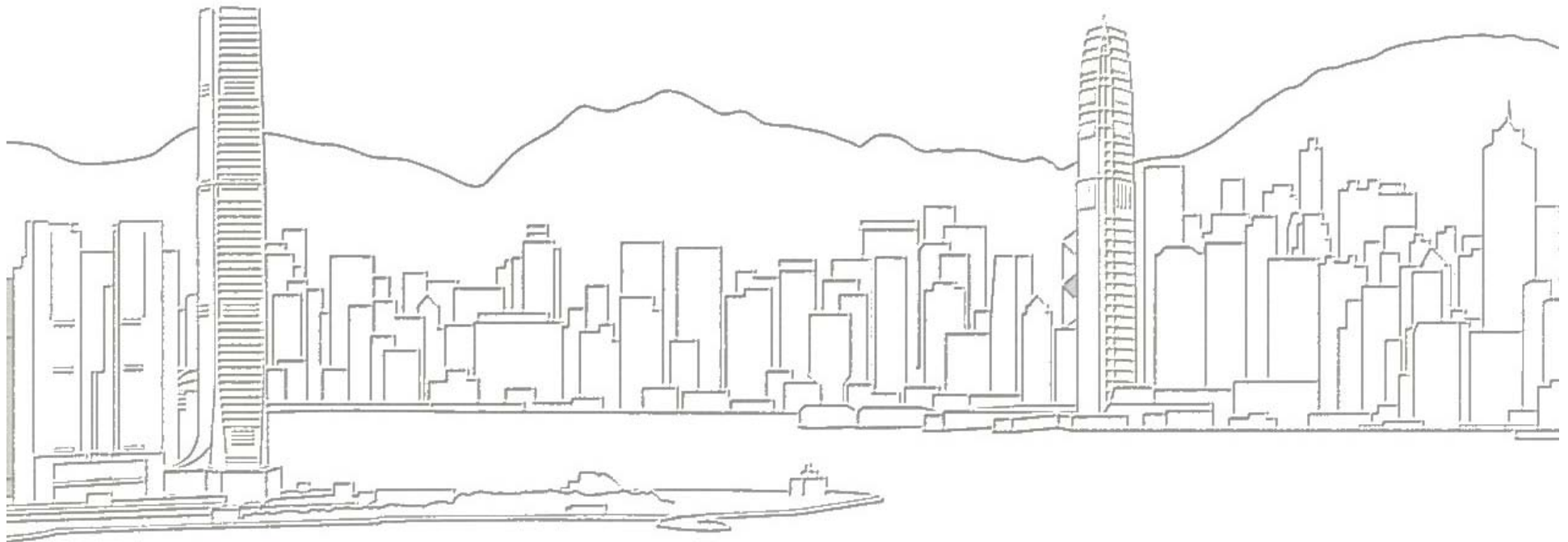




Sun Hung Kai Properties Limited

FY2009 Final Results

15 September 2009



Agenda

- Final Results Highlights
- Business Review
 - Hong Kong
 - Mainland
- Prospects





Final Results Highlights

Final Results Highlights

Year ended 30 June

	<u>2009</u>	<u>2008</u>	<u>Change</u>
Reported net profit (HK\$m)	10,356	27,602	↓ 62%
Reported earnings per share (HK\$)	4.04	10.87	↓ 63%
Underlying net profit* (HK\$m)	12,415	12,186	↑ 2%
Underlying earnings per share* (HK\$)	4.84	4.80	↑ 1%
Interim dividend per share (HK\$)	0.80	0.80	Flat
Final dividend per share (HK\$)	1.70	1.70	Flat
Total dividend per share (HK\$)	2.50	2.50	Flat
Net debt to shareholders' funds ratio (%)	15.2	15.3	

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



Profit Breakdown

Year ended 30 June (HK\$m)

Property sales	7,113
Net rental income	7,271
Hotel operation	295
Telecommunications	115
Other businesses	1,643
Other income	229
Unallocated administrative expenses	(820)
(Decrease)/ Increase in fair value of investment properties	(2,328)
Net finance costs	(725)
Profit on disposal of long term investments less impairments	87
Profit before tax	12,880
Tax (including deferred tax on investment properties revaluation)	(2,317)
Minority Interests	(207)
Reported Net Profit	10,356
Underlying Net Profit	12,415

<u>2009</u>	<u>2008</u>	<u>Change</u>
6,443	6,443	↑ 10%
5,992	5,992	↑ 21%
444	444	↓ 34%
344	344	↓ 67%
1,405	1,405	↑ 17%
403	403	↓ 43%
(887)	(887)	↓ 8%
18,655	18,655	n/a
(1,108)	(1,108)	↓ 35%
1,056	1,056	↓ 92%
32,747	32,747	↓ 61%
(4,596)	(4,596)	↓ 50%
(549)	(549)	↓ 62%
27,602	27,602	↓ 62%
12,186	12,186	↑ 2%



Review of FY2009 Results

- Contributions from property sales rose 10% YoY
- Property sales and presales increased by 81% YoY to HK\$25,674m

<u>Sales and presales from:</u>	<u>FY2009</u> (HK\$m)	<u>FY2008</u> (HK\$m)	<u>Key projects in FY2009</u>
Hong Kong	22,491	13,074	The Cullinan, The Latitude, Peak One, La Grove
China	3,183	542	Lake Dragon, The Arch, MIXC Residence, Taihu International Community
Singapore	-	535	
Total	25,674	14,151	



Review of FY2009 Results

- Net rental income rose 21% YoY
 - Positive rental reversion for all sectors
 - Increased contribution from new projects
- Hotel contribution down 34% YoY
 - Mainly affected by global economic downturn and swine flu
- Small negative revaluation of investment properties for FY2009
- Net gearing of 15.2% as at 30 June 2009





Business Review

Hong Kong

Land Bank – Hong Kong

	<u>Attributable GFA</u> (m sq ft)
Properties under development	15.9
Completed investment properties	26.0
	<hr/>
	41.9
	<hr/> <hr/>

- Completed 1.8m sq ft in FY2009
 - Key projects completed include Peak One, La Grove and ICC Phase 2
- Over 24m sq ft (site area) of agricultural land
 - Majority under conversion to residential use



Property Sales - Hong Kong

- 5 major new launches in FY2009
 - The Cullinan at Kowloon Station
 - The Latitude at Kai Tak
 - Peak/Sky One in Shatin
 - La Grove in Yuen Long
 - Lime Habitat in North Point

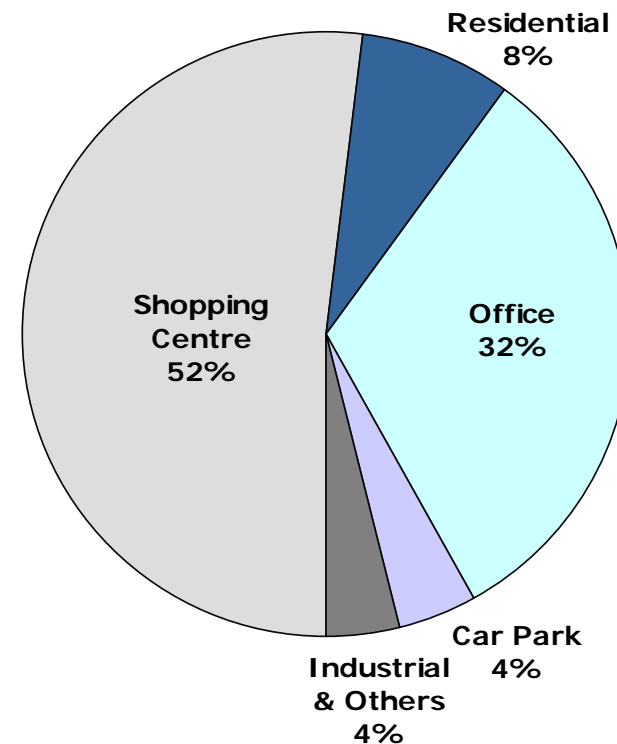
- Key projects to be launched in FY2010
 - Aria in Kowloon
 - Ap Lei Chau Inland Lot 129 in Island South
 - Tuen Mun Town Lot 465



Property Investment – Hong Kong

- Weaker leasing activities but maintain 93% occupancy overall
- Increase in proportion of office rental income
 - Continuous strong rental reversion at IFC
 - Contribution from new projects
- Retail sector
 - Relatively resilient with stable growth

Gross Rental Income for FY2009*
(HK\$9,763m)



* Including share from joint venture investment properties



Property Investment – Hong Kong

- Office sector
 - About 90% of ICC is already leased or pre-leased
 - Leasing of Kowloon Commerce Centre is progressing well
- Develop about 4.3m sq ft of new rental properties in the next few years
 - More rental income from new projects in the next few years





Business Review

Mainland

Land Bank – Mainland

	<u>Attributable GFA</u> (m sq ft)
Properties under development	52.3
Completed investment properties	3.0
	<hr/>
	55.3
	<hr/> <hr/>

- Majority under development
 - Residential projects account for about 70% of properties under development
 - Expect gradual growth in completion in the next few years



Property Sales - Mainland

- Residential markets on the mainland showed significant recovery
- Over HK\$3 billion sales and pre-sales achieved in FY2009
 - Key projects sold include Lake Dragon and The Arch in Guangzhou and MIXC Residence in Hangzhou
- Brand recognition emerging on the mainland demonstrated by premium pricing achieved
- Construction has begun for the luxury Weifong project in Shanghai



Property Investment - Mainland

- Smooth development of Shanghai IFC
 - Tower 1 was completed in July 2009 with HSBC taking up 22 floors as its China headquarters
 - Remaining space was almost fully let
 - Preliminary marketing of the mall has been encouraging
 - Entire project will be completed by 1H2011
- Shanghai Huai Hai Zhong Road project will be completed in phases from 2H2010 onwards
 - Marketing response has been positive for the retail space





Prospects

Prospects – Hong Kong

- ❑ Mainland's continuous growth should offer more business opportunities for Hong Kong
- ❑ Fundamentals for Hong Kong residential market remain intact
- ❑ Keep on launching projects when ready
 - Sizeable land bank
 - Strong brand remains as a key competitive edge
- ❑ Actively pursue land acquisition opportunities, particularly through farmland conversion
 - Well capitalized with over HK\$10 billion cash from property sales to be received by mid-2010



Prospects – Hong Kong

- Recurrent rental income from balanced investment properties portfolio
 - Focus on maintaining high occupancy
 - Rental income from regional retail malls should remain relatively resilient
 - Increase attractiveness through continuous tenant mix refinement and regular refurbishments
 - Rental portfolio will be expanded by 17% (additional 4.3m sq ft) in the next few years



Prospects – Mainland

- Long-term prospects remain promising
- Maintain selective and focused approach to investments
 - Focusing on prime cities including Beijing, Shanghai, Guangzhou and Shenzhen
- Aim to achieve balanced investment between residential and commercial properties
- Gradual completion of Shanghai IFC project and continued sales of residential projects
 - Earnings from the mainland business are expected to rise over time





Sun Hung Kai Properties Limited

Q & A session

