



SUN HUNG KAI PROPERTIES

FY2002 INTERIM RESULTS

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Interim Results Highlights



Interim Results Highlights

6-month ended 31 December	<u>2001</u>	<u>2000</u>	<u>change</u>
Net profit (HK\$ m)	3,177	5,301	▼ 40%
Earnings per share (HK\$)	1.32	2.21	▼ 40%
Interim dividend per share (HK\$)	0.55	0.55	flat

- Earnings decline was mainly due to
 - more completion of lower-margin development properties
 - provision made for technology investments
- Contribution from property sales during 2H FY2002 is expected to be significantly higher than first half, with improvement in margin
 - booking of The Leighton Hill



Interim Results (HK\$ million)

6-month ended 31 December	<u>2001</u>	<u>2000</u>	<u>change</u>
Property sales	1,510	3,613	↓ 58%
Rental income	2,171	2,109	↑ 3%
Hotel operation	94	108	↓ 13%
Other businesses	564	312	↑ 81%
Other revenue less unallocated expenses	(52)	(37)	↑ 41%
Net finance cost	(317)	(675)	↓ 53%
Profit on disposal of investments	23	282	↓ 92%
Provision for impairment of investments and restructuring costs from a subsidiary	(473)	-	N/A
Profit before tax	<u>3,520</u>	<u>5,712</u>	↓ 38%
Net Profit (HK\$ m)	<u><u>3,177</u></u>	<u><u>5,301</u></u>	↓ 40%



Business Highlights for 1H FY2002

- Completed 2.7 million square feet of residential properties
 - currently 85% sold
- The achieved development margin of about 17% reflects more completion of lower-margin projects during the first half
 - for instance Ocean Shores and Oscar by the Sea
- Rental portfolio is about 94% let
- Total gross rental income increased by 3.1% to HK\$2,988 million
- Provision made for impairment of technology investments and one-off restructuring costs arising from SUNeVision, totalling HK\$473 million



Projects Completed During 1H FY2002

Project	Usage	Group's Interest %	Attributable GFA (square feet)
Oscar by the Sea Phase 2	R	Joint venture	1,004,000
Ocean Shores Phase 2	R	49	574,000
Prima Villa	R	100	511,000
The Belcher's Phase 2	R	29	386,000
Les Saisons	R	30	222,000
Total Gross Floor Area			<u><u>2,697,000</u></u>

Key – R : Residential



Land Acquisition and Premium Agreement

- Added one residential site through land use conversion
 - Tin Ping Shan in Sheung Shui with gross floor area of 537,000 sq. ft.
- Agreed land premium at low cost in late November 2001
 - Aggregate land premium of HK\$ 2.1 billion for the following projects

Location	Use
Yuen Long Town Lot 503	Residential
Yunnan Lane in Yau Ma Tei	Residential
Fu Tei in Tuen Mun	Residential
Olympic Station Development Package 3	Residential
Yeung Uk Road in Tsuen Wan (previously the Swire Bottlers site)	Residential
Cheung Sha Wan Shipyard redevelopment	Residential/Retail
Millennium City Phase 5	Office/Retail



Financial Highlights for 1H FY2002

<u>Group Level (HK\$ million)</u>	<u>31 December 2001</u>	<u>30 June 2001</u>
Net debt	21,898	19,931
Net debt to shareholders' funds ratio	17.0%	15.5%
Shareholders' funds	129,124	128,408
Net asset per share	HK\$53.8 per share	

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

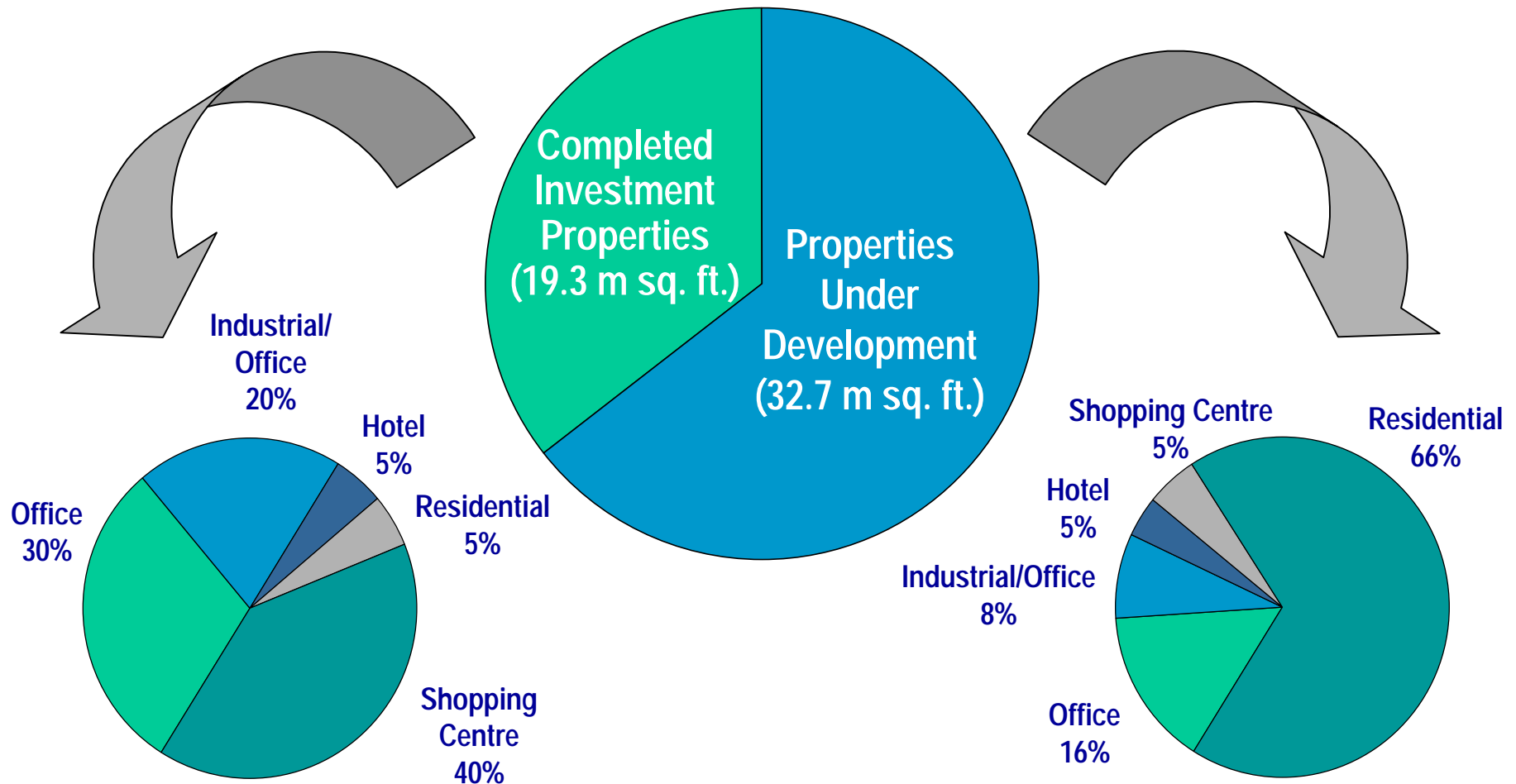


Business Review



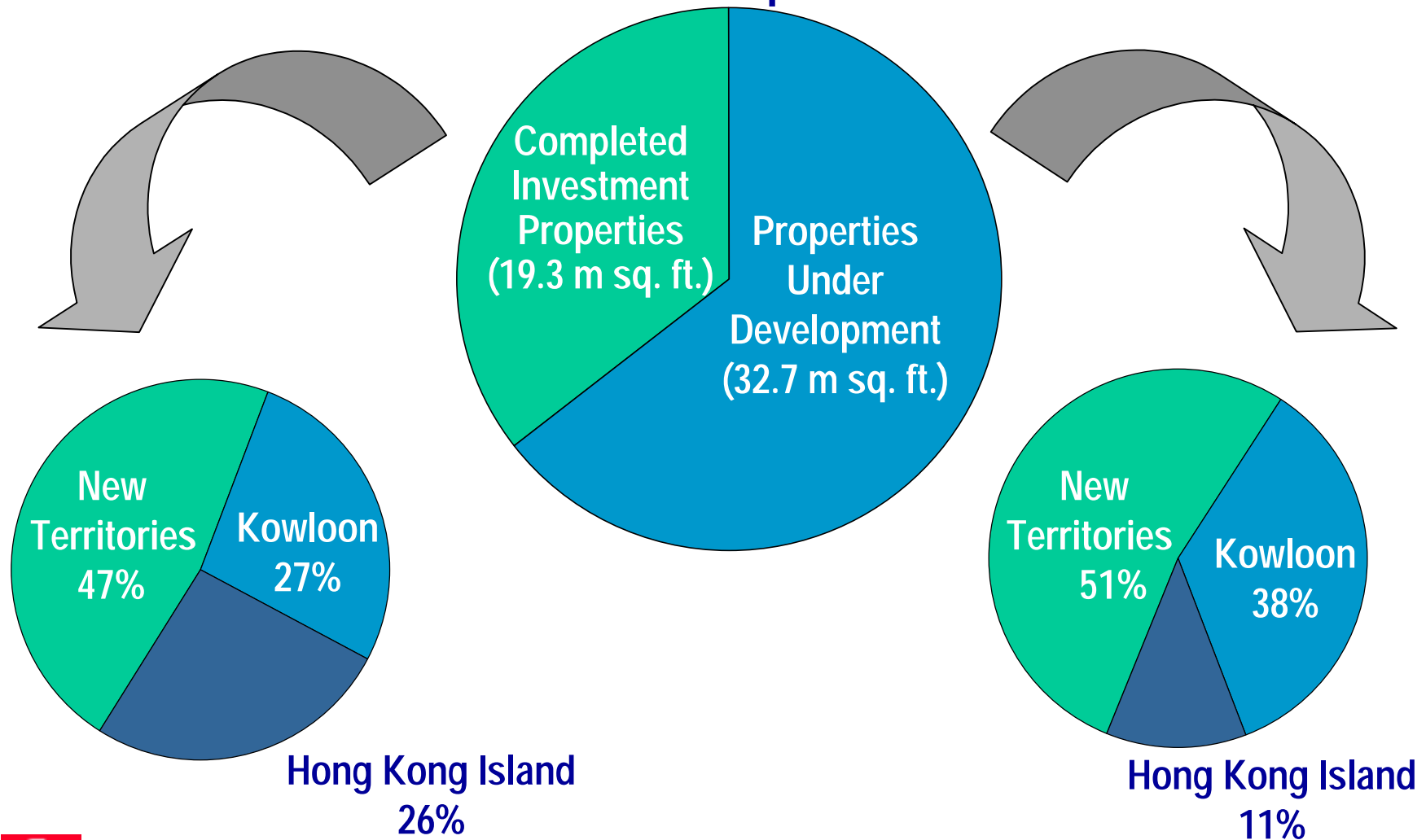
Total Land Bank By Usage (Hong Kong)

52.0 million square feet



Total Land Bank By Location (Hong Kong)

52.0 million square feet



Completion Schedule

- Presold 85% of residential projects which are scheduled for completion in FY2002

(Attributable GFA in million square feet)

Financial Year	Residential properties	Others	Total
2001 Actual	3.6	0.5	4.1
2002	4.5	0.1	4.6
2003	4.6	1.6	6.2
2004	5.0	0.7	5.7



Projects To Be Completed During 2H FY2002

Project	Interest %	Attributable GFA (square feet)		
		Residential	Retail	Office
The Leighton Hill	100.0	898,000		
The Parcville	66.7	664,000		
Tung Chung Town Lot 3	20.0	237,500	5,500	
1 – 7 Lion Rock Road	100.0	22,700	2,900	
7 – 9 Minden Avenue	100.0			29,000
54 – 56 Kwai Cheong Road	49.0			80,000
Total		1,822,200	8,400	109,000


 Total GFA = 1,939,600 square feet



Property Development

- Brand name recognition of quality products and services
- Wide-range of flat sizes, substantial majority are small-to-medium sized units
- Increase production volume of residential properties
- Continue to launch residential projects for sale including
 - Park Central Phase 2
 - Ocean Shores Phase 3
 - Liberté (Cheung Sha Wan Shipyard redevelopment)
 - Park Island



Property Investment

- Occupancy rate at about 94%
- Resilience nature of retail portfolio
- Maintain an optimal mix of quality portfolio
- Dispose of non-core rental properties to enhance returns



Prospects



Hong Kong Property Market

- Recent transactions were higher than the levels of pre-September 11
- Demand for small-sized units remained relatively buoyant
- Latest decision to reduce income limit for HOS housing eligibility should increase private housing demand
- End-user driven market



Hong Kong Property Market (Cont'd)

- Strong property market fundamentals
 - monthly mortgage installment is lower than monthly rental
 - very attractive mortgage financing with record low interest rate of 2.625% p.a.
- Strongest affordability ever
- A more pro-market Government housing policy
 - reduce HOS housing production and sales in next few years



Strategy and Prospects

- Focus on Hong Kong property market
- Strengthen brand name
- Build superior quality properties in cost effective manner
- Increase completion of residential properties for sale
- Develop new landmark investment properties and consider selling non-core properties
- Selectively invest in property projects in major cities on the Mainland
- Emphasis on return and shareholder value

