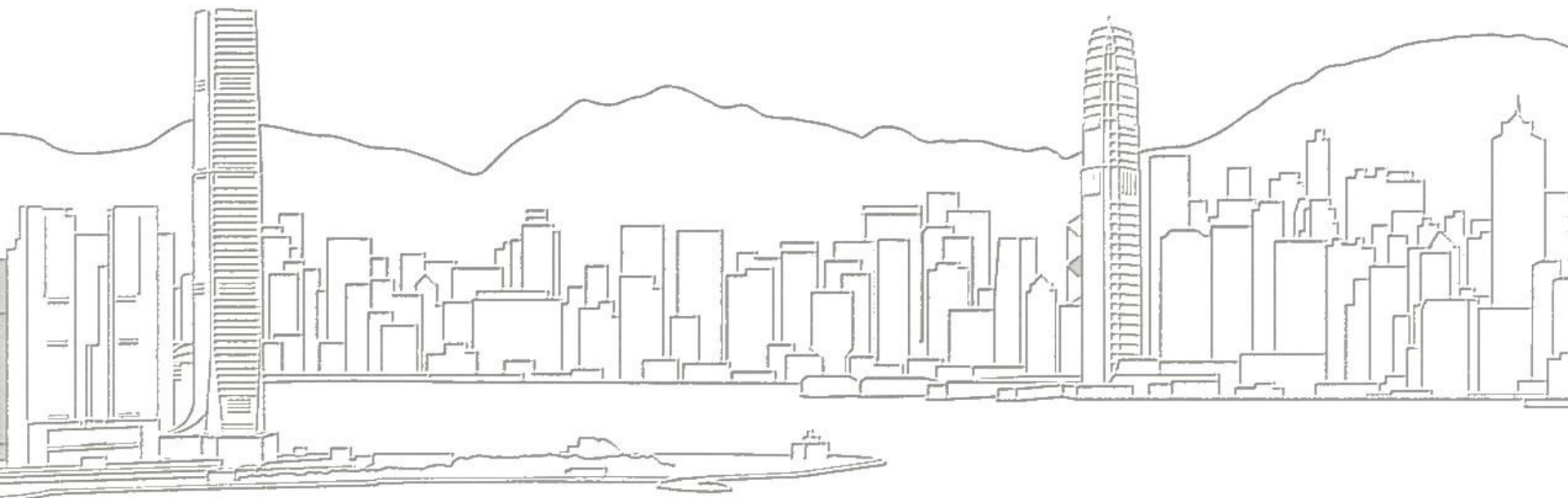




Sun Hung Kai Properties

Building Homes with Heart

FY2017 Interim Results



28 February 2017

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KEY MESSAGES

Key Messages

- Strong contracted sales with abundant saleable resources
- Sufficient land bank coupled with different sources of land banking
- High production volume of over 3mn sq.ft. of residential GFA per annum in Hong Kong
- Steadily-growing rental income driven by well-diversified rental portfolio and well-planned new additions
- Strong balance sheet and seasoned management team
- Consistent long-term strategy focusing on Hong Kong and major cities on the mainland
- Sustainable dividend



FINANCIAL REVIEW - 1H FY2017

Financial Highlights

| | 1H FY2017 | 1H FY2016 | Change |
|--|--------------|--------------|--------|
| Profit attributable to the Company's shareholders | | | |
| - Underlying ⁽¹⁾ (HK\$ mn) | 14,608 | 9,298 | 57.1 % |
| - Reported (HK\$ mn) | 20,659 | 14,724 | 40.3 % |
| Basic earnings per share for profit attributable to the Company's shareholders | | | |
| - Underlying ⁽¹⁾ (HK\$) | 5.05 | 3.23 | 56.3 % |
| - Reported (HK\$) | 7.14 | 5.11 | 39.7 % |
| Interim dividend per share (HK\$) | 1.10 | 1.05 | 4.8 % |

Remarks:

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

Earnings Drivers

| Operating Profit Breakdown by Segment ⁽¹⁾ (HK\$ mn) | 1H FY2017 | 1H FY2016 | Change |
|---|---------------|---------------|---------------|
| (1) Property sales | | | |
| - Hong Kong | 6,691 | 1,700 | |
| - Mainland | 1,644 | 762 | |
| - Singapore | 10 | 12 | |
| Sub-total | 8,345 | 2,474 | 237.3 % |
| (2) Property rental | | | |
| - Hong Kong | 6,669 | 6,399 | |
| - Mainland | 1,369 | 1,313 | |
| - Singapore | 235 | 231 | |
| Sub-total | 8,273 | 7,943 | 4.2 % |
| (3) Hotel operation | 735 | 697 | 5.5 % |
| (4) Other businesses | 2,244 | 2,205 | 1.8 % |
| Total (1)+(2)+(3)+(4) | 19,597 | 13,319 | 47.1 % |

Remarks:

(1) Including shares of associates and joint ventures

Financial Position

| | 31 Dec 2016 | 30 Jun 2016 | 31 Dec 2015 |
|---------------------------------------|----------------|----------------|----------------|
| Shareholders' funds (HK\$ mn) | 476,834 | 468,707 | 455,766 |
| - Shareholders' fund per share (HK\$) | 164.7 | 161.9 | 157.5 |
| Net debt (HK\$ mn) | 41,760 | 50,713 | 56,551 |
| Net gearing ratio ⁽¹⁾ | 8.8% | 10.8% | 12.4% |
| | 1H FY2017 | | 1H FY2016 |
| Interest cover ⁽²⁾ | 15.5x | | 9.7x |

Remarks:

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

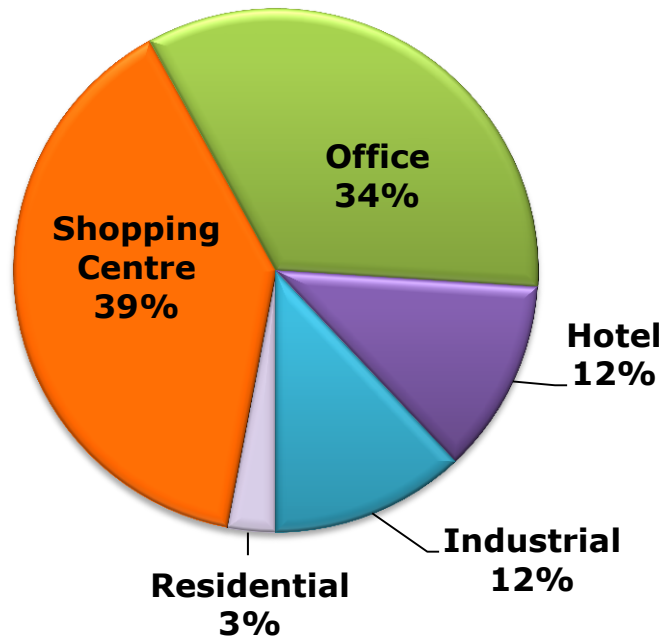
(2) Measured by the ratio of operating profit to total net interest expenses including those capitalized



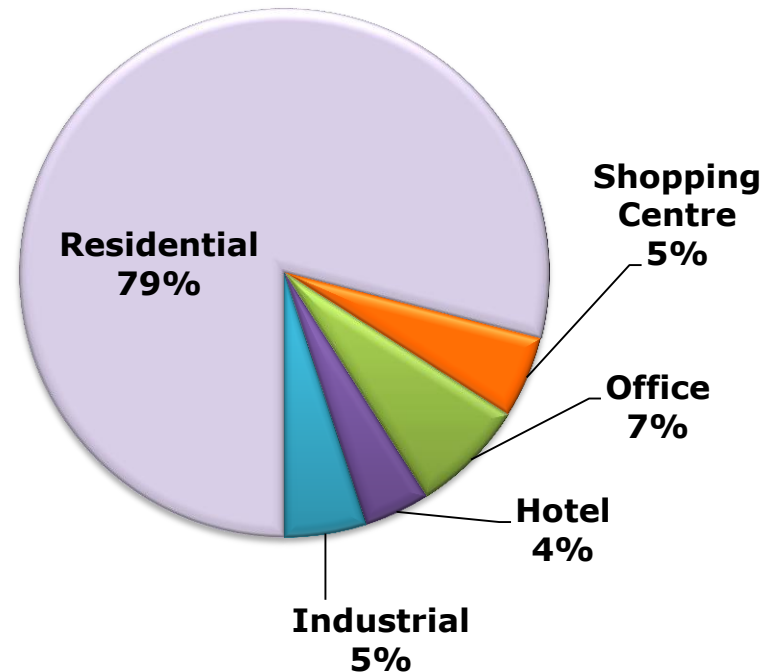
**PROPERTY BUSINESS - HONG KONG
LAND BANK**

Land Bank in Hong Kong

Total land bank as at 31 December 2016: 49.3mn sq.ft.⁽¹⁾



Completed investment properties
Total: 29.4mn sq.ft.



Properties under development
Total: 19.9mn sq.ft.

Remarks:

(1) Excluding over 30mn sq.ft. (site area) of agricultural land

Land Acquisitions

- Acquired a premium residential site in Sha Tin through government tender during the period
 - 434,000 sq.ft. of GFA
 - To be developed into luxury accommodation with satisfactory development margin

- Continue to seek opportunities for land acquisitions
 - Adhere to a prudent financial management discipline on land replenishment
 - Acquire through various channels including farmland conversion
 - Over 30mn sq.ft. (site area) under various stages of land use conversion



**PROPERTY BUSINESS - HONG KONG
PROPERTY DEVELOPMENT**

Property Sales in Hong Kong

| Property Sales ⁽¹⁾ (HK\$ mn) | 1H FY2017 | 1H FY2016 | Change |
|--|-----------|-----------|--------|
| Revenue | 19,243 | 6,244 | ↑ 208% |
| Operating Profit | 6,691 | 1,700 | ↑ 294% |
| <i>Margin</i> | 35% | 27% | ↑ 8ppt |

- Strong property sales growth due to
 - Substantially more completion in 1H FY2017
 - Overwhelming response to Grand YOHO Phase 1 (virtually sold out)
 - Satisfactory development margin
- Completed ~1mn sq.ft. of attr. residential GFA (1H FY2016: 0.4mn sq.ft.)
 - ~2.6mn sq.ft. of attr. residential GFA due for completion in 2H FY2017
 - Around 0.5mn sq.ft. has been pre-sold, mainly from Grand YOHO Phase 2, Twin Regency and King's Hill

Remarks:

(1) Including shares of associates and joint ventures

Contracted Sales Exceed HK\$22.8bn

Major contributors

| Project Name | Location | Stake (%) | Attr. Sales Proceeds (HK\$ bn) | Expected Completion |
|--------------------|---------------|-----------|--------------------------------|---------------------|
| Grand YOHO Phase 1 | Yuen Long | 100 | 9.4 | Completed |
| Lime Gala | Shau Kei Wan | 92 | 3.6 | FY2018 |
| Park YOHO Phase 1 | Yuen Long | 100 | 3.1 | Completed |
| Ocean Wings | Tseung Kwan O | 100 | 1.1 | FY2018 |

Confident to achieve full-year contracted sales target of HK\$33bn

Upcoming Launches in Next 10 Months

| Project Name | Location | Stake (%) | Attr. Res. GFA (sq.ft.) |
|------------------------------|--------------------|-----------|-------------------------|
| 1H 2017 | | | |
| Cullinan West | Nam Cheong Station | JV | 839,000 |
| Sha Tin Town Lot No. 581 | Sha Tin | 100 | 431,000 |
| Victoria Harbour | North Point | 100 | 320,000 |
| Eight Regency | Tuen Mun | 100 | 141,000 |
| St. Moritz | Sha Tin | 100 | 130,000 |
| Babington Hill | Mid-Levels | 82.8 | 55,000 |
| 2H 2017 | | | |
| Park YOHO Phase 2A | Yuen Long | 100 | 1,073,000 |
| LOHAS Park Package 4 Phase 1 | Tseung Kwan O | JV | 693,000 |



PROPERTY BUSINESS - HONG KONG PROPERTY INVESTMENT

Property Rental in Hong Kong

| Gross Rental Income by Sector ⁽¹⁾ (HK\$ mn) | 1H FY2017 | % of Total | 1H FY2016 ⁽²⁾ | % of Total | Change |
|---|--------------|---------------|-----------------------------|---------------|---------------|
| Shopping Centre | 4,600 | 53% | 4,441 | 54% | ↑ 3.6% |
| Office | 2,904 | 34% | 2,718 | 33% | ↑ 6.8% |
| Others ⁽³⁾ | 1,139 | 13% | 1,117 | 13% | ↑ 2.0% |
| Total | 8,643 | 100% | 8,276 | 100% | ↑ 4.4% |

- Steadily-growing and sizeable rental income from a diversified portfolio
- Continued to enjoy positive rental reversions with high overall occupancy of about 95%

Remarks:

- (1) Including shares of associates and joint ventures
 (2) Comparative figures are restated due to regrouping
 (3) Residential, industrial and car parks

Diversified Retail Portfolio

- Comprises shopping malls located mainly along railway lines totalling ~11mn sq.ft.
- Proactive management resulted in continued rental income growth amid a soft retail market

Continuous Refinement of Trade and Tenant Mixes

Attentive Service

Effective Promotions

Ongoing Asset Enhancement

Reasonable Occupancy Cost

✓ **Enhanced Shopping Experience**

✓ **High Occupancy Rate**

✓ **Positive Rental Reversions**

Effective Promotions & Attentive Service

East Point City, Tseung Kwan O



V City, Tuen Mun



MOKO, Mong Kok



Tai Po Mega Mall, Tai Po



Ongoing Asset Enhancement

APM, Kwun Tong

- Conversion of office space for retail use is progressing well
- Outdoor greening project to be completed by 2017



New Town Plaza, Sha Tin

- Renovation at Phase III includes major layout change, tenant mix refinement, revamp of facade to elevate customer experience



Metroplaza, Kwai Fong

- Renovation to be completed by 2H 2017
- Layout reconfigured to enhance visitors' circulation and provide more shopfronts to raise rental value

YOHO Mall in Yuen Long, Largest Retail Hub in Northwest N.T.

YOHO Mall I



YOHO Mall II



Other New Shopping Malls

2017



**PopWalk,
Tseung Kwan O South
(~240,000 sq.ft.)**

- 1st phase fully leased
- 2 other phases (95,000 sq.ft.) nearly fully pre-leased; to open in 2H 2017
- Last phase to be completed in FY2018

2018



**Mall at Nam Cheong
Station Development
(~300,000 sq.ft.)**

- Linked to extensive transport network
- Mall layout planning in progress
- Scheduled to open by the end of 2018

2019



**Harbour North,
North Point
(~140,000 sq.ft.)**

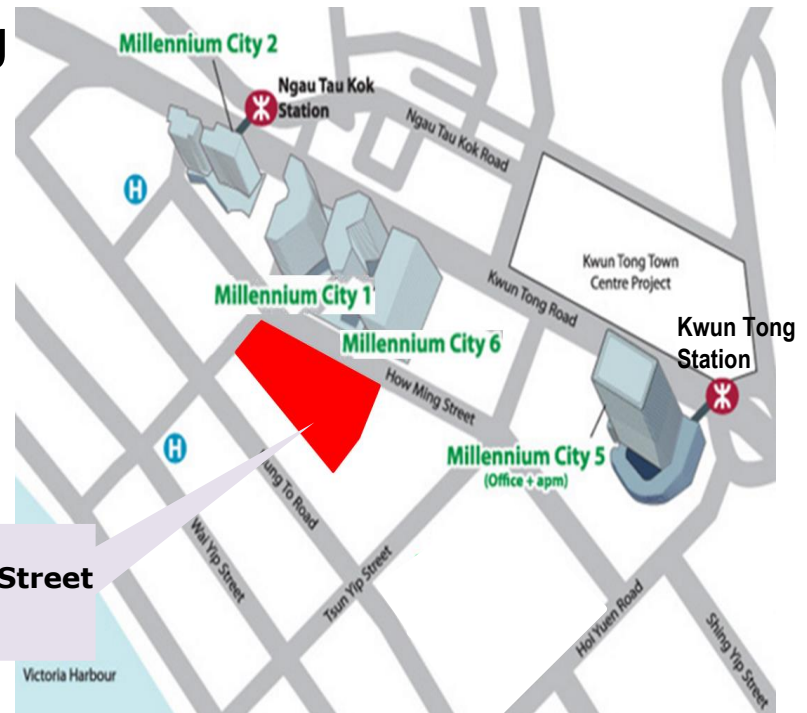
- Mall under Victoria Harbour
- Close to MTR North Point Station
- Extensive facade; duplex shops
- Fully completed in 2019

Premium Office Portfolio

- About 10mn sq.ft. of office space continued to perform well with positive rental reversions and high occupancy

| As at 31 December 2016 | IFC | ICC | Millennium City Cluster |
|------------------------|------|-----|-------------------------|
| Occupancy | 100% | 99% | 97% |

- 98 How Ming Street, Kwun Tong
 - Successfully completed land use conversion in 1H FY2017
 - Finalizing development plan
 - Synergize with Millennium City cluster
 - A footbridge to be built linking to Millennium City 6



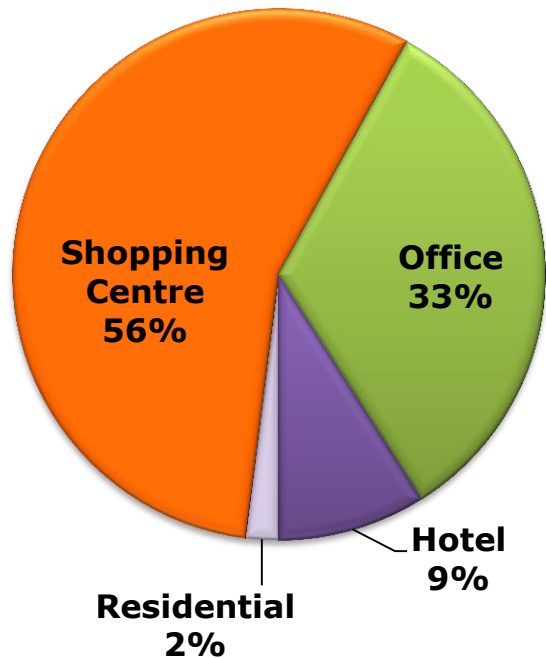
98 How Ming Street
(1.2mn sq.ft.)



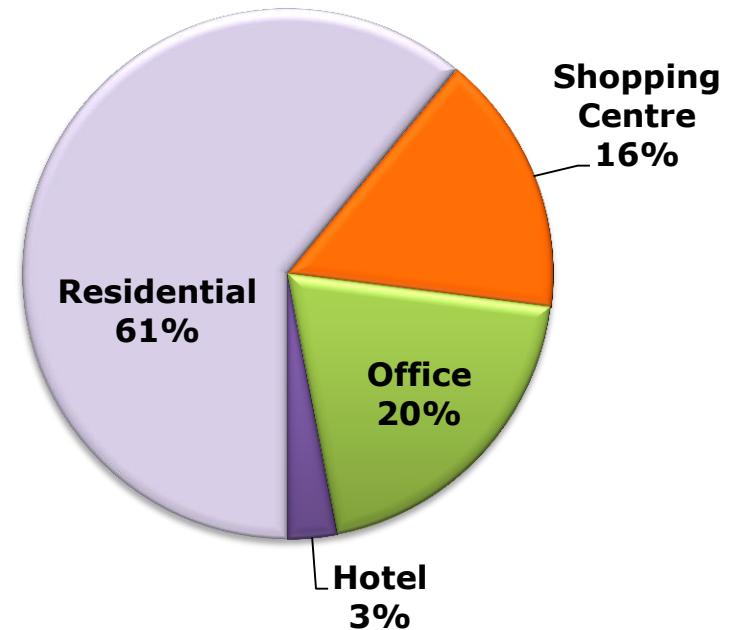
**PROPERTY BUSINESS - MAINLAND CHINA
LAND BANK**

Land Bank in Mainland China

Total land bank as at 31 December 2016: 65.6mn sq.ft.



Completed investment properties
Total: 12.4mn sq.ft.



Properties under development
Total: 53.2mn sq.ft.



**PROPERTY BUSINESS - MAINLAND CHINA
PROPERTY DEVELOPMENT**

Property Sales in Mainland China

| Property Sales ⁽¹⁾ (HK\$ mn) | 1H FY2017 | 1H FY2016 | Change |
|--|-----------|-----------|-------------|
| Revenue | 6,883 | 3,226 | ↑ 113% |
| Operating Profit | 1,644 | 762 | ↑ 116% |
| <i>Margin</i> | 24% | 24% | <i>FLAT</i> |

- Property sales mainly from Shanghai Cullinan, The Woodland in Zhongshan, Top Plaza East Tower and GCC, both in Guangzhou
- Completed 4.6mn sq.ft. of attr. GFA (1H FY2016: 0.7mn sq.ft.)
 - Included 3.7mn sq.ft. of attr. residential GFA (virtually sold out)
- ~0.7mn sq.ft. of attr. GFA due for completion in 2H FY2017
- Over RMB5.3bn property sales yet to be recognized

Remarks:

(1) Including shares of associates and joint ventures

Contracted Sales Exceed RMB5bn⁽¹⁾

Major contributors

| Project Name | Location | Stake (%) | Attr. Sales Proceeds (RMB bn) | Expected Completion |
|------------------------------|-----------|-----------|-------------------------------|--|
| Forest Hills Phase 2B | Guangzhou | 70 | 0.9 | FY2018 |
| Shanghai Arch Phase 1 and 2A | Shanghai | 100 | 0.8 | Phase 1: Completed Phase 2A: FY2018 |
| GCC | Guangzhou | 70 | 0.8 | Completed |
| Oriental Bund Phase 1D | Foshan | 50 | 0.5 | FY2018 |
| Top Plaza East Tower | Guangzhou | 33.3 | 0.4 | Completed |
| Park Royale Phase 2A | Guangzhou | 100 | 0.3 | FY2018 |
| Shanghai Cullinan | Shanghai | 100 | 0.2 | Completed |

Remarks:

(1) Contracted sales in terms of HKD amounted to HK\$5.7bn

Upcoming Launches in Next 10 Months

| Project Name | Location | Stake (%) | Attr. Res. GFA (sq.ft.) |
|-------------------------------------|----------|-----------|-------------------------|
| Shanghai Arch (Townhouses) | Shanghai | 100 | 25,000 |
| Shanghai Arch Phase 2B (Apartments) | Shanghai | 100 | 383,000 |
| Grand Waterfront Phase 2 | Dongguan | 100 | 840,000 |
| The Arch Suites | Chengdu | 40 | 395,000 |



**PROPERTY BUSINESS - MAINLAND CHINA
PROPERTY INVESTMENT**

Property Rental in Mainland China

| Gross Rental Income by Sector ⁽¹⁾ (HK\$ mn) | 1H FY2017 | % of Total | 1H FY2016 | % of Total | Change |
|---|--------------|---------------|--------------|---------------|---------------|
| Shopping Centre | 1,023 | 56% | 970 | 55% | ↑ 5.5% |
| Office | 664 | 36% | 641 | 37% | ↑ 3.6% |
| Others ⁽²⁾ | 150 | 8% | 147 | 8% | ↑ 2.0% |
| Total | 1,837 | 100% | 1,758 | 100% | ↑ 4.5% |

- Gross rental income from mainland represented 17% of the Group's total gross rental income (vs. 1H FY2016: 17%)
- Gross rental income in RMB terms grew by 12% to RMB1,606mn, benefitting from
 - Higher rents on new leases and renewals
 - Rentals from new investment properties

Remarks:

(1) Including shares of associates and joint ventures

(2) Residential and car parks

Shanghai



Shanghai IFC in Pudong

Office: 1.6mn sq.ft. (Attr. GFA)

- Virtually fully leased
- Strong rental reversions

Shanghai IFC Mall: 1.2mn sq.ft. (GFA)

- Robust rental reversions and respectable growth in tenant sales
- Pedestrian tunnel to neighbouring building will be gradually completed

Shanghai ICC in Puxi

Office: 1.3mn sq.ft. (GFA)

- One ICC recorded high occupancy and positive rental reversions
- Two ICC is expected to be nearly fully let by the end of this year

IAPM Mall: 1.3mn sq.ft. (GFA)

- Recorded robust growth in tenant sales and traffic
- Podium garden on Nanchang Road opened recently

Shanghai (Cont'd)

ITC: 7.6mn sq.ft. (GFA)



ITC One (Phase 1)

- Completion in 1H 2017
- 170,000 sq.ft. office space to be handed over to tenants in 1H 2017
- 340,000-sq-ft upscale mall to open in 2018
- Good pre-leasing progress of office and shopping mall

Phase 2

- Completion in FY2018
- 320,000 sq.ft. offices
- 43,000 sq.ft. retail space



Nanjing

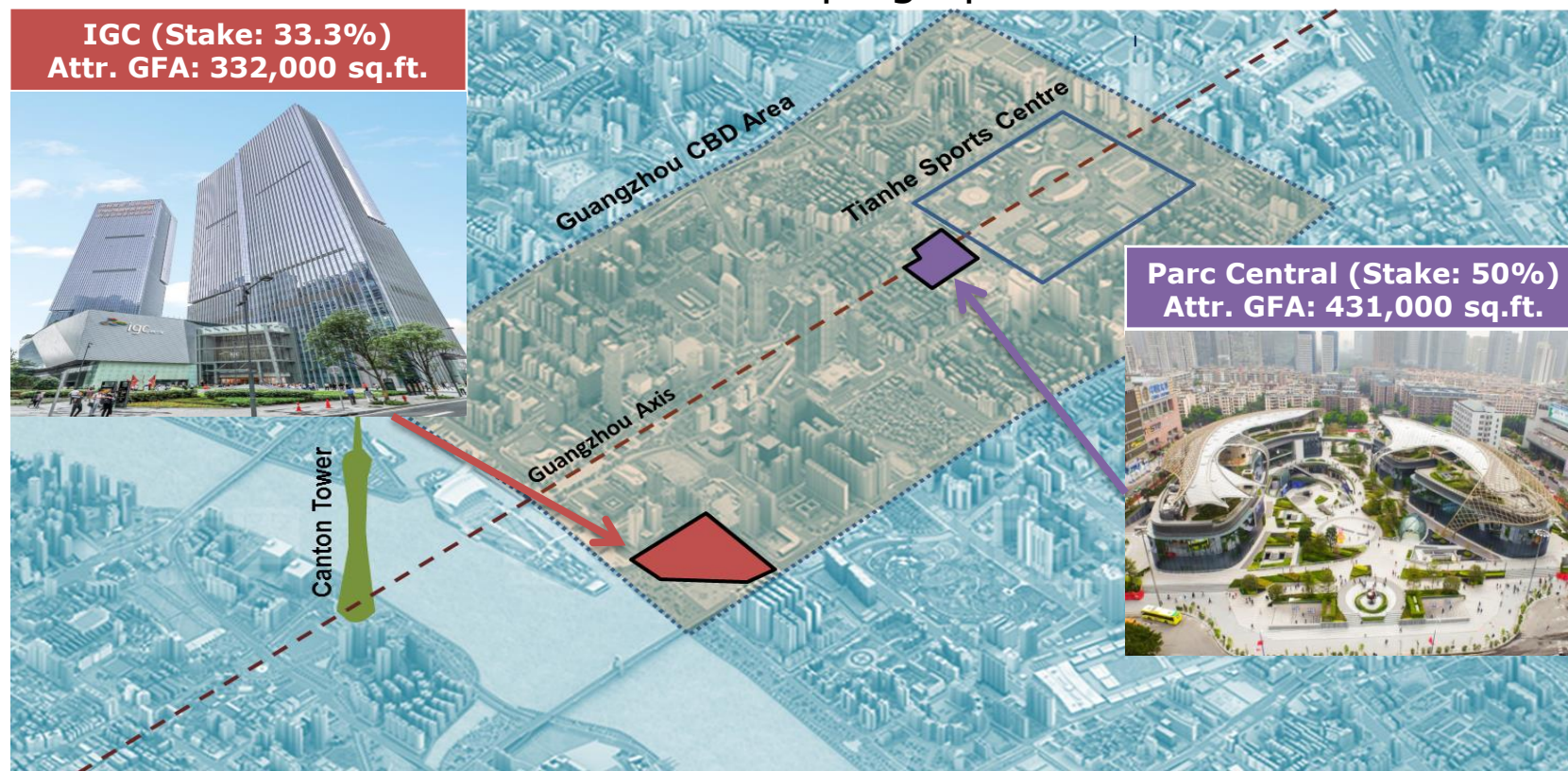


Nanjing IFC: 3.4mn sq.ft. (GFA)

- Situated atop an interchange station of two metro lines in the Hexi business core
- Pre-marketing for 2mn sq.ft. of premium offices and 1.1mn-sq-ft mall has started
- Entire project is due for completion in late 2019

Guangzhou

- Parc Central and IGC were open in 2016
 - Over 80% retail space has been leased
 - Tenants gradually moving in
 - Tenant sales and traffic ramping up





HOTEL BUSINESS

Hotel Business

| Hotel Business ⁽¹⁾ (HK\$ mn) | 1H FY2017 | 1H FY2016 | Change |
|--|-----------|-----------|-------------|
| Revenue | 2,529 | 2,445 | ↑ 3.4% |
| Operating Profit | 735 | 697 | ↑ 5.5% |
| <i>Margin</i> | 29% | 29% | <i>FLAT</i> |

- Hong Kong – Sustained high occupancy
 - Tourism sector remained challenging but there were signs of improvement in recent months
- The Ritz-Carlton Shanghai, Pudong, continued to perform well, partly attributable to the increasing visitor arrivals in Shanghai

Remarks:

(1) Including shares of associates and joint ventures

New Hotel Additions

➤ Hotel Vic in North Point

- Target to open in 1H 2018
- Part of Group's developments on North Point waterfront
- Just steps away from MTR North Point Station
- Offers affordable luxury accommodation

➤ A premium hotel in Sha Tin

- Opening in late 2018
- A sister project of Royal Park Hotel





MARKET AND BUSINESS PROSPECTS

Market Prospects – Hong Kong

- Active primary residential market is expected to continue
 - Homebuyer confidence remains high
 - Positive fundamentals including healthy job market and relatively low interest rates

- Leasing performance of Grade-A office is likely to be varied by segment
 - Sustained demand from mainland China firms and limited supply will support the rents in CBD
 - In Kowloon East, quality offices at prime locations with good management and single ownership will outperform its counterparts

- Retail sales are showing signs of stabilizing
 - Regional malls will be backed by resilient domestic consumption

Market Prospects – Mainland China

- Market activity is likely to remain relatively slow in the short term amid restrictive measures introduced by various local governments
 - Long-term outlook to remain positive, underpinned by end-users' demand and solid fundamentals
- Continued demand, though softened, for top-class office spaces in first-tier cities
 - Local and multinational firms look for well-managed and high-specification offices
- Premium malls at prime locations in first-tier cities will continue to outperform

Business Prospects – Property Development

- Abundant saleable resources
 - Wide range of products in terms of segments and flat mix across Hong Kong
 - Continue to launch projects for sale once ready
 - Expect satisfactory development margin

- Sufficient land bank
 - Current land bank of 15.8mn sq.ft. of residential GFA under development in Hong Kong
 - High production volume at over 3mn sq.ft. of residential GFA for sale per annum in Hong Kong

- Prudent financial discipline on land acquisitions
 - Seek opportunities for land acquisitions, particularly in Hong Kong, through various channels including farmland conversion

Business Prospects – Property Investment

- Steadily-growing rental income
 - Diversified rental income portfolio
 - Positive rental reversions with high occupancy
 - Ongoing asset enhancement initiatives

- Expanding investment property portfolio serving a driver for rental income growth
 - ~15mn sq.ft. of GFA (in attributable terms) to be completed in the next 5-6 years, equivalent to 35% of existing portfolio in terms of floor area
 - E.g. ITC, wholly owned mega integrated project in Shanghai

- Continue to review and monitor opportunities for non-core asset disposals

Well-Positioned with Strong Fundamentals

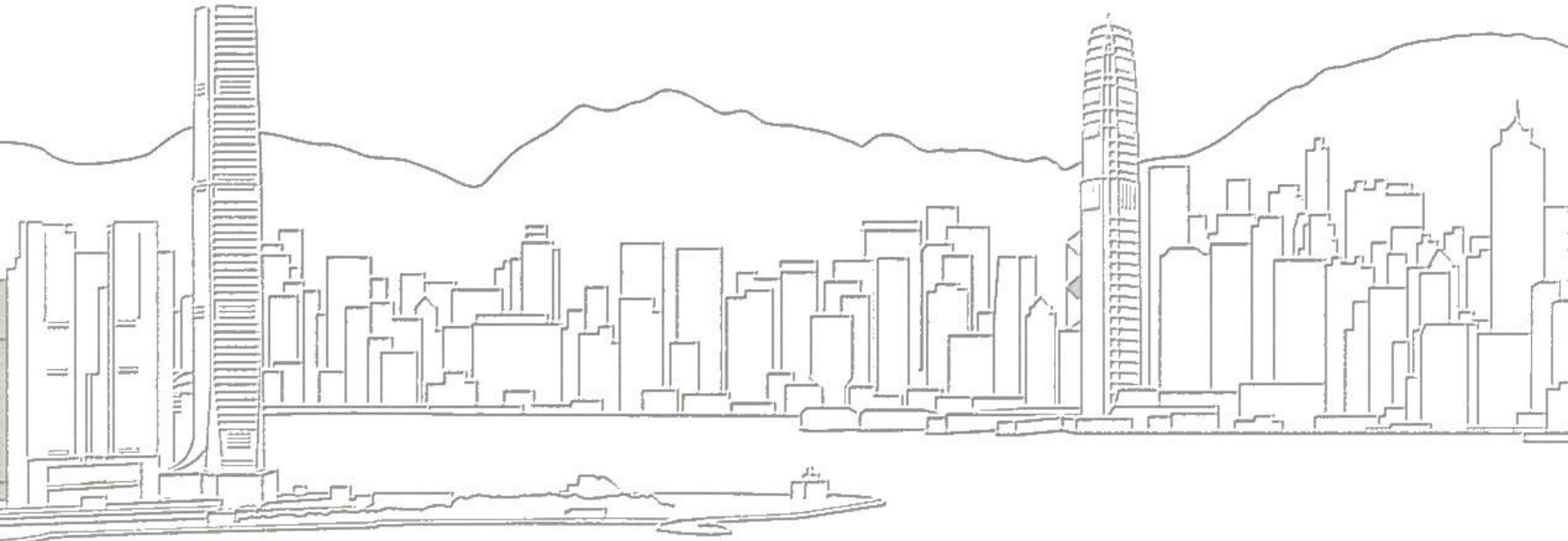




Sun Hung Kai Properties

Building Homes with Heart

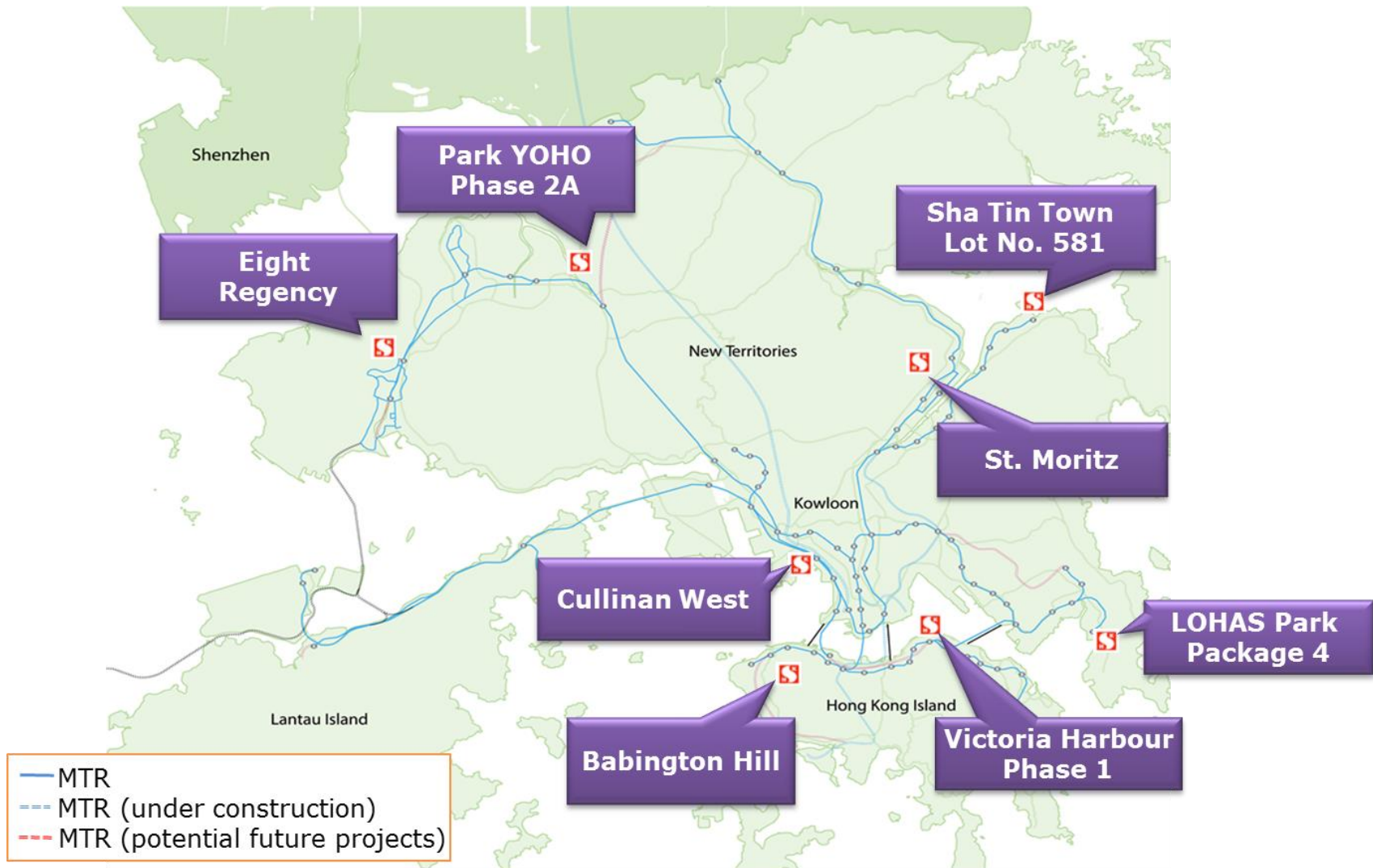
Q&A





APPENDIX

Wide Range of Residential Developments for Sale



Major Malls Along Railway Lines



Diversified Office Portfolio



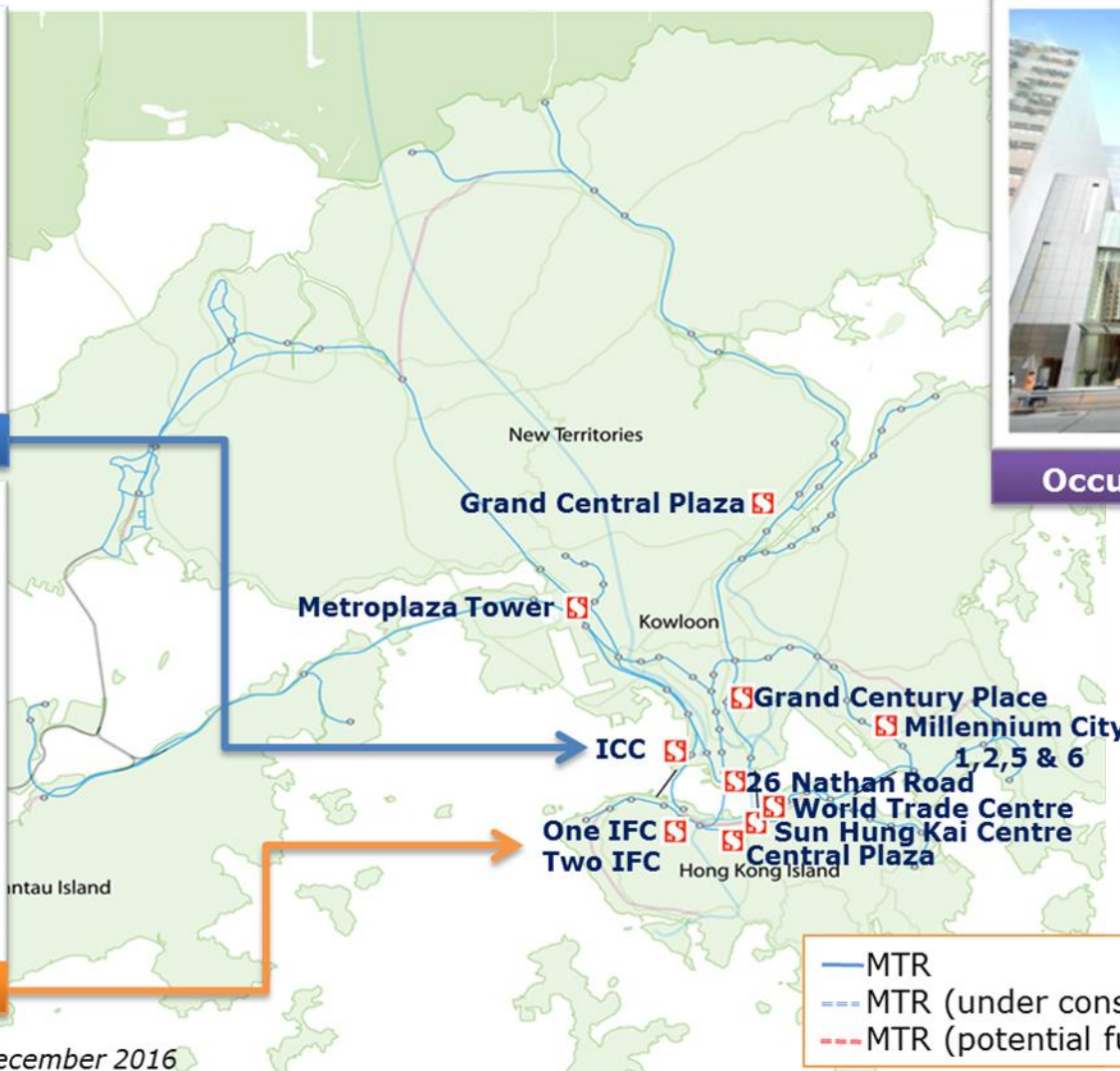
Occupancy: 99%



Occupancy: 100%

Remarks:

(1) Occupancy as at 31 December 2016



Occupancy: 97%