



Sun Hung Kai Properties

Building Homes with Heart

FY2021 Interim Results



25 February 2021

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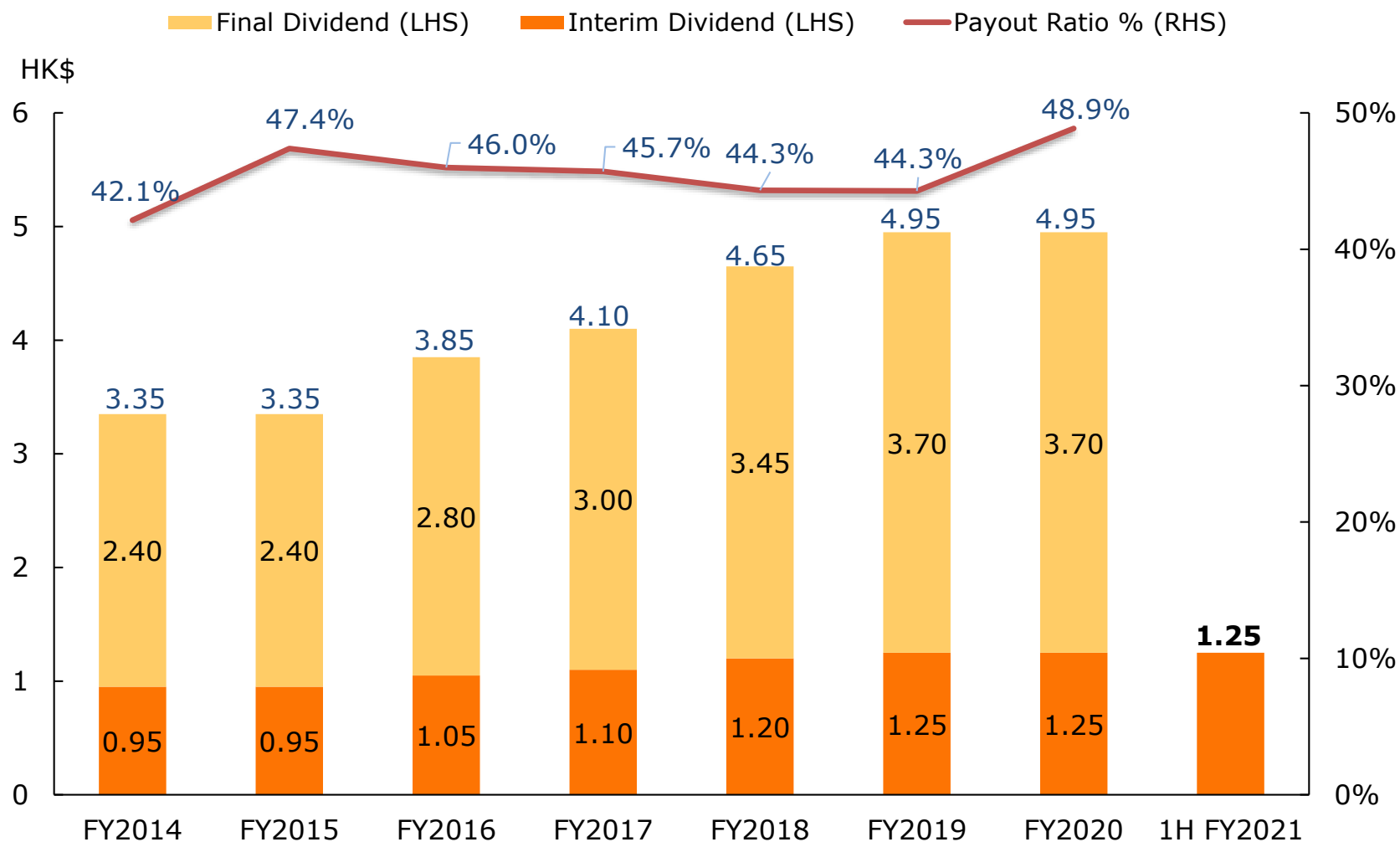
FINANCIAL REVIEW – 1H FY2021

Financial Highlights

	1H FY2021	1H FY2020	Change
Profit attributable to the Company's shareholders			
- Underlying ⁽¹⁾ (HK\$ mn)	17,482	13,422	+30.2%
- Reported (HK\$ mn)	13,578	15,419	-11.9%
Basic earnings per share			
- Underlying ⁽¹⁾ (HK\$)	6.03	4.63	+30.2%
- Reported (HK\$)	4.69	5.32	-11.8%
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

Sustainable Dividend



Earnings Drivers

Profit Breakdown by Segment⁽¹⁾ (in HK\$ mn)	1H FY2021	1H FY2020	Change
(1) Property sales			
- Hong Kong	10,484	6,335	
- Mainland	1,882	515	
Sub-total	12,366	6,850	+80.5%
(2) Property rental			
- Hong Kong	6,923	7,539	
- Mainland	2,313	1,858	
- Singapore	260	272	
Sub-total	9,496	9,669	-1.8%
(3) Hotel operation	-228	197	n.a.
(4) Other businesses	2,533	2,279	+11.1%
Total (1)+(2)+(3)+(4)	24,167	18,995	+27.2%

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

Financial Position

As at	31 Dec 2020	30 Jun 2020	31 Dec 2019
Shareholders' equity (HK\$ mn)	583,286	571,813	569,757
- Shareholders' equity per share (HK\$)	201.3	197.3	196.6
Net debt (HK\$ mn)	83,955	80,901	101,309
Net gearing ratio ⁽¹⁾	14.4%	14.1%	17.8%
	1H FY2021		1H FY2020
Interest cover ⁽²⁾	15.3x		11.0x

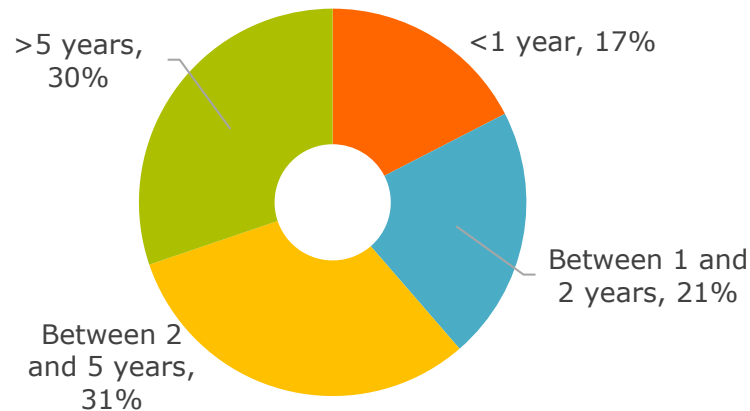
(1) Calculated on the basis of net debt to Company's shareholders' funds

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

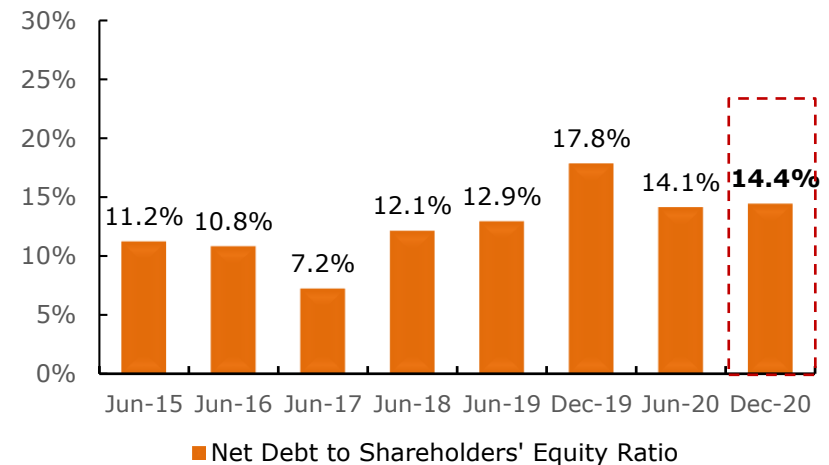
Financial Position (Cont'd)

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

Debt Maturity Profile



Net Gearing Ratio



MOODY'S A1/ Stable

STANDARD & POOR'S

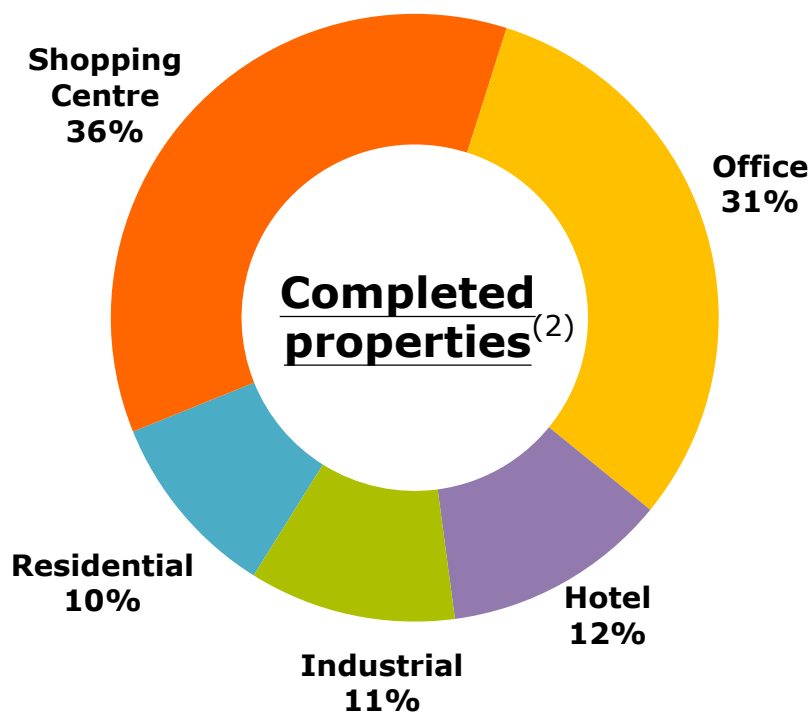
A+/ Stable



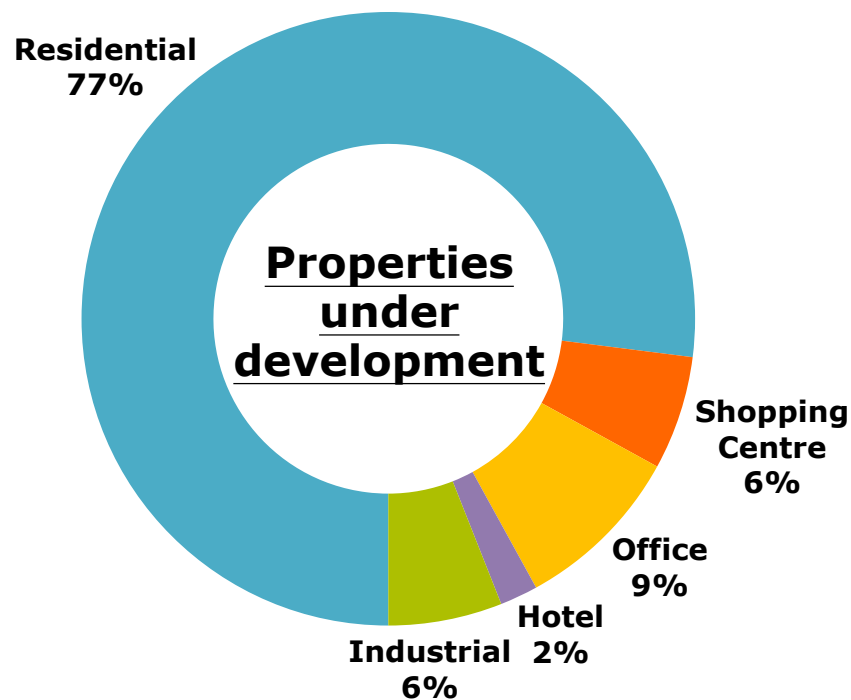
PROPERTY BUSINESS - HONG KONG LAND BANK

Land Bank in Hong Kong

➤ Total land bank as at 31 December 2020: **56.0mn sq.ft.**⁽¹⁾



Total:33.7mn sq.ft.



Total:22.3mn sq.ft.

(1) In attributable terms

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

Land Acquisitions in Hong Kong

- Acquired two sites during 1H FY2021
 - A residential site in So Kwun Wat, Tuen Mun (Tuen Mun Town Lot 496) through the conversion of agricultural land
 - Stake: 75.2%
 - Total GFA: 614,000 sq.ft.
 - Earmarked for the development of a mass residential project with a wide range of flat types
 - An industrial site in Tuen Mun via a private deal
 - Effective stake: 69.9%
 - Plan to convert into office and retail uses with a GFA of ~772,000 sq.ft.
- Continue to replenish land bank through different channels, including active conversion of agricultural lands, when appropriate opportunities arise



PROPERTY BUSINESS - HONG KONG PROPERTY DEVELOPMENT

Recognized Property Sales in Hong Kong

Property Sales ⁽¹⁾	1H FY2021	1H FY2020	Change
Revenue (HK\$ mn)	23,433	14,678	↑ 59.6%
Operating profit (HK\$ mn)	10,484	6,335	↑ 65.5%

- Major contributors:
 - Cullinan West III, St Martin Phase 2, Mount Regency Phase 2 and W LUXE
- Satisfactory development margins
- Completed ~1.3mn sq.ft. of attri. residential GFA in 1H FY2021
 - Another ~0.8mn sq.ft. of attri. residential GFA due for completion in 2H FY2021
- About HK\$26.7bn⁽²⁾ contracted sales yet to be recognized



(1) Including shares of associates and joint ventures

(2) As at 31 December 2020

Contracted Sales in Hong Kong

Project	Stake (%)	Attri. Sales Proceeds (HK\$ bn)
Wetland Seasons Park, Tin Shui Wai	100	2.0
Cullinan West, West Kowloon	JV	2.1
Phase 1 of Regency Bay, Tuen Mun	100	1.4
Grand YOHO, Yuen Long	100	1.3
Phase 1 of Central Peak, Mid-levels East	100	0.8
Others		3.7
Total		11.3

- Transaction volume in the Hong Kong primary residential market was affected by months-long social distancing measures

Ample Saleable Resources to be Launched in Hong Kong in the Next 10 Months



A. Victoria Harbour Phase 2
Stake: 100%
Res. GFA: 258,000 sq.ft.



B. Prince Central
Stake: 100%
Res. GFA: 45,000 sq.ft.



E. Yuen Long Station Development Phase 1

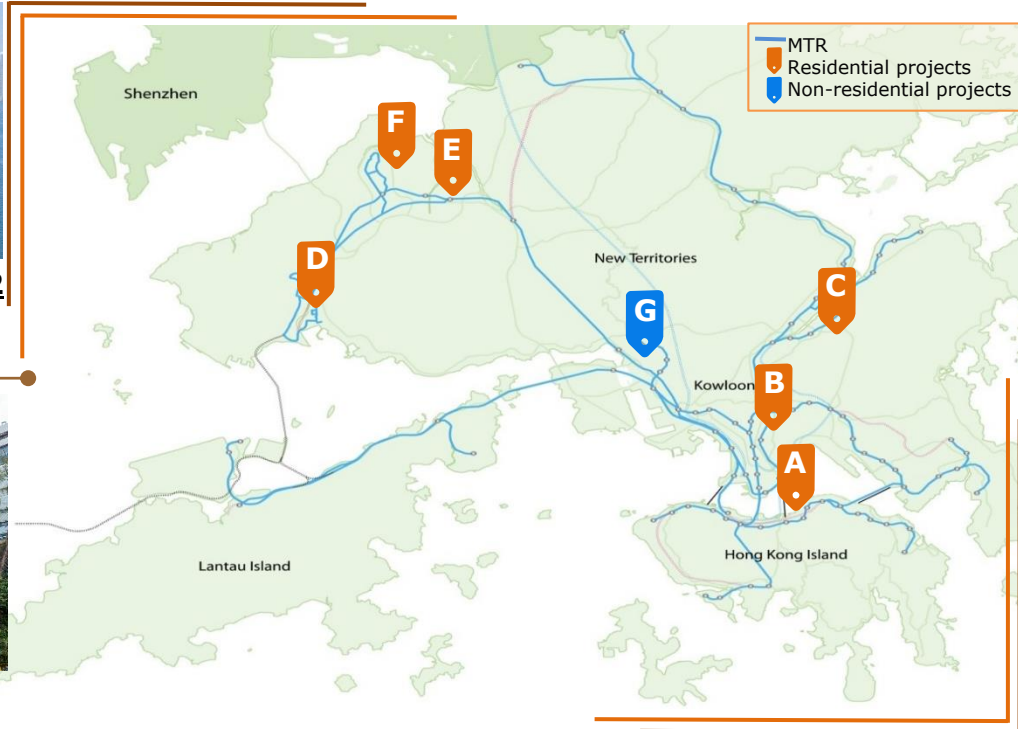
Stake: JV
Res. GFA: 734,000 sq.ft.

F. Tin Shui Wai Town Lot No.33 Phase 1

Stake: 100%
Res. GFA: 672,000 sq.ft.

G. 252 Texaco Road & 28 Wang Lung Street

Stake: 65.2%
Attri. GFA: 248,000 sq.ft.



C. St Michel Phase 1
Stake: 100%
Res. GFA: 260,000 sq.ft.



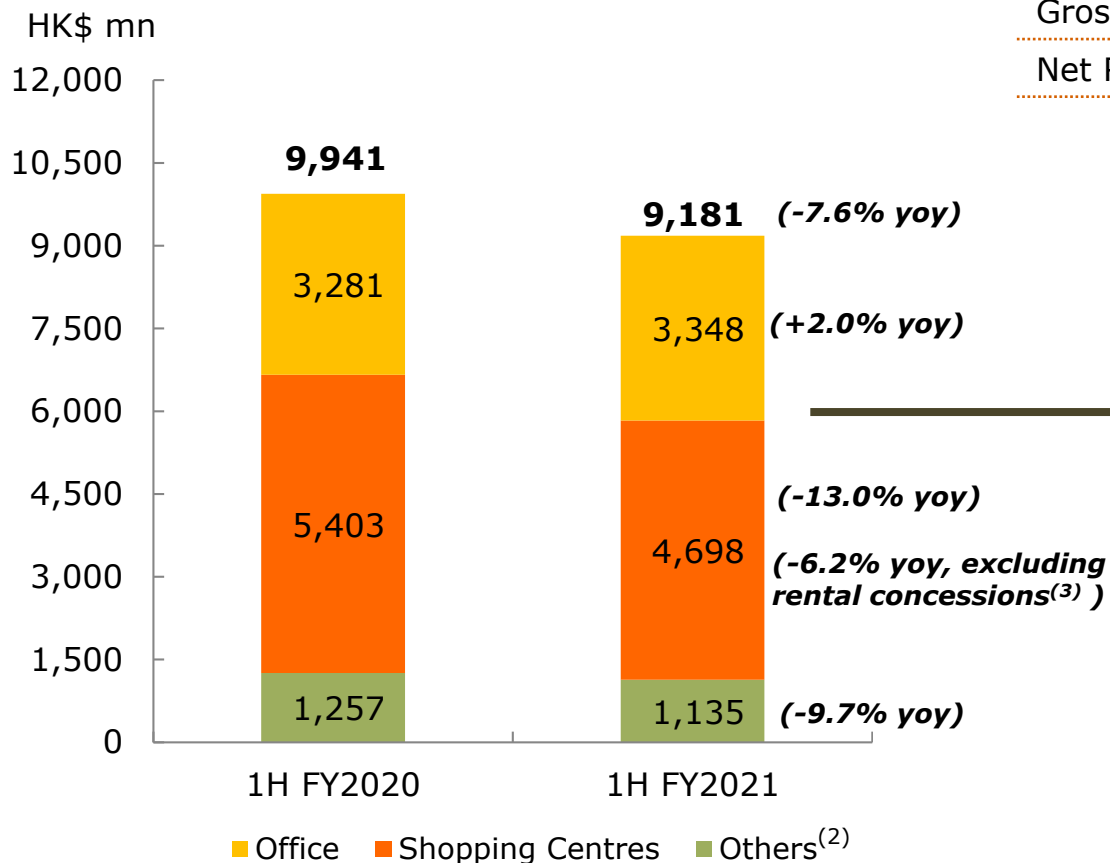
D. Regency Bay Phase 2
Stake: 100%
Res. GFA: 179,000 sq.ft.



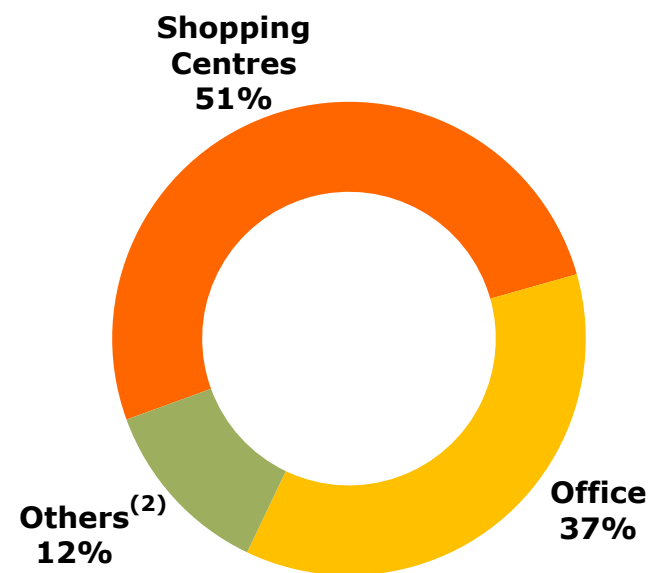
PROPERTY BUSINESS - HONG KONG PROPERTY INVESTMENT

Rental Income from Diversified Portfolio

Gross Rental Income by Sector in Hong Kong⁽¹⁾



	(HK\$ mn)	1H FY2021	Change
Gross Rental Income		9,181	↓ 7.6% yoy
Net Rental Income		6,923	↓ 8.2% yoy



Overall Average Occupancy: ~90%

(1) Including shares of associates and joint ventures

(2) Residential, industrial and car parks

(3) All the rental concessions have been recognized in 1H FY2021

Proactive Approach in Supporting Retail Tenants

- Revitalized outdoor space and introduced sports facilities at selected shopping malls to cater for the growing appetite for outdoor activities



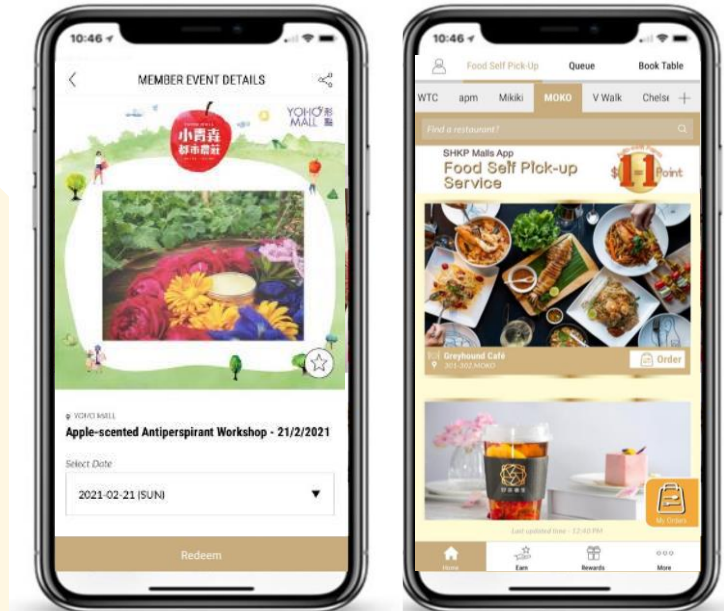
Proactive Approach in Supporting Retail Tenants (Cont'd)

- Enhanced hygiene standards by utilizing 5G and advanced technology
 - Provision of smart washroom solutions
 - Introduction of 5G robots
 - Wider application of Internet of Things (IoT)
 - Launch of various contactless facilities



Proactive Approach in Supporting Retail Tenants (Cont'd)

- The Point by SHKP, the loyalty programme under the SHKP Malls App, with membership surpassing one million managed to drive footfall and boost sales for tenants
- Online food pre-ordering function available at SHKP Malls App
 - Spending reward initiatives
 - Online and offline campaigns



Hong Kong Office Portfolio of 10mn sq.ft.

➤ Continued to be relatively stable amid challenging environment

IFC



Attri. GFA: 1.0mn sq.ft.
Occupancy: 98%

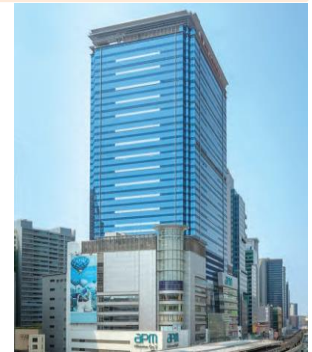
ICC



Attri. GFA: 2.5mn sq.ft.
Occupancy: 95%



Millennium City Cluster



Attri. GFA: 1.7mn sq.ft.
Occupancy: 90%

Wan Chai & Causeway Bay



Attri. GFA: 1.8mn sq.ft.
Occupancy: 93%

(1) Occupancies as at 31 December 2020

Major New Additions in the Pipeline

98 How Ming Street, Kwun Tong

Effective stake: 69.9%

Total GFA: 1.15mn sq.ft.



- Two Grade-A office towers: 650,000 sq.ft.
 - Preliminary marketing has commenced
- Premium shopping mall: 500,000 sq.ft.
- Expected completion: 2023

Mega Commercial Complex atop High Speed Rail Terminus, West Kowloon

Total GFA: ~3.2mn sq.ft.

- Grade-A office towers (Group's Stake: 50%): ~2.8mn sq.ft.⁽¹⁾
- Premium retail space (Group's Stake: 100%): 349,000 sq.ft.⁽¹⁾
- Well positioned to capture the rising opportunities from the Greater Bay Area development

(1) Under existing planning



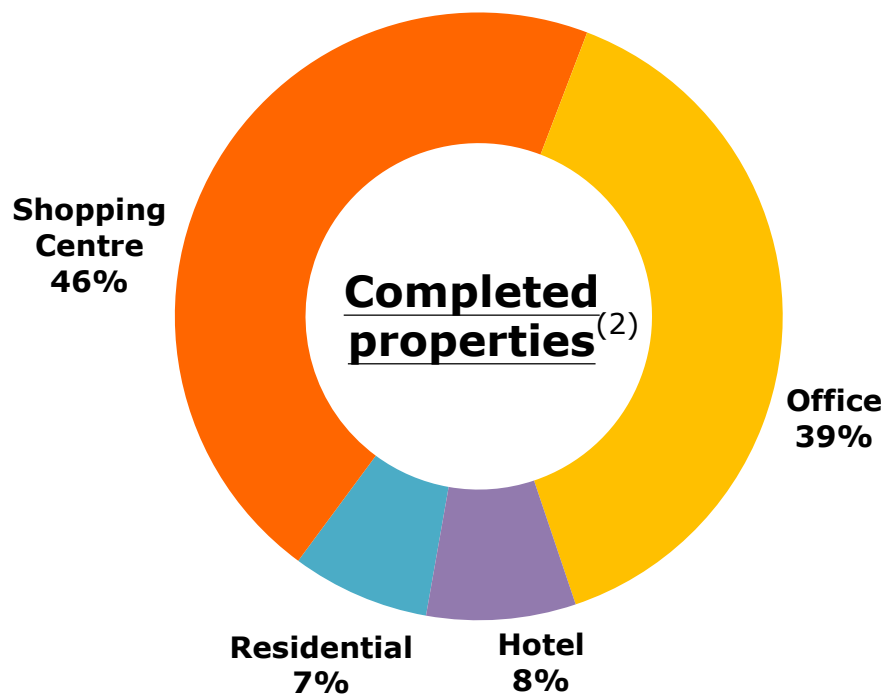


Rendering

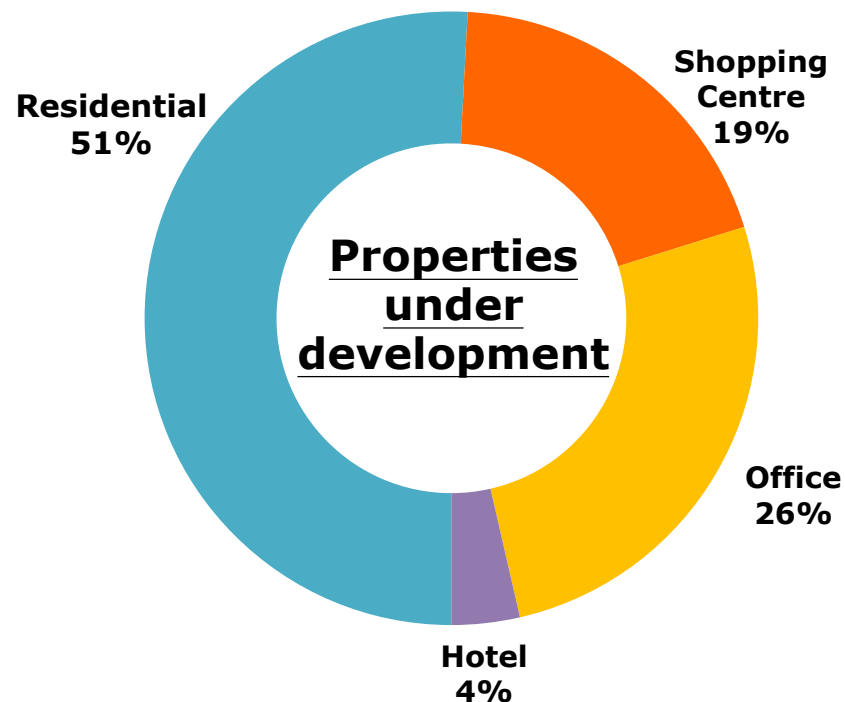
**PROPERTY BUSINESS - MAINLAND
LAND BANK**

Land Bank on the Mainland

- Total land bank as at 31 December 2020: **66.9mn sq.ft.**⁽¹⁾



Total: 16.3mn sq.ft.



Total: 50.6mn sq.ft.

(1) In attributable terms

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



**PROPERTY BUSINESS - MAINLAND
PROPERTY DEVELOPMENT**

Recognized Property Sales on the Mainland

Property Sales ⁽¹⁾	1H FY2021	1H FY2020	Change
Revenue (HK\$ mn)	3,475	1,530	↑ 127.1%
Operating profit (HK\$ mn)	1,882	515	↑ 265.4%

- Major contributors:
 - Forest Hills, The Woodland Phase 5A, Park Royale Phase 2B, Oriental Bund and TODTOWN Phase 1
- Satisfactory development margins
- ~0.7mn sq.ft. of attri. residential GFA due for completion in 2H FY2021
- Around HK\$10.8bn⁽²⁾ contracted sales yet to be recognized



(1) Including shares of associates and joint ventures
 (2) As at 31 December 2020

Contracted Sales on the Mainland

Project	Location	Stake (%)	Attri. Sales Proceeds (RMB bn)
Oriental Bund	Foshan	50	1.0
Grand Waterfront	Dongguan	100	0.6
Forest Hills	Guangzhou	70	0.5
Phase 2 of Shanghai Arch	Shanghai	100	0.3
Others			0.6
Total			3.0⁽¹⁾

(1) Contracted sales in terms of HKD amounted to HK\$3.4bn

Upcoming Launches on the Mainland in the Next 10 Months

Project	Location	Stake (%)	Attri. Res. GFA (sq.ft.)
New batches of Oriental Bund	Foshan	50	1,181,000
Remaining Towers of Grand Waterfront Phase 3B & 3C	Dongguan	100	744,000
The Woodland Phase 5B	Zhongshan	JV	684,000
Total			2,609,000

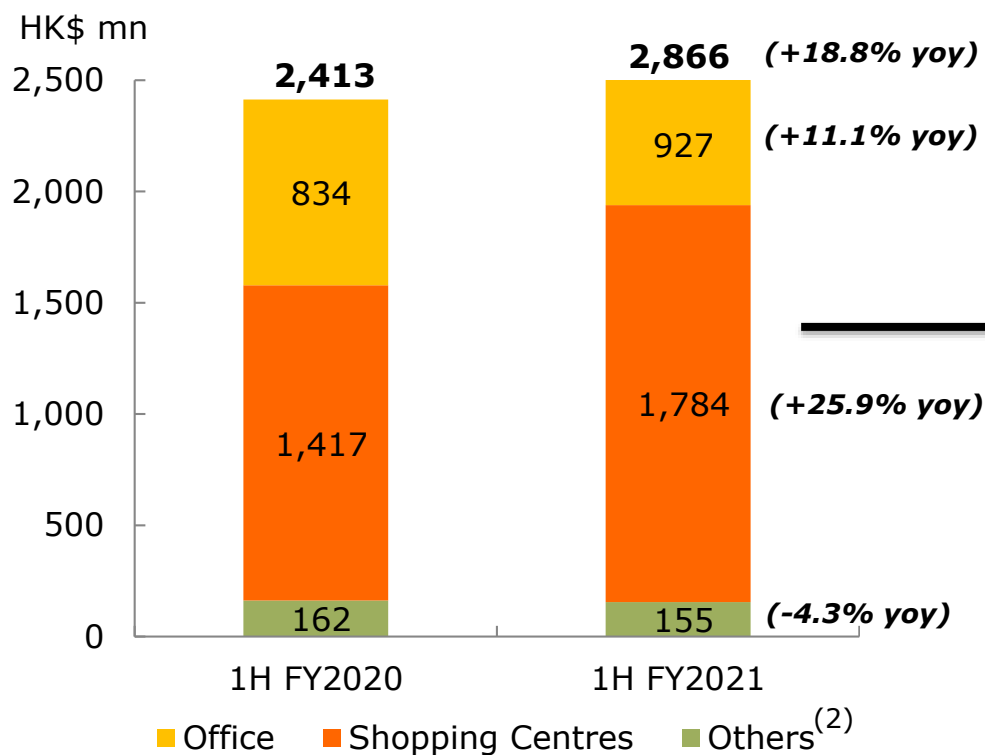


**PROPERTY BUSINESS - MAINLAND
PROPERTY INVESTMENT**

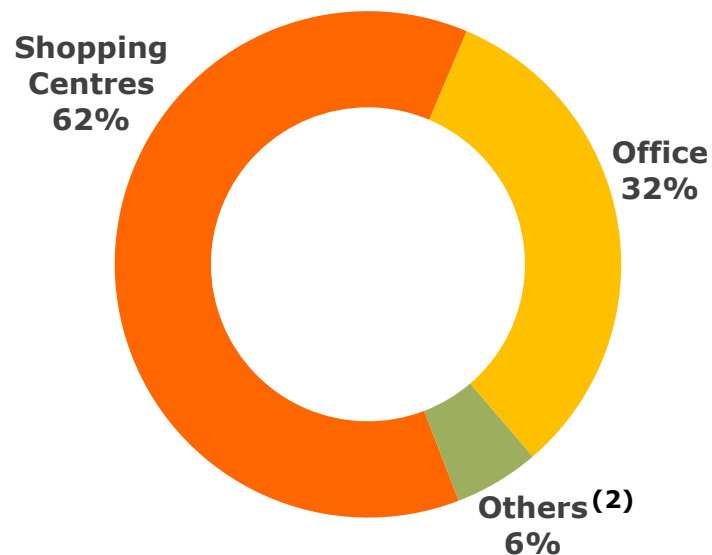
Rental Income from the Mainland

- Gross rental income of RMB2,486 million, up 14.7% yoy in RMB terms
- Represented ~23% of the Group's total gross rental income

Gross Rental Income by Sector on the Mainland⁽¹⁾



(HK\$ mn)	1H FY2021	Change
Gross Rental Income	2,866	↑ 18.8% yoy
Net Rental Income	2,313	↑ 24.5% yoy



(1) Including shares of associates and joint ventures

(2) Residential, car parks and others

Existing Mainland Property Investment – Retail Portfolio

Mainland Retail Portfolio Registered Strong Rental Income Growth

- Signatures malls in Shanghai and Guangzhou are at the forefront to capture a demand surge in luxury-end retail sales
- Beijing APM completed a greening project in 2020 and is undergoing trade-mix enhancement



Existing Mainland Property Investment – Office Portfolio

Mainland Office Portfolio in Shanghai Continued to Perform Satisfactorily

- Premium office space at Shanghai IFC and Shanghai ICC remained popular addresses for renowned corporations
- Offices in the first two phases of ITC in Shanghai were fully let



Property Investments under Development in Major Mainland Cities

ITC, Shanghai Stake: 100%
Total GFA: 7.6mn sq.ft.

- **220-metre office tower:** scheduled for completion in mid 2022; pre-leasing activities have commenced
- **2.5 million sq.ft. mall and another 370-metre skyscraper:** construction progressing smoothly

Remaining Phase



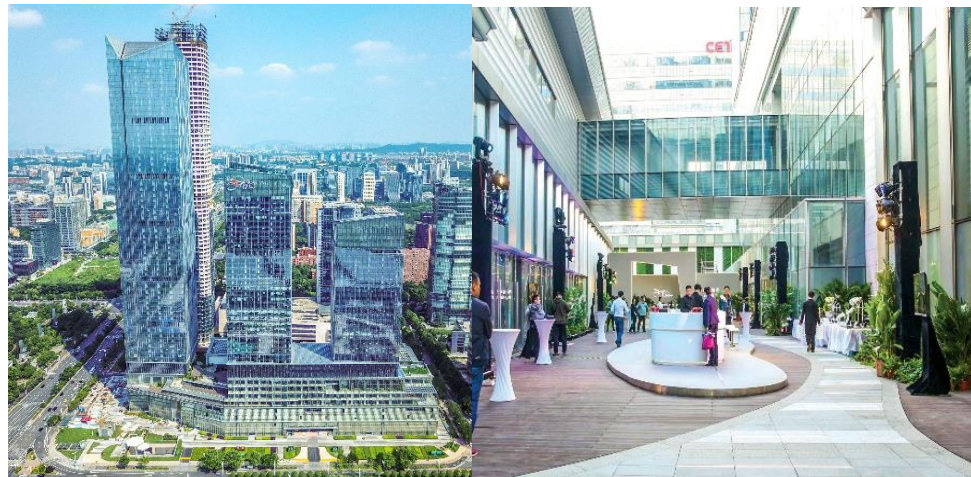
Rendering

Nanjing IFC

Stake: 100%

Total GFA: 3.4mn sq.ft.

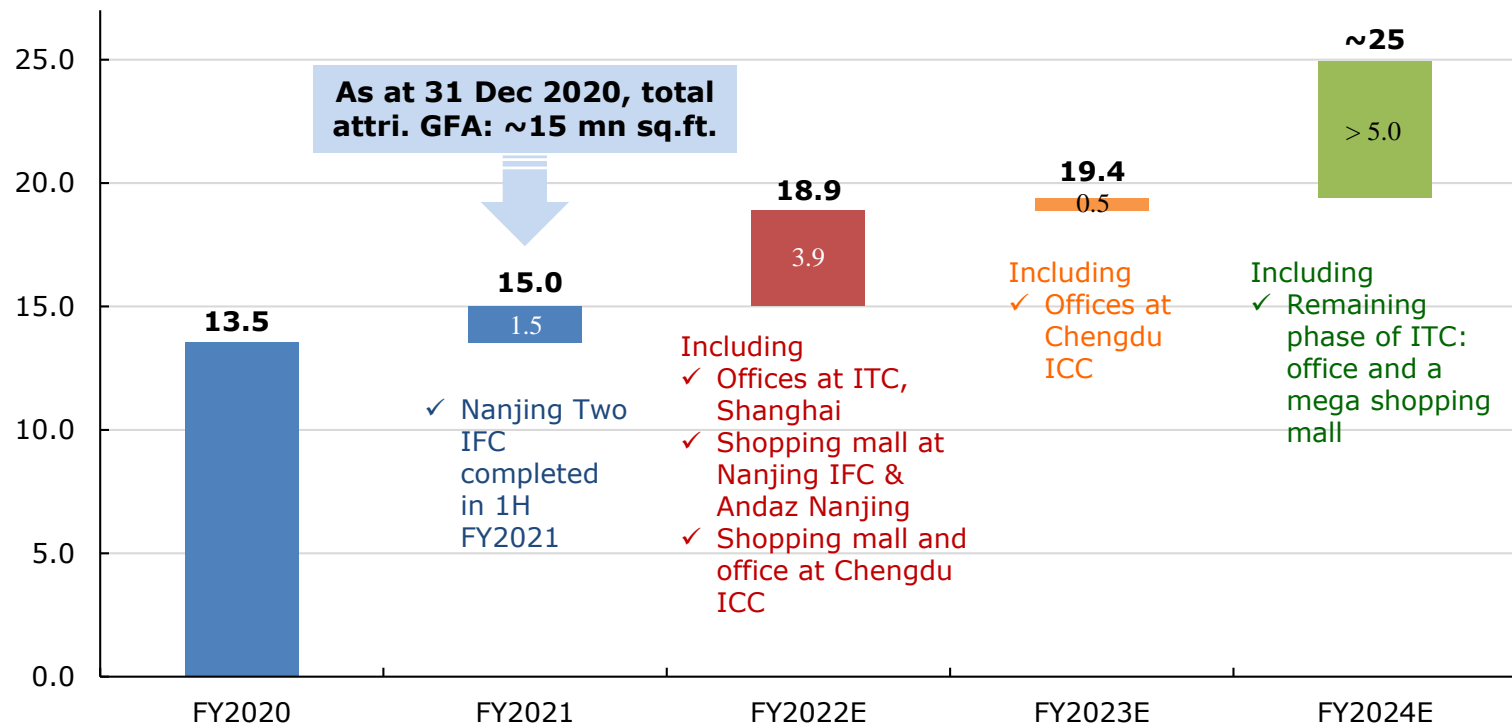
- **Nanjing One IFC offices:** achieved committed occupancy of about 75%
- **Nanjing Two IFC offices:** completed in 2H 2020; leasing activities are progressing smoothly
- **Nanjing IFC mall:** expect to open in 2022; preliminary leasing responses were encouraging



Expansion of Mainland Property Investment Portfolio

- Mainland property investment portfolio will be further expanded to **~25 million sq.ft. attributable GFA** in the coming 4 years
 - Among the 25 million sq.ft. portfolio, **~46% would be retail spaces**

Mn sq.ft. (attri. GFA)





HOTEL BUSINESS

Hotel Business

Hotel Business ⁽¹⁾ (HK\$ mn)	1H FY2021	1H FY2020	Change
Revenue	1,213	2,179	↓ 44.3%
Operating Profit	-228	197	n.a.

- The Group's hotel portfolio in Hong Kong was affected by the pandemic with occupancy and RevPAR have fallen significantly
- A series of measures were introduced to mitigate the negative impact and further enhance operational efficiency, including creative promotional campaigns targeted towards long-staying customers
- The Ritz-Carlton Shanghai, Pudong saw modest recovery though it has been affected by the fluctuations of the pandemic
- The first phase of Andaz Nanjing is expected to open in 2022 while Four Seasons Hotel Suzhou is scheduled to open in two years



(1) Including shares of associates and joint ventures



MARKET AND BUSINESS PROSPECTS

Market Prospects

Hong Kong

- Various challenges brought by COVID-19 will continue to weigh on the economy in the short term
- The operating environment, in particular the tourism industry, will remain tough

Primary residential market	<ul style="list-style-type: none">➤ Solid end-user demand, the low interest rate environment and the buoyant equity market will underpin the market➤ High lump-sum transactions will be under constraints amid tight mortgage policy
Retail leasing market	<ul style="list-style-type: none">➤ Leasing momentum improved marginally with some new demand from retailers focusing on domestic demand➤ A full recovery will depend on the local pandemic control, mass vaccination among wider local population and the relaxation of cross-border travel restrictions
Grade-A office leasing market	<ul style="list-style-type: none">➤ MNCs are expected to remain cautious amid an uncertain macro-environment➤ Momentum is expected to improve gradually with the economic recovery

Market Prospects (Cont'd)

Key Cities on the Mainland

- The mainland economy will grow at a relatively fast pace this year, backed by its effective containment measures and dual circulation economic strategy

Primary residential market	<ul style="list-style-type: none">➤ Solid end-user demand and the revival of buyer confidence will support the market➤ City-specific housing and land policies will remain in place
Retail leasing market	<ul style="list-style-type: none">➤ Resilient domestic consumption with a swift sales rebound in luxury goods helps instill confidence in local and foreign brands➤ Leading luxury malls will be benefitted from the spending boom in luxury goods with outbound travel restrictions in place
Grade-A office leasing market	<ul style="list-style-type: none">➤ Keen competition amid ample new supply (mainly in non-core areas) may weigh on the leasing performance➤ Attractive economic prospects may draw MNCs' interests in further expansion in selected prime cities

Business Prospects

Short-term

➤ **Hong Kong**

- With ample saleable resources in the pipeline, the Group will launch the projects to drive sale
- Leasing renewals remain challenging and rents continue to see downward pressure, particularly for shopping malls
- Hotel business is likely to remain tough as long as cross-border global travel is restricted
- The Group is well-prepared to embrace for the business opportunities from the reopening of the borders and anticipated economic recovery

➤ **On the Mainland**

- The Group's mainland property investment portfolio will continue to benefit from the relatively fast pace of economic growth

Business Prospects (Cont'd)

Medium- to Long-term

- With the unique strength of the 'One Country, Two Systems' and the continuous growth of the Greater Bay Area, the Group has unwavering confidence in the long-term development of Hong Kong
- The Group continues to develop landmark commercial projects for rent and possesses sufficient development land bank for sale in Hong Kong
- The Group's recurrent income base from the mainland will be significantly enlarged
 - In the next 4 years, the Group's core mainland property investment portfolio will be further expanded from currently ~15 million sq.ft. to ~25 million sq.ft.
- The Group will continue to seek land acquisition opportunities in both Hong Kong and major mainland cities with strict financial discipline when opportunities arise

Creating Long-term Value for All Stakeholders

“ Established for over half a century, the Group has weathered many crises and cycles together with Hong Kong and is adept at turning challenges into opportunities. The Group remains confident in the long-term economic prospects of Hong Kong and the mainland and will continue to acquire land for development when good opportunities arise. With its trusted brand and strong fundamentals, including a forward-looking, experienced management team and a solid financial position, the Group believes it will overcome this unprecedented challenge and become a stronger, increasingly resilient and competitive company, creating long-term value for all stakeholders.”

Kwok Ping-luen, Raymond

Chairman & Managing Director

25 February 2021

(Extracted from Chairman Statement, FY2021 Interim Results)

SHKP in ESG



FTSE4Good



Hong Kong
Business
Sustainability Index 2019

香港企業可持續發展指數 2019



Greater Bay Area
Business
Sustainability Index 2019

粵港澳大灣區企業可持續發展指數2019



Hang Seng Corporate
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Sun Hung Kai Properties

Building Homes with Heart

Thank you!

