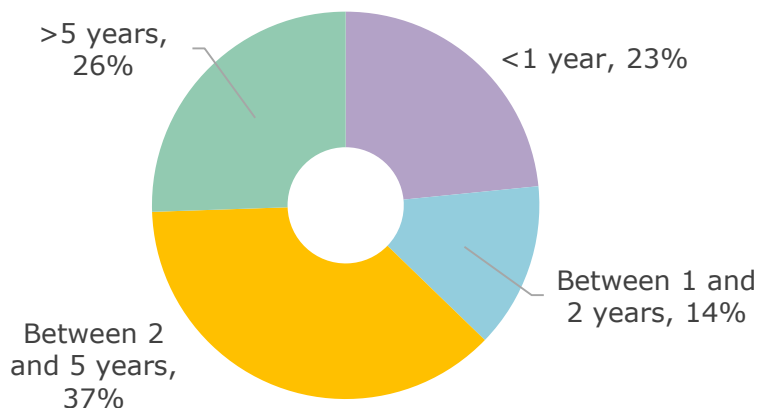
(1) Calculated on the basis of net debt to Company's shareholders' funds

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

Financial Position (Cont'd)

- Prudent financial policy
- Diversified funding sources
- Balanced debt maturity profile
- Ample liquidity

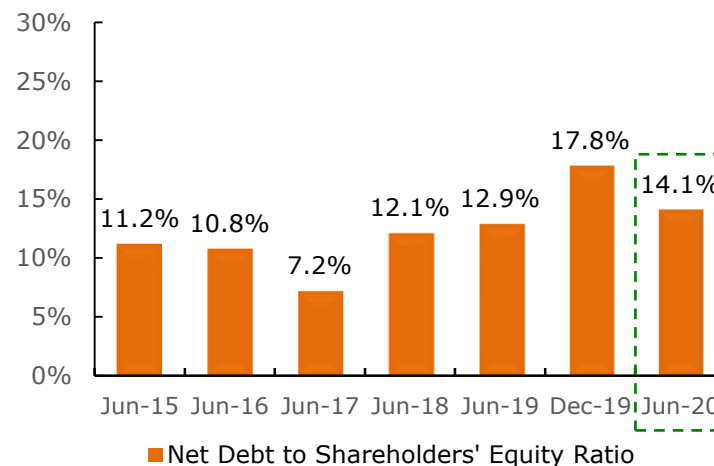
Debt Maturity Profile



MOODY'S

A1/ Stable

Net Gearing Ratio



STANDARD
& POOR'S

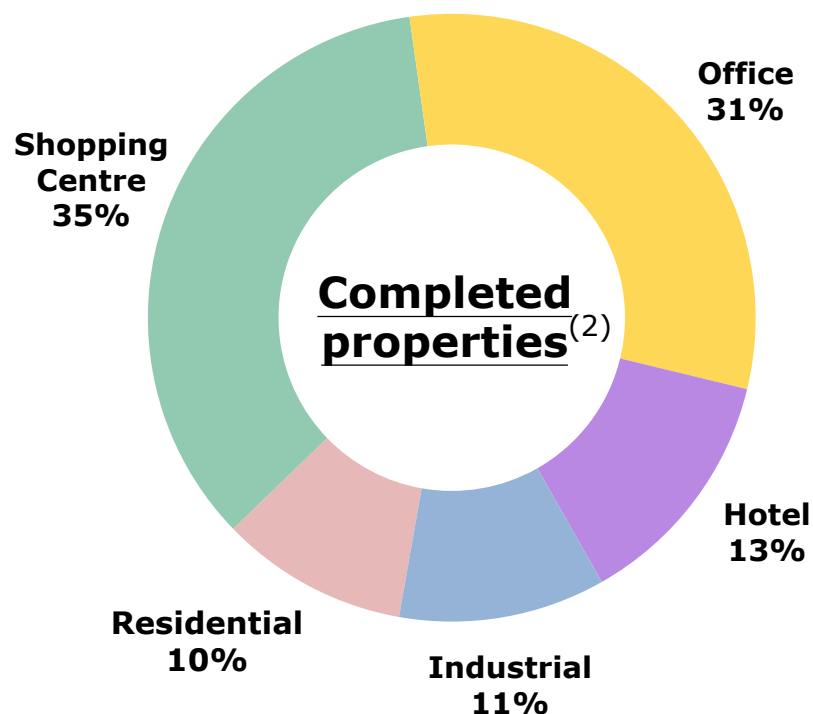
A+/ Stable



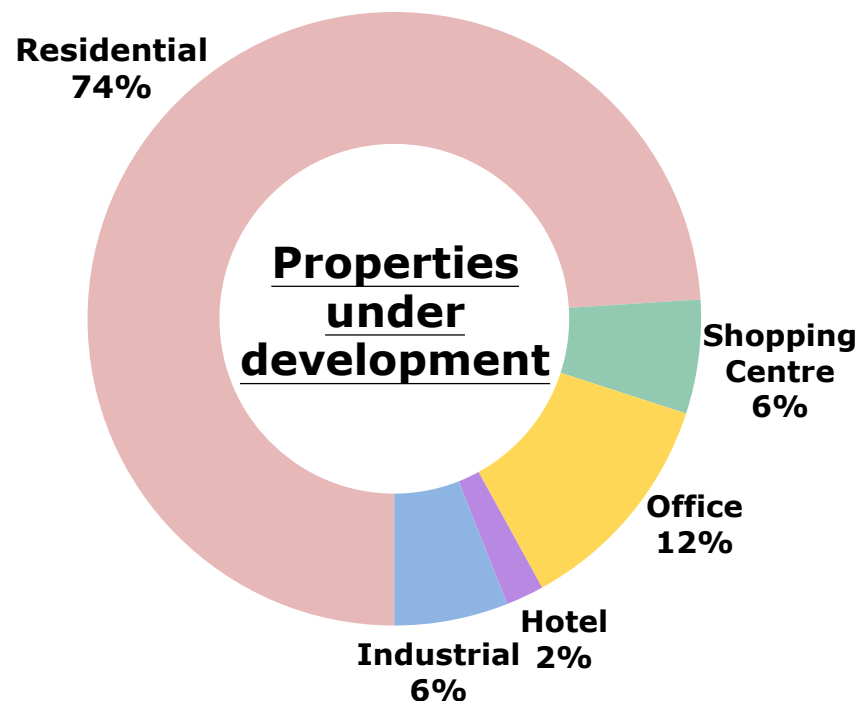
PROPERTY BUSINESS - HONG KONG LAND BANK

Land Bank in Hong Kong

- Total land bank as at 30 June 2020: **57.5mn sq.ft.**⁽¹⁾



Total: 33.4mn sq.ft.



Total: 24.1mn sq.ft.

(1) In attributable terms; including the relevant GFA of 0.7m sq.ft. for the transaction with Ping An Life which was completed in July 2020

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

Mega Commercial Site atop High Speed Rail Terminus, West Kowloon

- Adjacent to ICC in West Kowloon with excellent transportation connectivity of four railway lines
- Well-poised to create great synergy with the nearby ICC and evolve into a major business hub in the Greater Bay Area
- Introduced two strategic investors, Kwok Family Companies and Ping An Life, by disposal of a 50% interest of the office portion of the project to enhance the value of the project
- Maintain 50% and 100% interest in the office and retail portion respectively for long-term investment
- Planning is under way



Usage Breakdown ⁽¹⁾	Total GFA (sq.ft.)
Office (Group's Stake: 50%)	2,816,000
Retail (Group's Stake: 100%)	349,000
Total	3,165,000

(1) Under existing planning



PROPERTY BUSINESS - HONG KONG

PROPERTY DEVELOPMENT

Recognized Property Sales in Hong Kong

Property Sales ⁽¹⁾	FY2020	FY2019	Change
Revenue (HK\$ mn)	36,873	36,541	↑ 0.9%
Operating profit (HK\$ mn)	16,333	16,395	↓ 0.4%

➤ Major contributors:

- Wings at Sea & Wings at Sea II, phase 1 of St. Martin, phase 1 of Mount Regency and PARK YOHO Napoli

➤ Satisfactory development margins

➤ About **HK\$40bn**⁽²⁾ contracted sales yet to be recognized

(1) Including shares of associates and joint ventures

(2) As at 30 June 2020

Completion Schedule for Next 3 Years

- Expected average annual completions of around 3.3mn sq.ft. in the next three financial years

Completion Schedule ⁽¹⁾	FY2020 (Actual)	FY2021 (Forecast)	FY2022 (Forecast)	FY2023 (Forecast)	Average (FY2021-23)
	(Attributable GFA in mn sq.ft.)				
Attri. GFA	3.5	2.5	2.9	4.5	3.3
of which: Properties for Sale	3.1	2.3	2.3	2.9	2.5

- In addition, around 0.5 million sq.ft. of completed properties have been sold but yet to be booked for the next three financial years

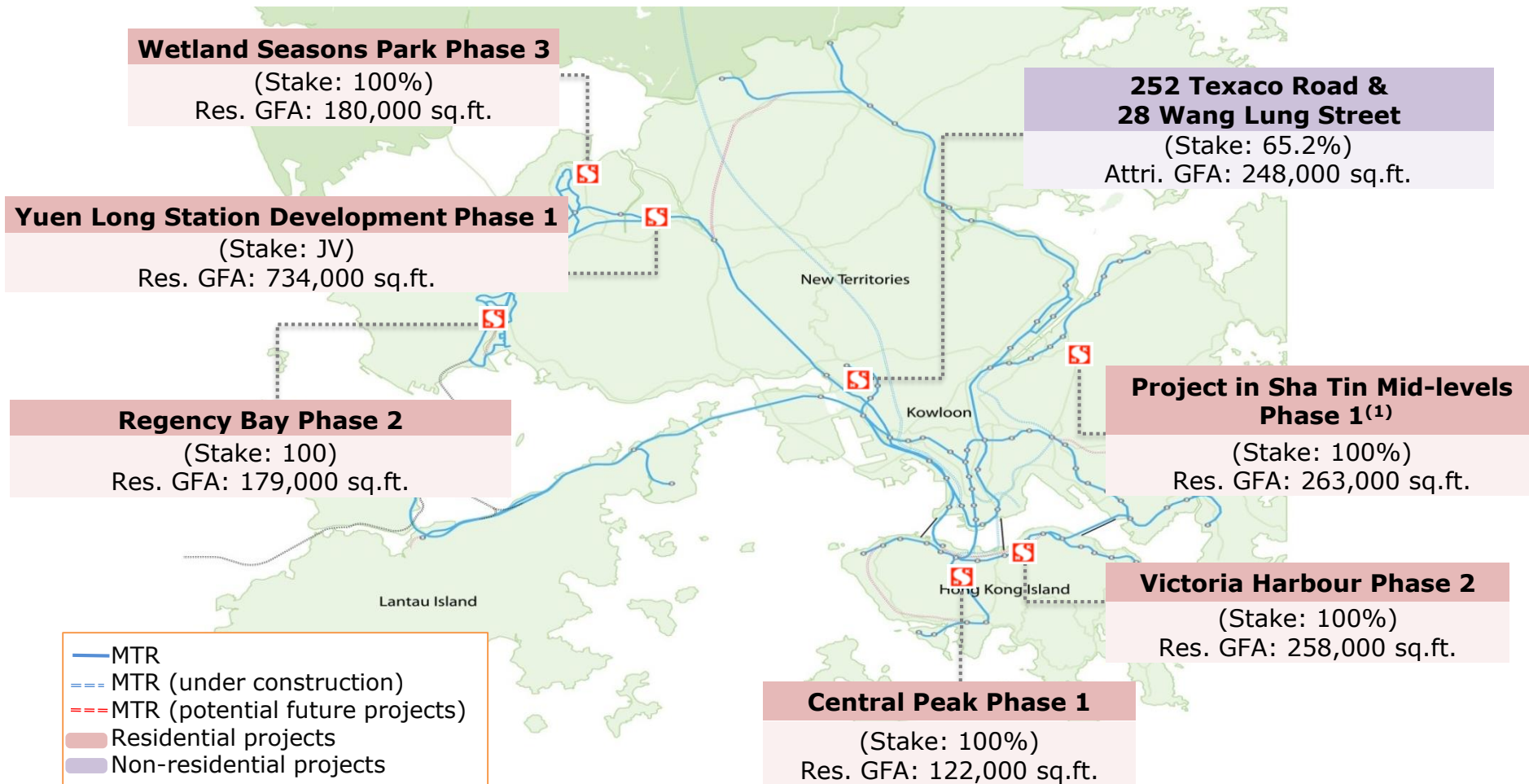
(1) Completion refers to the stage in which the project is ready for handover

Contracted Sales in Hong Kong

Project	Stake (%)	Attri. Sales Proceeds (HK\$ bn)
Cullinan West III, West Kowloon	JV	10.3
First two phases of Wetland Seasons Park	100	9.0
Crown of St. Barth, Ma On Shan	100	2.8
PARK YOHO Napoli, Yuen Long	100	2.5
Others		9.0
Total		33.6

- Home sales activities have been adversely affected by local social incidents and the COVID-19 pandemic
- Achieved an average annual contracted sales of HK\$45bn in Hong Kong during FY2018-2020
- Exceeded the medium-term average annual target of HK\$40bn

Upcoming Launches in Hong Kong in the Next 9 Months



(1) Previously named as To Shek Street Project Phase 1

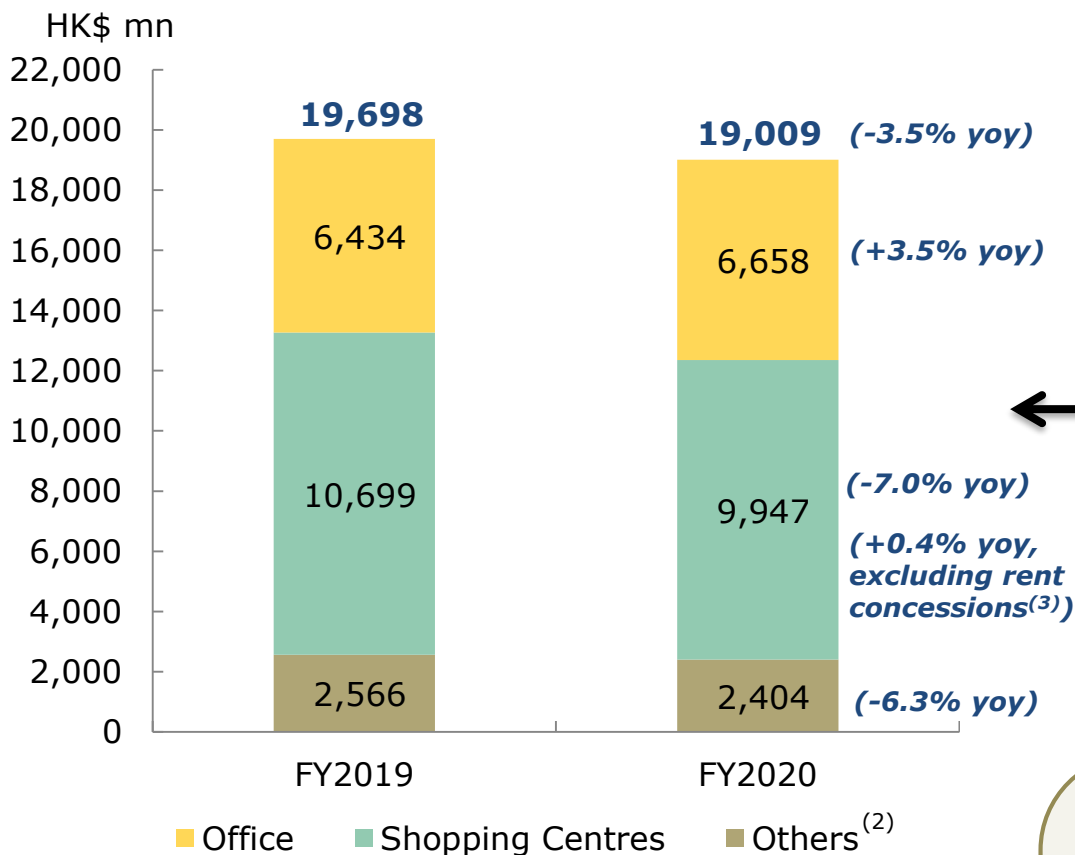


PROPERTY BUSINESS - HONG KONG

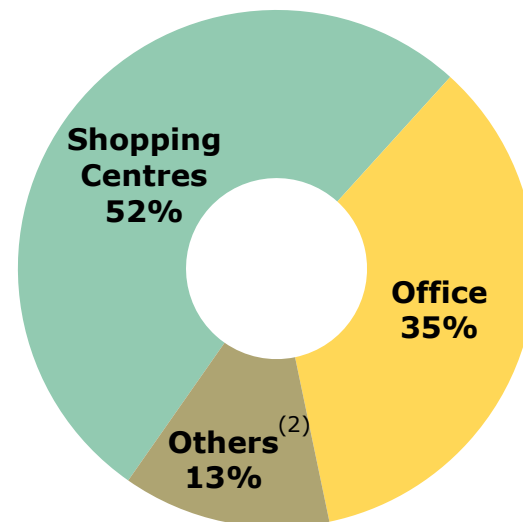
PROPERTY INVESTMENT

Rental Income from Diversified Portfolio

Gross Rental Income by Sector in Hong Kong⁽¹⁾



(HK\$ mn)	FY2020	Change
Gross Rental Income	19,009	-3.5% yoy
Net Rental Income	14,456	-6.0% yoy



**Overall Average Occupancy
in FY2020: ~92%**

(1) Including shares of associates and joint ventures

(2) Residential, industrial and car parks

(3) All the rent concessions/rebates have been recognized in FY2020

Hong Kong Retail Portfolio of 12mn sq.ft.

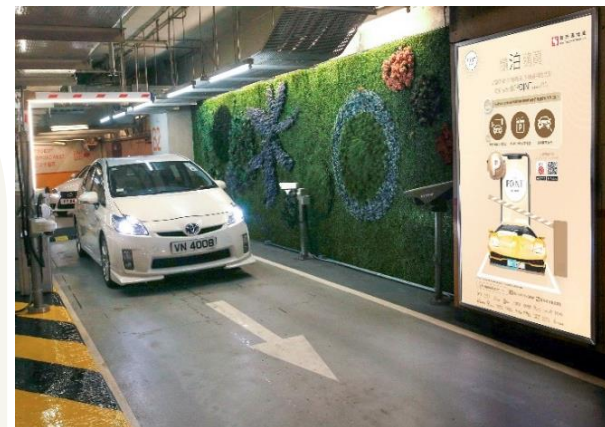
- The Group's retail portfolio has not been immune to the negative impact brought by a sharp decline in tourist arrivals and mandatory social distancing measures
 - Still recorded healthy occupancy
 - Near term pressure on renewals and new leases
 - Full recovery of shopping malls subject to the timing on the full scale reopening of cross-border travel
- Reduced the burdens for a majority of its retail tenants through rent concessions and rebates
- Took extra preventive measures to raise the hygiene standards



Hong Kong Retail Portfolio of 12mn sq.ft. (Cont'd)



- Made considerable efforts to retain customers' appetite for shopping
 - **The Point by SHKP** to leverage the Group's extensive business arms and collaborate with tenants and business partners to promote consumption
 - Creative initiatives, such as the introduction of **self-service stations for gift redemption**, **contactless parking** with digital payment, and **online pre-ordering function** within SHKP Malls App for food and beverage tenants



Latest Retail Additions



V Walk, West Kowloon

Stake: 100%

Total GFA: 298,000 sq.ft.

- Atop MTR Nam Cheong Station
- Opened in July 2019 with sustained high occupancy
- Well connected to nearby major residential developments via indoor walkways and bridges

Harbour North, North Point

Stake: 100%

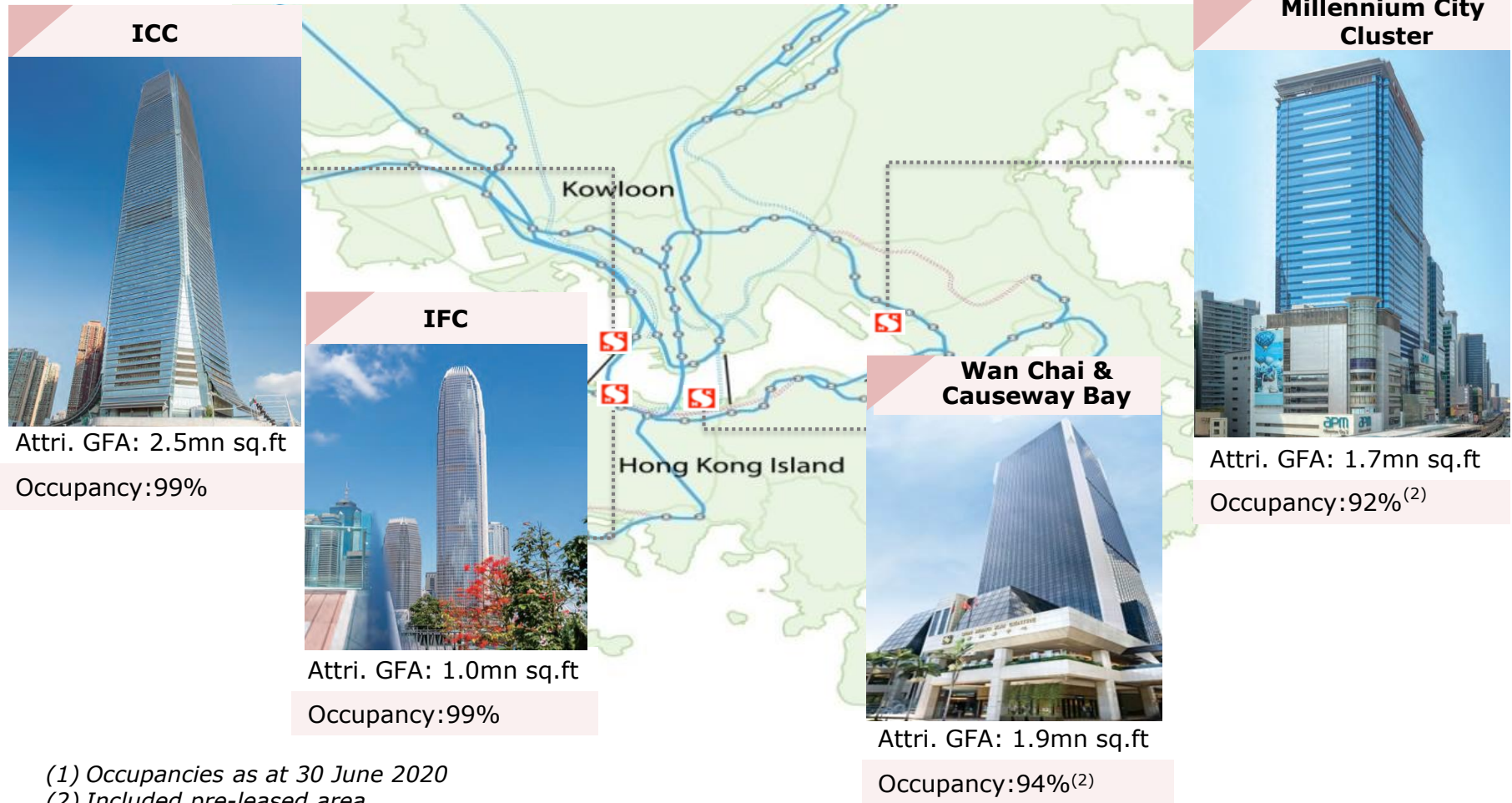
Total GFA: 145,000 sq.ft.

- Retail component of the landmark Victoria Harbour development
- Achieved overwhelming response to its Cherry Blossom promotion in early 2020



Hong Kong Office Portfolio of 10mn sq.ft.

- Continued to deliver stable performance



(1) Occupancies as at 30 June 2020
(2) Included pre-leased area

Major New Addition in the Pipeline

98 How Ming Street, Kwun Tong

Stake: 69.8%

Total GFA: 1.15mn sq.ft.

- Two Grade-A office towers: 650,000 sq.ft.
- Premium shopping mall: 500,000 sq.ft.
- Create further synergy with the Millennium City cluster



Retail Portion of New Kowloon Inland Lot No. 6568

Stake: 100%

Retail GFA: ~260,000 sq.ft.

- Direct linkage to MTR Kai Tak Station
- Construction work has started
- Inject vibrancy and diversity into the rapidly developing hub in Kai Tak

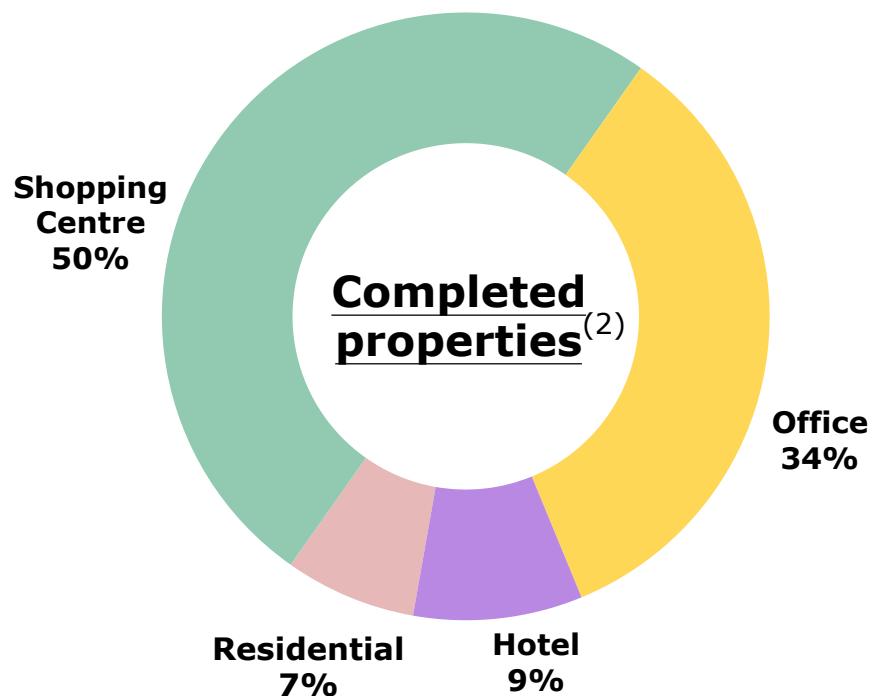




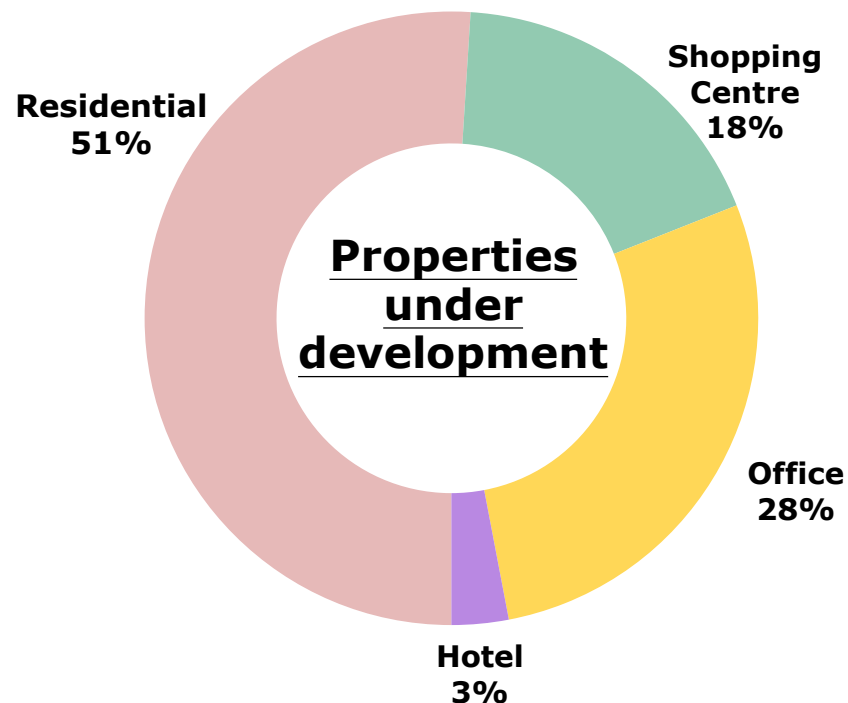
PROPERTY BUSINESS - MAINLAND CHINA
LAND BANK

Land Bank in Mainland China

➤ Total land bank as at 30 June 2020: **68.1mn sq.ft.**⁽¹⁾



Total: 14.5mn sq.ft.



Total: 53.6mn sq.ft.

(1) In attributable terms

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

Land Acquisition in Mainland China, Jianghehui Project, Hangzhou

- A mega JV project in the core area of Qianjiang New City CBD, Hangzhou
- To be developed into an integrated landmark with a total above-ground GFA of ~9mn sq.ft.
- To be completed in phases starting from 2024
- Site formation is under way



Stake: JV ⁽¹⁾ Usage Breakdown ⁽²⁾	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

(1) 45% and 50% stake in River East and River West respectively; (2) Under existing planning



PROPERTY BUSINESS - MAINLAND CHINA

PROPERTY DEVELOPMENT

Recognized Property Sales in Mainland China

Property Sales ⁽¹⁾	FY2020	FY2019	Change
Revenue (HK\$ mn)	4,359	4,772	↓ 8.7%
Operating profit (HK\$ mn)	2,034	2,302	↓ 11.6%

- Major contributors:
 - Park Royale, Forest Hill and Grand Waterfront
- Satisfactory development margins
- Around **HK\$9.8bn**⁽²⁾ contracted sales yet to be recognized

(1) Including shares of associates and joint ventures

(2) As at 30 June 2020

Contracted Sales in Mainland China

Project	Location	Stake (%)	Attri. Sales Proceeds (RMB bn)
Phase 2 of Shanghai Arch	Shanghai	100	4.6
Oriental Bund	Foshan	50	1.4
The Woodland	Zhongshan	JV	1.3
Others			2.2
Total			9.5⁽¹⁾

(1) Contracted sales in terms of HKD amounted to HK\$10.5bn

Upcoming Launches in Mainland China in Next 9 Months

Project	Location	Stake (%)	Attri. Res. GFA (sq.ft.)
Grand Waterfront Phase 3A & 3B	Dongguan	100	1,103,000
New batches of Oriental Bund Phase 4A, 4B & 4C	Foshan	50	828,000
New batches of TODTOWN Phase 2A	Shanghai	35	145,000
Total			2,076,000



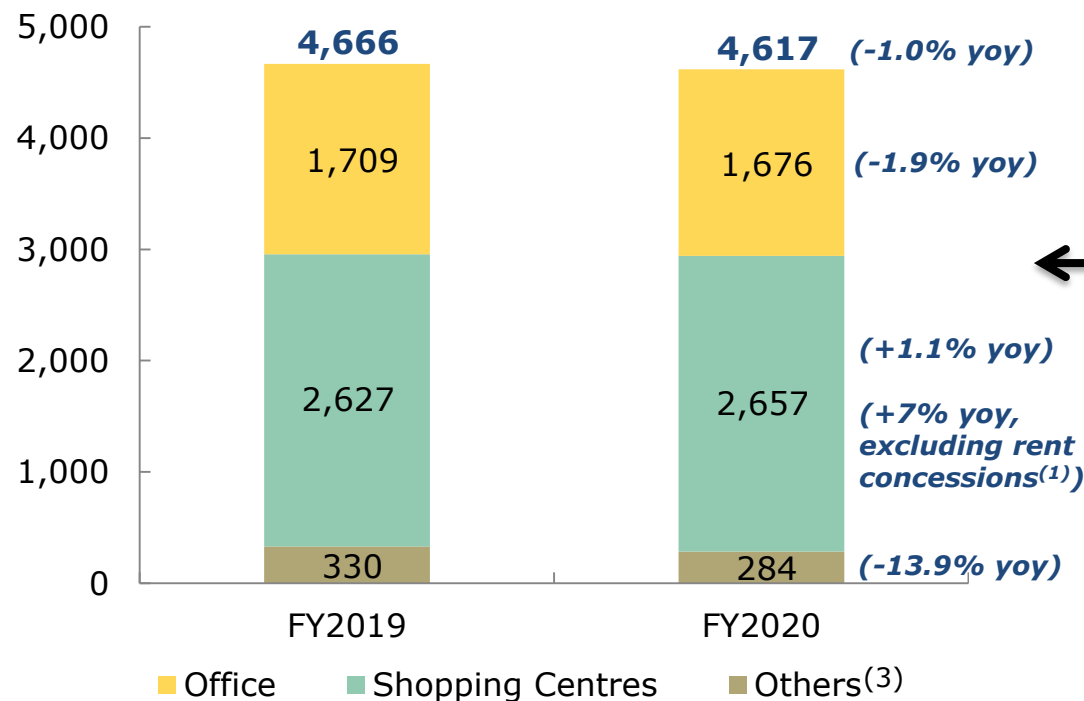
PROPERTY BUSINESS - MAINLAND CHINA

PROPERTY INVESTMENT

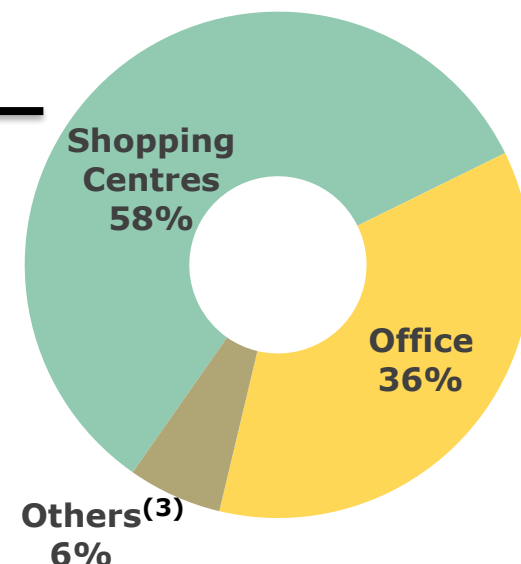
Rental Income from Mainland China

- Represented ~19% of the Group's total gross rental income
- Gross rental income of RMB4,166mn, up 2.4% yoy in RMB terms

HK\$ mn **Gross Rental Income by Sector on the Mainland⁽²⁾**



(HK\$ mn)	FY2020	Change
Gross Rental Income	4,617	-1.0% yoy
Net Rental Income	3,662	-2.2% yoy



(1) All the rent concessions have been recognized in FY2020

(2) Including shares of associates and joint ventures

(3) Residential, car parks and others

Existing Property Investment Portfolio

- Made extra efforts to ensure the health and safety of its shoppers, tenants and employees
- Varied performance according to different city-specific quarantine and social distancing measures since the outbreak of COVID-19



Shanghai IFC mall,
Shanghai

Shanghai IFC, Pudong Shanghai ICC, Puxi

- **Shanghai IFC Mall and Shanghai IAPM:** tenant sales have recovered considerably in recent months, particularly Shanghai IFC Mall
- **Shanghai IFC and Shanghai ICC offices:** remained resilient amid keen competition in the city, supported by comprehensive amenities within the integrated complexes and convenient transport network



IAPM, Shanghai

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; high committed occupancy
- **Offices in the first two phases:** fully let
- **Remaining phase:** Pre-leasing activities have commenced for the 220-metre office tower; expect full completion by late 2023

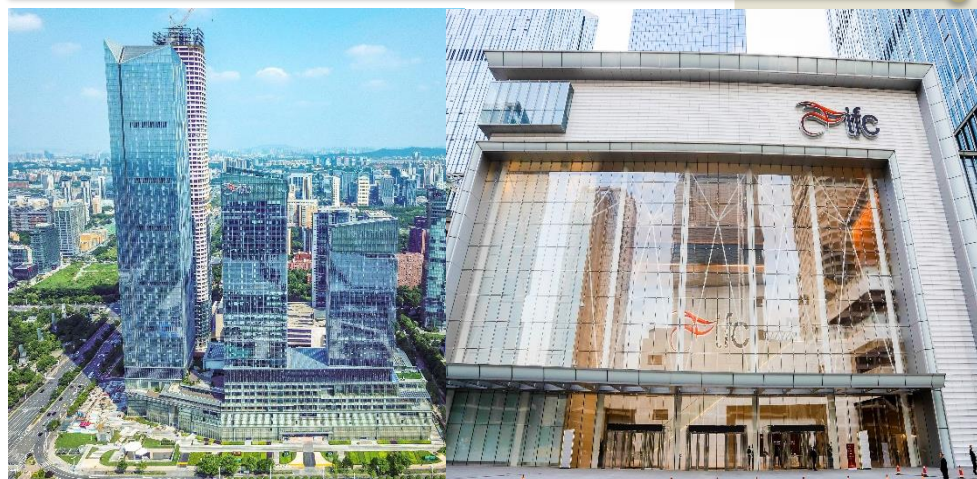


Nanjing IFC

Stake: 100%

Total GFA: 3.4mn sq.ft.

- **Nanjing One IFC offices:** recorded a committed occupancy of about 70%
- **Nanjing Two IFC offices:** to be completed soon; pre-leasing work has started
- **Nanjing IFC mall:** scheduled for opening in 2022; received positive response from preliminary marketing





HOTEL BUSINESS

Hotel Business

Hotel Business ⁽¹⁾ (HK\$ mn)	FY2020	FY2019	Change
Revenue	3,075	5,682	↓ 45.9%
Operating Profit	(330)	1,433	n.a.

- Occupancy and RevPAR of the Group's hotel portfolio saw a drastic decline mainly due to paralyzed cross-border travels amid the COVID-19 pandemic
- To mitigate the impacts with improvement of operational efficiency and the introduction of dining promotions and 'staycation' programmes
- The Ritz-Carlton Shanghai, Pudong has seen signs of recovery as domestic business and leisure travel on the mainland gradually resumed



(1) Including shares of associates and joint ventures



MARKET AND BUSINESS PROSPECTS

Market Prospects

Hong Kong

- Both internal and external headwinds, including the disruptions brought by COVID-19, will continue to post downward pressure to the economy
- The operating environment, in particular the leisure-related businesses, is likely to remain tough and challenging

Primary residential market

- Response to primary sales is subject to the state of the pandemic and economic recovery
- Low interest rate environment and solid end-user demand for small-to medium-sized units will support the market

Retail leasing market

- The timing on full-scale reopening of cross-border travel is crucial to the recovery
- Near-term pressure on new leases and renewals, especially street shops and malls in tourist locations, will remain
- Negative impacts on regional malls, serving mainly the locals, will be partly mitigated by relatively resilient domestic consumption

Grade-A office leasing market

- Deteriorated economic situations are expected to weigh on new leasing demand and drag on rents in the near term
- Premium office with trusted brand and quality management should be able to draw demand from the growing industries

Market Prospects (Cont'd)

Key Cities in Mainland China

- Domestic economic activity is on track to recovery
- Solid domestic demand and positive stimulus measures should help support a reasonable growth in its economy

Primary residential market

- Primary sales will remain robust with relatively stable home prices
- Solid end-user demand and the easing of credit conditions will help underpin the market

Retail leasing market

- A quick rebound in consumer spending as the impact of pandemic fades
- Luxury shopping malls in prime locations will continue to do well, in particular when the outbound travel restrictions remain

Grade-A office leasing market

- Softened leasing demand from both international and domestic companies is expected to linger over the near term amid a subdued world economy
- Premium office buildings at prime locations with quality management services should remain more competitive amid keen competitions

Business Prospects

Short- to Medium-term

- The state of pandemic will highly affect the launch schedule of project sales and certain business segments of the Group such as retail leasing and hotel business in Hong Kong
 - Continue to launch projects for sales when market ready
 - Collaborate with tenants to promote consumption
 - Take proactive measures to mitigate impact on hotel business
- The full-scale of reopening of cross-border travel, especially with the mainland, is crucial to shopping malls' and hotels' business in Hong Kong
- The Group's business on the mainland will continue its recovery path with outperformance in mainland luxury malls on the back of well-contained pandemic situation

Business Prospects (Cont'd)

Long-term

- With the unique strength of 'One Country, Two Systems' and favourable international competitiveness, the Group remains highly confident that Hong Kong will once again be able to turn adversity into opportunity
- The Group will continue to seek land acquisition opportunities in both Hong Kong and major mainland cities with strict financial discipline when opportunities arise
- Growth in rental income will be supported by strong pipeline of properties for rent and investment
 - Expected to complete around 12 million square feet of properties for investment purpose on the mainland over the next four financial years

Creating Long-term Value for Stakeholders



Likewise, guided by an indomitable spirit of our late founder, Mr. Kwok Tak-seng, the Group has also gone through ups and downs since its public listing about 50 years ago, during which the management team has accumulated valuable experiences in dealing with various kinds of uncertainties, difficulties and challenges. Together with a strong financial position, a time-tested business strategy as well as a solid and proactive corporate culture, the Group is confident of being able to once again excel by overcoming the challenges in the times ahead and emerge as a better and more caring company.



Kwok Ping-luen, Raymond

Chairman & Managing Director

10 September 2020

(Extracted from Chairman Statement, FY2020 Annual Results)

SHKP in Sustainability



FTSE4Good



Hang Seng Corporate
Sustainability Index
Series Member 2019-2020



SEHK:0016



Hong Kong
Business
Sustainability Index 2019
香港企業可持續發展指數 2019



Sun Hung Kai Properties

Building Homes with Heart

Thank you!

