



恒隆地產有限公司
HANG LUNG PROPERTIES LIMITED
 (Stock Code: 101)

CONSOLIDATED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2007 (UNAUDITED)
(Expressed in Hong Kong dollars)

	Note	2007 \$Million	2006 \$Million
Turnover	3	7,792.0	1,961.0
Other income		161.4	154.6
Direct costs and operating expenses		(3,027.0)	(717.2)
Administrative expenses		(153.4)	(142.8)
Operating profit		4,773.0	1,255.6
Increase in fair value of investment properties	8	4,577.6	2,183.7
		9,350.6	3,439.3
Finance costs	4	(115.9)	(183.4)
Share of profits of jointly controlled entities		55.2	35.8
Profit before taxation	3(a) & 4	9,289.9	3,291.7
Taxation	5	(1,682.2)	(755.6)
Profit for the period		7,607.7	2,536.1
Attributable to:			
Shareholders		7,272.0	2,286.4
Minority interests		335.7	249.7
		7,607.7	2,536.1
Interim dividend at 15¢ (2006: 13¢) per share	6(a)	621.7	538.5
Earnings per share	7(a)		
Basic		\$1.76	\$0.59
Diluted		\$1.74	\$0.59
Earnings per share excluding changes in fair value of investment properties net of deferred tax	7(b)		
Basic		\$0.91	\$0.22
Diluted		\$0.90	\$0.22

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

	<i>Note</i>	31/12/2007 \$Million	30/6/2007 \$Million
Non-current assets			
Fixed assets			
Investment properties	8	52,263.8	47,152.9
Other fixed assets		4,850.9	4,051.2
		57,114.7	51,204.1
Interest in jointly controlled entities		643.1	596.9
Loans and investments		6.2	6.9
Deferred tax assets		47.2	63.9
		57,811.2	51,871.8
Current assets			
Inventories		6,884.3	9,541.6
Trade and other receivables	9	4,616.3	836.9
Cash and deposits with banks		7,031.9	6,993.7
		18,532.5	17,372.2
Current liabilities			
Trade and other payables	10	1,810.0	1,635.0
Taxation		702.1	189.5
		2,512.1	1,824.5
Net current assets		16,020.4	15,547.7
Total assets less current liabilities		73,831.6	67,419.5
Non-current liabilities			
Bank loans		4,513.5	4,781.8
Floating rate notes due 2009		1,500.0	1,500.0
Other long term liabilities		442.1	487.1
Deferred tax liabilities		5,742.5	4,813.1
		12,198.1	11,582.0
NET ASSETS		61,633.5	55,837.5
Capital and reserves			
Share capital		4,144.3	4,142.9
Reserves		55,714.7	50,133.8
Shareholders' equity		59,859.0	54,276.7
Minority interests		1,774.5	1,560.8
TOTAL EQUITY		61,633.5	55,837.5

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	1,781.8	1,430.5	1,441.1	1,134.6
Property sales	6,010.2	530.5	3,323.9	109.2
	7,792.0	1,961.0	4,765.0	1,243.8
Other income			161.4	154.6
Administrative expenses			(153.4)	(142.8)
Operating profit			4,773.0	1,255.6
Increase in fair value of investment properties				
- property leasing			4,577.6	2,183.7
Finance costs			(115.9)	(183.4)
Share of profits of jointly controlled entities				
- property leasing			55.2	35.8
Profit before taxation			9,289.9	3,291.7
(b) Geographical segment				
Group				
Hong Kong	7,120.3	1,532.9	4,225.0	917.9
Mainland China	671.7	428.1	540.0	325.9
	7,792.0	1,961.0	4,765.0	1,243.8
Jointly controlled entities				
Hong Kong			55.2	35.8

4. Profit before taxation is arrived at after charging:

	2007	2006
	\$Million	\$Million
Finance costs		
Interest on borrowings	181.8	232.5
Other ancillary borrowing costs	14.5	12.6
Total borrowing costs	196.3	245.1
Less: Borrowing costs capitalised	(80.4)	(61.7)
	115.9	183.4
Cost of properties sold	2,233.2	408.1
Staff costs, including contribution to retirement schemes of \$12.3 million (2006: \$9.5 million)	213.8	158.1
Depreciation	1.8	1.5
and after crediting:		
Interest income	178.7	150.7

5. 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	2006
	\$Million	\$Million
Current tax		
Hong Kong Profits Tax	643.3	74.9
PRC Income Tax	92.8	47.2
	736.1	122.1
Deferred tax		
Origination and reversal of temporary differences	946.1	633.5
	1,682.2	755.6

6. (a) Dividends attributable to the period

	2007	2006
	\$Million	\$Million
Declared after the balance sheet date:		
15 cents (2006: 13 cents) per share	621.7	538.5

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

6. (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 43 cents (2006: 38 cents) per share	<u>1,781.5</u>	<u>1,418.2</u>

7. (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)	<u>7,272.0</u>	<u>2,286.4</u>

	Number of shares 2007 Million	2006 Million
Weighted average number of shares used in calculating basic earnings per share	4,143.4	3,850.2
Effect of dilutive potential shares		
Share options	<u>33.2</u>	<u>11.3</u>
Weighted average number of shares used in calculating diluted earnings per share	<u>4,176.6</u>	<u>3,861.5</u>

- (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	7,272.0	2,286.4
Effect of changes in fair value of investment properties net of deferred tax and minority interests	<u>(3,497.1)</u>	<u>(1,425.7)</u>
Adjusted earnings for calculation of basic and diluted earnings per share	<u>3,774.9</u>	<u>860.7</u>

8. 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.
9. Included in trade and other receivables are trade debtors with the following terms:

	31/12/2007	30/6/2007
	\$Million	\$Million
Within 1 month	4,083.4	449.1
1 - 3 months	4.2	4.0
Over 3 months	2.5	0.9
	<u>4,090.1</u>	<u>454.0</u>

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.

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

	31/12/2007	30/6/2007
	\$Million	\$Million
Due within 1 month	664.5	514.7
Due over 3 months	54.6	78.9
	<u>719.1</u>	<u>593.6</u>

Highlights

- Net profit of Hang Lung Properties increased by 218% to HK\$7,272 million. Excluding the gain on revaluation of investment properties and related tax, underlying net profit surged by 339% to HK\$3,774.9 million.

This remarkable growth in profit was achieved by timely disposal of our residential properties, as well as stellar growth in leasing activities both in Hong Kong and Shanghai.

- Property leasing in Hong Kong displayed pleasing results, fuelled by dynamic growth of the local economy. Rental turnover and profits from Hong Kong amounted to HK\$1,110.1 million and HK\$901.1 million respectively, both representing an increase of 11%.
- Property leasing in Shanghai continued to enjoy exceptional growth. Rental turnover and profits from Shanghai increased by 57% to HK\$671.7 million and 66% to HK\$540 million respectively, partly boosted by new contribution from the second office tower of Plaza 66 which completed in December 2006.
- Overall rental turnover and profits grew by 25% to HK\$1,781.8 million and 27% to HK\$1,441.1 million, respectively.
- Property sales achieved excellent results and received overwhelming response from the market. During the period, we sold over 750 units, with 605 units from The Long Beach and 109 units from The HarbourSide at an average price of about HK\$7,100 and HK\$16,300 per square foot respectively. Going forward, we will adhere to our strategy of releasing our remaining properties at the best possible time to maximize property development profit margin.

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, Mr. Terry S. Ng and Mr. William P.Y. Ko

Independent Non-Executive Directors: Mr. S.S. Yin, Mr. Ronald J. Arculli, Dr. H.K. Cheng, Ms. Laura L.Y. Chen and Prof. P.W. Liu