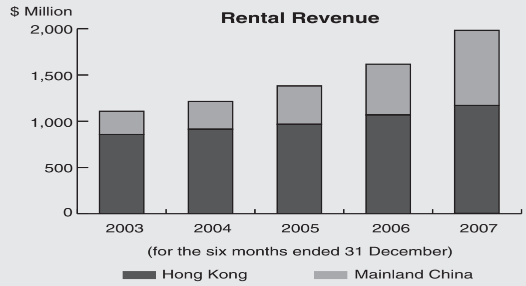
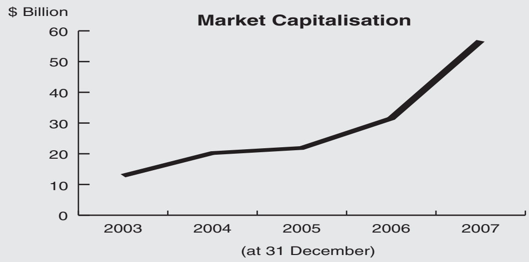
恒隆集團
HANG LUNG GROUP





恒隆集團有限公司
HANG LUNG GROUP LIMITED

(Stock Code: 10)

CONSOLIDATED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2007 (UNAUDITED)

(Expressed in Hong Kong dollars)

	Note	**2007 $Million**	2006 $Million
Turnover	*3*	**7,992.0**	2,146.6
Other income		**176.5**	171.6
Gain on deemed disposal of interest in a subsidiary	*4*	**—**	879.4
Direct costs and operating expenses		**(3,138.9)**	(772.2)
Administrative expenses		**(174.5)**	(167.3)
Operating profit		**4,855.1**	2,258.1
Increase in fair value of investment properties	*9*	**5,098.5**	2,418.5
		9,953.6	4,676.6
Finance costs	*5*	**(209.7)**	(264.4)
Share of profits of jointly controlled entities		**75.2**	48.3
Profit before taxation	*3(a)&5*	**9,819.1**	4,460.5
Taxation	*6*	**(1,804.4)**	(847.8)
Profit for the period		**8,014.7**	3,612.7
Attributable to:			
Shareholders		**4,047.0**	2,295.4
Minority interests		**3,967.7**	1,317.3
		8,014.7	3,612.7
Interim dividend at 16.5¢ (2006: 14.5¢) per share	*7(a)*	**220.1**	193.2
Earnings per share	*8(a)*		
Basic		**$3.04**	**$1.72**
Diluted		**$2.99**	**$1.71**
Earnings per share excluding changes in fair value of investment properties net of deferred tax	*8(b)*		
Basic		**$1.40**	$1.03
Diluted		**$1.38**	$1.03

CONSOLIDATED BALANCE SHEET
AT 31 DECEMBER 2007 (UNAUDITED)
(Expressed in Hong Kong dollars)

	Note	31/12/2007 $Million	30/06/2007 $Million
Non-current assets			
Fixed assets			
Investment properties	9	**58,411.5**	52,539.2
Other fixed assets		**4,857.4**	4,060.5
		63,268.9	56,599.7
Interest in jointly controlled entities		**1,324.2**	1,317.2
Loans and investments		**120.8**	126.8
Deferred tax assets		**63.2**	74.5
		64,777.1	58,118.2
Current assets			
Inventories		**6,942.7**	9,746.3
Trade and other receivables	10	**5,221.9**	1,266.3
Cash and deposits with banks		**7,189.5**	7,091.6
		19,354.1	18,104.2
Current liabilities			
Trade and other payables	11	**2,197.6**	1,894.3
Taxation		**715.5**	227.7
Bank loans		**—**	608.4
		2,913.1	2,730.4
Net current assets		**16,441.0**	15,373.8
Total assets less current liabilities		**81,218.1**	73,492.0
Non-current liabilities			
Bank loans		**8,216.0**	7,873.4
Floating rate notes due 2009		**1,500.0**	1,500.0
Other long term liabilities		**442.1**	487.1
Deferred tax liabilities		**6,192.0**	5,141.7
		16,350.1	15,002.2
NET ASSETS		**64,868.0**	58,489.8
Capital and reserves			
Share capital		**1,333.7**	1,333.6
Reserves		**31,229.1**	27,761.8
Shareholders' equity		**32,562.8**	29,095.4
Minority interests		**32,305.2**	29,394.4
TOTAL EQUITY		**64,868.0**	58,489.8

Notes

1. The interim financial statements are unaudited, but have been reviewed by the Audit Committee.

2. Basis of preparation

   The unaudited interim financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants and the applicable disclosure provisions of Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

   The preparation of interim financial statements in conformity with HKAS 34 requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

   The accounting policies and methods of computation used in the interim financial statements are consistent with those applied in the financial statements for the year ended 30 June 2007.

3. Turnover and segment information

	Segment revenue		**Segment results**	
	2007	2006	**2007**	2006
	$ Million	$ Million	**$ Million**	$ Million
(a) Business segment				
Property leasing	**1,977.7**	1,616.1	**1,577.6**	1,265.2
Property sales	**6,014.3**	530.5	**3,275.5**	109.2
	7,992.0	2,146.6	**4,853.1**	1,374.4
Other income			**176.5**	171.6
Gain on deemed disposal of interest in a subsidiary			**—**	879.4
Administrative expenses			**(174.5)**	(167.3)
Operating profit			**4,855.1**	2,258.1
Increase in fair value of investment properties - property leasing			**5,098.5**	2,418.5
Finance costs			**(209.7)**	(264.4)
Share of profits of jointly controlled entities - property leasing			**75.2**	48.3
Profit before taxation			**9,819.1**	4,460.5
(b) Geographical segment				
Group				
Hong Kong	**7,181.0**	1,598.1	**4,217.2**	966.4
Mainland China	**811.0**	548.5	**635.9**	408.0
	7,992.0	2,146.6	**4,853.1**	1,374.4
Jointly controlled entities				
Hong Kong			**75.2**	48.3

4. The gain last year arose from the placement of 410 million shares by a subsidiary, Hang Lung Properties Limited ("HLP") in November 2006 which resulted in the dilution of Hang Lung Group Limited's effective equity interest in HLP from 56.2% to 50.7%.

5. Profit before taxation is arrived at after charging:

	2007 **$ Million**	2006 $ Million
Finance costs		
Interest on borrowings	**271.6**	310.4
Other ancillary borrowing costs	**18.5**	15.7
Total borrowing costs	**290.1**	326.1
Less: Borrowing costs capitalised	**(80.4)**	(61.7)
	209.7	264.4
Cost of properties sold	**2,235.7**	408.1
Staff costs, including contribution to retirement schemes of $13.2 million (2006: $10.3 million)	**226.5**	168.4
Depreciation	**5.2**	3.9
and after crediting:		
Interest income	**182.3**	152.9
Profit on disposal of listed investments	**—**	17.3

6. Provision for Hong Kong Profits Tax is calculated at 17.5% of the estimated assessable profits for the period. PRC Income Tax is calculated at the rates applicable in mainland China.

	2007 **$ Million**	2006 $ Million
Current tax		
Hong Kong Profits Tax	**644.1**	74.9
PRC Income Tax	**98.7**	57.4
	742.8	132.3
Deferred tax		
Origination and reversal of temporary differences	**1,061.6**	715.5
	1,804.4	847.8

7. (a) Dividends attributable to the period

	2007 **$ Million**	2006 $ Million
Declared after the balance sheet date:		
16.5 cents (2006: 14.5 cents) per share	**220.1**	193.2

The above interim dividends were declared after the balance sheet dates and have not been recognised as liabilities at the respective balance sheet dates.

7. (b) Dividends attributable to the previous financial year, approved and paid during the period

	2007 **$ Million**	2006 $ Million
Final dividend in respect of the previous financial year of 46.5 cents (2006: 41 cents) per share	**620.2**	546.4

8. (a) The calculation of basic and diluted earnings per share is based on the following data:

	2007 **$ Million**	2006 $ Million
Earnings for calculation of basic and diluted earnings per share (net profit attributable to shareholders)	**4,047.0**	2,295.4

	Number of shares	
	2007 **Million**	2006 Million
Weighted average number of shares used in calculating basic earnings per share	**1,333.7**	1,332.5
Effect of dilutive potential shares		
Share options	**18.7**	8.3
Weighted average number of shares used in calculating diluted earnings per share	**1,352.4**	1,340.8

(b) The calculation of basic and diluted earnings per share excluding changes in fair value of investment properties net of deferred tax and minority interests is based on the profit adjusted as follows:

	2007 **$ Million**	2006 $ Million
Net profit attributable to shareholders	**4,047.0**	2,295.4
Effect of changes in fair value of investment properties net of deferred tax and minority interests	**(2,181.0)**	(920.2)
Adjusted earnings for calculation of basic and diluted earnings per share	**1,866.0**	1,375.2

9. The investment properties of the Group were revalued at 31 December 2007 by Mr. Charles C.K. Chan, Registered Professional Surveyor (General Practice), of Savills Valuation and Professional Services Limited, on an open market value basis with reference to the total rental income after taking into account reversionary income potential.

10. Included in trade and other receivables are trade debtors with the following terms:

	31/12/2007	30/06/2007
	$ Million	$ Million
Within 1 month	**4,085.2**	450.4
1 - 3 months	**4.5**	4.3
Over 3 months	**2.5**	0.9
	4,092.2	455.6

The Group maintains a defined credit policy. An ageing analysis of trade debtors is prepared on a regular basis and is closely monitored to minimise any credit risk associated with receivables.

11. Included in trade and other payables are trade creditors with the following ageing analysis:

	31/12/2007	30/06/2007
	$ Million	$ Million
Due within 1 month	**982.3**	689.3
Due over 3 months	**54.6**	78.9
	1,036.9	768.2

Highlights

- Net profit of Hang Lung Group was HK$4,047 million, 76% higher than the previous period. Excluding the gain on revaluation of investment properties and related tax, underlying net profit rose by 36% to HK$1,866 million.

  The growth was attributable to an increase in residential properties sold during the period, and strong rental performance in both Hong Kong and Shanghai.

- Rental income from our Hong Kong properties grew 9% to HK$1,166.7 million. Rental profits also rose by 10% to HK$941.7 million.

- Property leasing in Shanghai recorded tremendous growth, buoyed by the booming economy of mainland China and additional contribution from the second office tower of Plaza 66 which completed in December 2006. Rental turnover and profits increased by 48% to HK$811 million and 56% to HK$635.9 million, respectively.

- Overall rental turnover and profits increased by 22% to HK$1,977.7 million and 25% to HK$1,577.6 million, respectively.

- We took advantage of buoyant property market conditions and sold over 750 residential units during the period. Property sales turnover surged from HK$530.5 million to HK$6,014.3 million. We will continue with our strategy of releasing our properties at the best possible time to capture the best sales price.

Purchase, Sale or Redemption of Listed Securities

During the accounting period, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

Compliance with the Code on Corporate Governance Practices

During the accounting period ended 31 December 2007, the Company has complied with the code provisions set out in the Code on Corporate Governance Practices as stated in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Book Close Dates

Book close dates (both days inclusive)	1 April 2008 to 3 April 2008
Latest time to lodge transfers	4:00 pm on 31 March 2008
Record date for interim dividend	3 April 2008
Interim dividend payment date	18 April 2008

On behalf of the Board
Ronnie C. Chan
Chairman

Hong Kong, 20 February 2008

As at the date of this announcement, the board of directors of the Company comprises the following directors:

Executive Directors: Mr. Ronnie C. Chan, Mr. Nelson W.L. Yuen and Mr. Terry S. Ng
Non-Executive Director: Mr. Gerald L. Chan
Independent Non-Executive Directors: Mr. S.S. Yin, Dr. H.K. Cheng, Ms. Laura L.Y. Chen, Mr. Simon S.O. Ip and Dr. York Liao