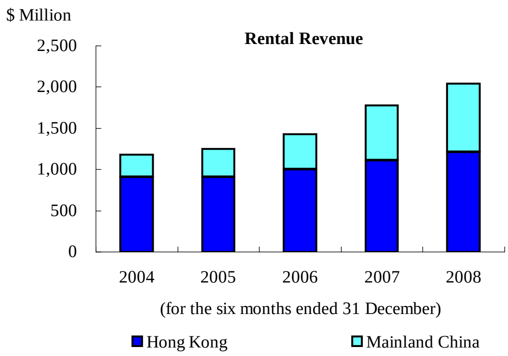
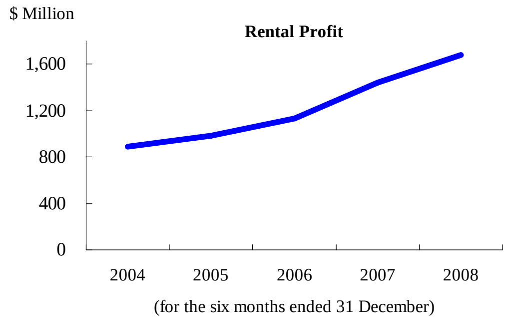
恒隆地產
HANG LUNG PROPERTIES





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 2008 (UNAUDITED)

(Expressed in Hong Kong dollars)

	Note	**2008 $Million**	2007 $Million
Turnover	*3*	**2,051.7**	7,792.0
Other income		**110.0**	161.4
Direct costs and operating expenses		**(372.2)**	(3,027.0)
Administrative expenses		**(176.7)**	(153.4)
Operating profit		**1,612.8**	4,773.0
Increase in fair value of investment properties	*8*	**950.4**	4,577.6
		2,563.2	9,350.6
Finance costs	*4*	**(52.4)**	(115.9)
Share of (losses)/profits of jointly controlled entities		**(14.3)**	55.2
Profit before taxation	*3(a) & 4*	**2,496.5**	9,289.9
Taxation	*5*	**(657.9)**	(1,682.2)
Profit for the period		**1,838.6**	7,607.7
Attributable to:			
Shareholders		**1,221.9**	7,272.0
Minority interests		**616.7**	335.7
		1,838.6	7,607.7
Interim dividend at 15 ¢ (2007: 15 ¢) per share	*6(a)*	**621.8**	621.7
Earnings per share	*7(a)*		
Basic		**$ 0.29**	**$ 1.76**
Diluted		**$ 0.29**	**$ 1.74**
Earnings per share excluding changes in fair value of investment properties net of related deferred tax	*7(b)*		
Basic		**$ 0.29**	$ 0.91
Diluted		**$ 0.29**	$ 0.90

HANG LUNG PROPERTIES LIMITED

CONSOLIDATED BALANCE SHEET
AT 31 DECEMBER 2008 (UNAUDITED)

(Expressed in Hong Kong dollars)

	Note	**31/12/2008 $Million**	30/6/2008 $Million
Non-current assets			
Fixed assets			
Investment properties	*8*	**60,097.0**	59,085.4
Other fixed assets		**6,564.7**	5,758.9
		66,661.7	64,844.3
Interest in jointly controlled entities		**663.0**	696.7
Loans and investments		**4.9**	5.4
Deferred tax assets		**46.9**	34.5
		67,376.5	65,580.9
Current assets			
Cash and deposits with banks		**9,309.0**	10,577.8
Trade and other receivables	*9*	**1,084.2**	1,365.9
Inventories		**6,811.0**	6,816.6
		17,204.2	18,760.3
Current liabilities			
Floating rate notes due 2009		**1,500.0**	-
Trade and other payables	*10*	**1,742.9**	1,726.0
Taxation		**751.7**	828.5
		3,994.6	2,554.5
Net current assets		**13,209.6**	16,205.8
Total assets less current liabilities		**80,586.1**	81,786.7
Non-current liabilities			
Bank loans		**4,438.0**	4,419.2
Finance lease obligations		**342.2**	393.0
Deferred tax liabilities		**7,254.8**	6,823.9
Floating rate notes due 2009		**-**	1,500.0
		12,035.0	13,136.1
NET ASSETS		**68,551.1**	68,650.6
Capital and reserves			
Share capital		**4,145.2**	4,145.1
Reserves		**61,521.8**	62,231.8
Shareholders' equity		**65,667.0**	66,376.9
Minority interests		**2,884.1**	2,273.7
TOTAL EQUITY		**68,551.1**	68,650.6

HANG LUNG PROPERTIES LIMITED

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 2008.

3. Turnover and segment information

   (a) Business segment

	Segment revenue		**Segment results**	
	2008	2007	**2008**	2007
	$Million	$Million	**$Million**	$Million
Property leasing	**2,041.3**	1,781.8	**1,676.6**	1,441.1
Property sales	**10.4**	6,010.2	**2.9**	3,323.9
	2,051.7	7,792.0	**1,679.5**	4,765.0
Other income			**110.0**	161.4
Administrative expenses			**(176.7)**	(153.4)
Operating profit			**1,612.8**	4,773.0
Increase in fair value of investment properties				
- property leasing			**950.4**	4,577.6
Finance costs			**(52.4)**	(115.9)
Share of (losses)/profits of jointly controlled entities				
- property leasing			**(14.3)**	55.2
Profit before taxation			**2,496.5**	9,289.9

   (b) Geographical segment

Group				
Hong Kong	**1,222.7**	7,120.3	**975.9**	4,225.0
Mainland China	**829.0**	671.7	**703.6**	540.0
	2,051.7	7,792.0	**1,679.5**	4,765.0
Jointly controlled entities				
Hong Kong			**(14.3)**	55.2

Notes:

4. Profit before taxation

	2008 **$Million**	2007 $Million
Profit before taxation is arrived at after charging:		
Finance costs		
Interest on borrowings	**112.7**	181.8
Other ancillary borrowing costs	**14.4**	14.5
Total borrowing costs	**127.1**	196.3
Less: Borrowing costs capitalised	**(74.7)**	(80.4)
	52.4	115.9
Cost of properties sold	**7.2**	2,233.2
Staff costs, including contribution to retirement schemes of $13.2 million (2007: $12.3 million)	**237.7**	213.8
Depreciation	**4.6**	1.8
and after crediting:		
Interest income	**110.0**	178.7

5. Taxation

Provision for Hong Kong Profits Tax is calculated at 16.5% (2007: 17.5%) of the estimated assessable profits for the period. PRC Income Tax is calculated at the rates applicable in mainland China.

	2008 **$Million**	2007 $Million
Current tax		
Hong Kong Profits Tax	**100.3**	643.3
PRC Income Tax	**129.2**	92.8
	229.5	736.1
Deferred tax		
Origination and reversal of temporary differences	**428.4**	946.1
	657.9	1,682.2

6. Dividends

(a) Dividends attributable to the period

	2008 **$Million**	2007 $Million
Declared after the balance sheet date: 15 cents (2007: 15 cents) per share	**621.8**	621.7

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

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

	2008 **$Million**	2007 $Million
Final dividend in respect of the previous financial year of 51 cents (2007: 43 cents) per share	**2,114.0**	1,781.5

Notes :

7. Earnings per share

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

	2008 $Million	2007 $Million
Earnings for calculation of basic and diluted earnings per share (net profit attributable to shareholders)	**1,221.9**	7,272.0

	Number of shares 2008 Million	2007 Million
Weighted average number of shares used in calculating basic earnings per share	**4,145.1**	4,143.4
Effect of dilutive potential shares		
Share options	**5.8**	33.2
Weighted average number of shares used in calculating diluted earnings per share	**4,150.9**	4,176.6

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

	2008 $Million	2007 $Million
Net profit attributable to shareholders	**1,221.9**	7,272.0
Effect of changes in fair value of investment properties net of related deferred tax and minority interests	**(25.4)**	(3,497.1)
Adjusted earnings for calculation of basic and diluted earnings per share	**1,196.5**	3,774.9

8. Investment properties

The investment properties of the Group carried at fair value were revalued as at 31 December 2008 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 net rental income after taking into account reversionary income potential.

9. Trade and other receivables

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

	31/12/2008 $Million	30/6/2008 $Million
Within 1 month	**354.7**	1,068.7
1 - 3 months	**378.6**	2.5
Over 3 months	**4.6**	5.3
	737.9	1,076.5

Proceeds from property sales are receivable pursuant to the terms of the sale and purchase agreements. Monthly rents in respect of leased properties are payable in advance by the tenants. An ageing analysis of trade debtors is prepared on a regular basis and is closely monitored to minimise any credit risk associated with receivables.

Notes :

10. Trade and other payables

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

	31/12/2008	30/6/2008
	$Million	$Million
Due within 1 month	**459.2**	425.9
Due over 3 months	**58.1**	56.5
	517.3	482.4

Highlights

- Net profit of Hang Lung Properties decreased by 83% to HK$1,221.9 million, as we sold substantially fewer residential units during the period under poor market conditions. Our leasing business, however, enjoyed stellar growth as rental turnover and profits grew by 15% to HK$2,041.3 million and 16% to HK$1,676.6 million respectively.

  Excluding the gain on revaluation of investment properties and related tax, underlying net profit fell by 68% to HK$1,196.5 million.

- Property leasing in Hong Kong generated pleasing rental income growth, despite the current difficult economic climate. Rental turnover and profits from our Hong Kong properties grew by 9% to HK$1,212.3 million and 8% to HK$973.0 million respectively.

- Rental turnover and profits from our Shanghai properties increased by 23% to HK$829.0 million and 30% to HK$703.6 million respectively, as we achieved higher rentals from the ongoing optimization of our tenant mix.

- As of 31 December 2008, we maintained a strong balance sheet with cash and bank deposits amounted to HK$9,309.0 million against total borrowings of HK$5,938.0 million.

Purchase, Sale or Redemption of Listed Securities

During the six months period ended 31 December 2008, 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 2008, 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 2009 to 3 April 2009
Latest time to lodge transfers	4:00 pm on 31 March 2009
Record date for interim dividend	3 April 2009
Interim dividend payment date	17 April 2009

On Behalf of the Board
Ronnie C. Chan
Chairman

Hong Kong, 10 February 2009

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, Prof. P.W. Liu and Mr. Dominic C.F. Ho