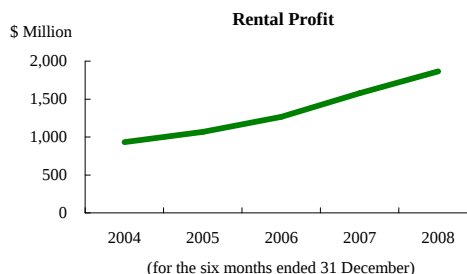
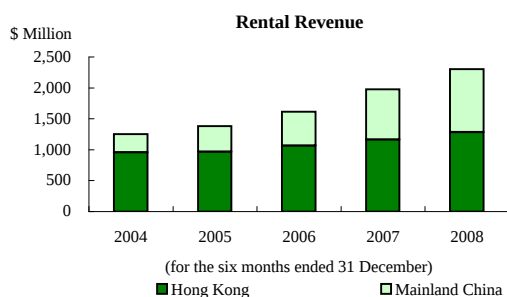


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恒隆集團有限公司
HANG LUNG GROUP LIMITED
(Stock Code: 10)

CONSOLIDATED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2008 (UNAUDITED)
(Expressed in Hong Kong dollars)

	Note	2008 \$Million	2007 \$Million
Turnover	3	2,316.7	7,992.0
Other income		111.6	176.5
Direct costs and operating expenses		(449.4)	(3,138.9)
Administrative expenses		(207.0)	(174.5)
Operating profit		1,771.9	4,855.1
Increase in fair value of investment properties	8	1,142.1	5,098.5
		2,914.0	9,953.6
Finance costs	4	(116.6)	(209.7)
Share of profits of jointly controlled entities		11.1	75.2
Profit before taxation	3(a) & 4	2,808.5	9,819.1
Taxation	5	(746.9)	(1,804.4)
Profit for the period		2,061.6	8,014.7
Attributable to:			
Shareholders		905.5	4,047.0
Minority interests		1,156.1	3,967.7
		2,061.6	8,014.7
Interim dividend at 16.5 ¢ (2007: 16.5 ¢) per share	6(a)	220.2	220.1
Earnings per share	7(a)		
Basic		\$0.68	\$3.04
Diluted		\$0.67	\$2.99
Earnings per share excluding changes in fair value of investment properties net of related deferred tax	7(b)		
Basic		\$0.53	\$1.40
Diluted		\$0.53	\$1.38

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CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2008 (UNAUDITED)

(Expressed in Hong Kong dollars)

	Note	31/12/2008 \$Million	30/06/2008 \$Million
Non-current assets			
Fixed assets			
Investment properties	8	67,409.4	66,136.3
Other fixed assets		6,567.3	5,763.7
		<u>73,976.7</u>	<u>71,900.0</u>
Interest in jointly controlled entities		1,370.8	1,421.9
Other assets		1,262.2	1,163.5
Deferred tax assets		46.9	33.8
		<u>76,656.6</u>	<u>74,519.2</u>
Current assets			
Cash and deposits with banks		9,610.0	10,738.1
Trade and other receivables	9	1,092.8	1,383.0
Inventories		6,842.2	6,848.4
		<u>17,545.0</u>	<u>18,969.5</u>
Current liabilities			
Bank loans		1,800.0	1,000.0
Floating rate notes due 2009		1,500.0	-
Trade and other payables	10	2,256.8	2,183.7
Taxation		784.1	881.8
		<u>6,340.9</u>	<u>4,065.5</u>
Net current assets		<u>11,204.1</u>	<u>14,904.0</u>
Total assets less current liabilities		<u>87,860.7</u>	<u>89,423.2</u>
Non-current liabilities			
Bank loans		7,643.1	8,039.6
Finance lease obligations		342.2	393.0
Deferred tax liabilities		7,936.2	7,434.2
Floating rate notes due 2009		-	1,500.0
		<u>15,921.5</u>	<u>17,366.8</u>
NET ASSETS		<u>71,939.2</u>	<u>72,056.4</u>
Capital and reserves			
Share capital		1,334.3	1,334.0
Reserves		35,719.2	35,447.6
Shareholders' equity		<u>37,053.5</u>	<u>36,781.6</u>
Minority interests		34,885.7	35,274.8
TOTAL EQUITY		<u>71,939.2</u>	<u>72,056.4</u>

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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	2,305.6	1,977.7	1,864.4	1,577.6
Property sales	11.1	6,014.3	2.9	3,275.5
	<u>2,316.7</u>	<u>7,992.0</u>	<u>1,867.3</u>	<u>4,853.1</u>
Other income			111.6	176.5
Administrative expenses			(207.0)	(174.5)
Operating profit			<u>1,771.9</u>	<u>4,855.1</u>
Increase in fair value of investment properties				
- property leasing			1,142.1	5,098.5
Finance costs			(116.6)	(209.7)
Share of profits of jointly controlled entities				
- property leasing			11.1	75.2
Profit before taxation			<u>2,808.5</u>	<u>9,819.1</u>

(b) Geographical segment

Group				
Hong Kong	1,292.6	7,181.0	1,024.0	4,217.2
Mainland China	1,024.1	811.0	843.3	635.9
	<u>2,316.7</u>	<u>7,992.0</u>	<u>1,867.3</u>	<u>4,853.1</u>
Jointly controlled entities				
Hong Kong			<u>11.1</u>	<u>75.2</u>

HANG LUNG GROUP LIMITED

Notes:

4. Profit before taxation

	2008 \$ Million	2007 \$ Million
Profit before taxation is arrived at after charging:		
Finance costs		
Interest on borrowings	171.6	271.6
Other ancillary borrowing costs	19.7	18.5
	<u>191.3</u>	<u>290.1</u>
Total borrowing costs	191.3	290.1
Less: Borrowing costs capitalised	(74.7)	(80.4)
	<u>116.6</u>	<u>209.7</u>
Cost of properties sold	7.7	2,235.7
Staff costs, including contribution to retirement schemes of \$13.8 million (2007: \$13.2 million)	252.2	226.5
Depreciation	<u>5.3</u>	<u>5.2</u>
and after crediting:		
Interest income	<u>111.6</u>	<u>182.3</u>

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	100.7	644.1
PRC Income Tax	144.3	98.7
	<u>245.0</u>	<u>742.8</u>
Deferred tax		
Origination and reversal of temporary differences	501.9	1,061.6
	<u>746.9</u>	<u>1,804.4</u>

6. Dividends

(a) Dividends attributable to the period

	2008 \$ Million	2007 \$ Million
Declared after the balance sheet date:		
16.5 cents (2007: 16.5 cents) per share	<u>220.2</u>	<u>220.1</u>

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 54.0 cents (2007: 46.5 cents) per share	<u>720.4</u>	<u>620.2</u>

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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)	<u>905.5</u>	<u>4,047.0</u>
	Number of shares	
	2008	2007
	Million	Million
Weighted average number of shares used in calculating basic earnings per share	1,334.1	1,333.7
Effect of dilutive potential shares		
Share options	<u>14.0</u>	<u>18.7</u>
Weighted average number of shares used in calculating diluted earnings per share	<u>1,348.1</u>	<u>1,352.4</u>

(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	905.5	4,047.0
Effect of changes in fair value of investment properties net of related deferred tax and minority interests	<u>(195.4)</u>	<u>(2,181.0)</u>
Adjusted earnings for calculation of basic and diluted earnings per share	<u>710.1</u>	<u>1,866.0</u>

8. Investment properties

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	30/06/2008 \$ Million
Within 1 month	357.1	1,071.8
1 - 3 months	379.2	3.0
Over 3 months	<u>4.9</u>	<u>5.6</u>
	<u>741.2</u>	<u>1,080.4</u>

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.

HANG LUNG GROUP LIMITED

Notes:

10. Trade and other payables

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

	31/12/2008 \$ Million	30/06/2008 \$ Million
Due within 1 month	734.9	682.2
Due over 3 months	58.1	56.6
	<u>793.0</u>	<u>738.8</u>

Highlights

- Net profit of Hang Lung Group declined 78% to HK\$905.5 million. Excluding the revaluation gain of investment properties and related tax, underlying net profit dropped by 62% to HK\$710.1 million.
- During the period, we sold substantially fewer residential properties as market conditions were poor. We firmly follow our strategy of releasing our remaining properties at the best possible time to maximize property development profit margin.
- Rental turnover from our Hong Kong properties grew 10% to HK\$1,281.5 million and profit was up by 8% to HK\$1,021.1 million, despite the adverse change of market sentiments since the outbreak of the global financial crisis in 2008.
- Property leasing in Shanghai continued to perform well. Rental turnover and profit increased by 26% to HK\$1,024.1 million and 33% to HK\$843.3 million respectively.
- Overall rental turnover and profits increased by 17% to HK\$2,305.6 million and 18% to HK\$1,864.4 million respectively.
- Gearing ratio as of 31 December 2008 was as low as 2.4%.

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.

HANG LUNG GROUP 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 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