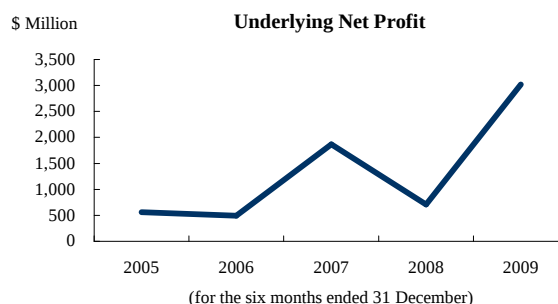
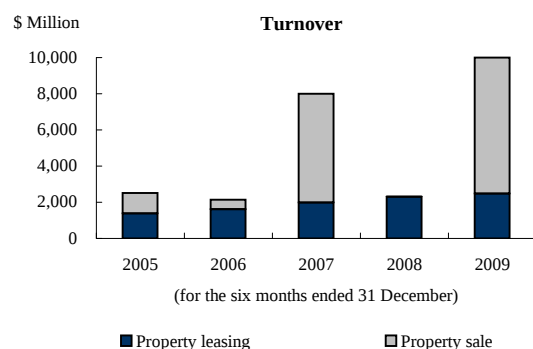


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恒隆集團有限公司
HANG LUNG GROUP LIMITED
(Incorporated in Hong Kong with limited liability)
(Stock Code: 10)

CONSOLIDATED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2009 (UNAUDITED)
(Expressed in Hong Kong dollars)

	Note	2009 \$Million	2008 \$Million
Turnover	3	9,994	2,317
Other income		20	112
Direct costs and operating expenses		(2,641)	(450)
Administrative expenses		(307)	(207)
Operating profit before change in fair value of investment properties		7,066	1,772
Increase in fair value of investment properties	8	16,441	1,142
Operating profit after change in fair value of investment properties		23,507	2,914
Finance costs	4	(53)	(116)
Share of profits of jointly controlled entities		124	11
Profit before taxation	3(a) & 4	23,578	2,809
Taxation	5	(4,990)	(747)
Profit for the period		18,588	2,062
Attributable to:			
Shareholders		9,585	906
Minority interests		9,003	1,156
		18,588	2,062
Earnings per share	7(a)		
Basic		\$7.17	\$0.68
Diluted		\$7.09	\$0.67

HANG LUNG GROUP LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 31 DECEMBER 2009 (UNAUDITED)

(Expressed in Hong Kong dollars)

	2009 \$Million	2008 \$Million
Profit for the period	18,588	2,062
Other comprehensive income		
Increase/(Decrease) in fair value of listed investments	10	(25)
Exchange difference arising from translation of overseas subsidiaries	(24)	113
Total comprehensive income for the period	18,574	2,150
Total comprehensive income attributable to:		
Shareholders	9,584	954
Minority interests	8,990	1,196
	18,574	2,150

HANG LUNG GROUP LIMITED

CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2009 (UNAUDITED)

(Expressed in Hong Kong dollars)

	Note	31/12/2009 \$Million	30/6/2009 \$Million
Non-current assets			
Fixed assets			
Investment properties	8	79,162	69,958
Investment properties under development	8	17,026	7,570
Other fixed assets		150	125
		96,338	77,653
Interest in jointly controlled entities		1,553	1,500
Other assets		1,282	1,274
Deferred tax assets		33	61
		99,206	80,488
Current assets			
Cash and deposits with banks		10,559	9,632
Trade and other receivables	9	4,953	699
Properties for sale		5,858	7,714
		21,370	18,045
Current liabilities			
Bank loans		43	800
Trade and other payables	10	2,820	2,387
Taxation payable		1,087	889
Floating rate notes due 2009		-	1,500
		3,950	5,576
Net current assets		17,420	12,469
Total assets less current liabilities		116,626	92,957
Non-current liabilities			
Bank loans		12,387	9,166
Finance lease obligations		230	287
Deferred tax liabilities		12,358	8,562
		24,975	18,015
NET ASSETS		91,651	74,942
Capital and reserves			
Share capital		1,337	1,334
Reserves		46,204	37,298
Shareholders' equity		47,541	38,632
Minority interests		44,110	36,310
TOTAL EQUITY		91,651	74,942

HANG LUNG GROUP LIMITED

Notes:

1. Review of interim financial report

The interim financial report for the period ended 31 December 2009 is unaudited, but has been reviewed by KPMG, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of interim financial information performed by the independent auditor of the entity" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), whose review report is included in the interim report to be sent to shareholders. The interim financial report has also been reviewed by the Audit Committee.

2. Basis of preparation

The unaudited interim financial report has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the HKICPA 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 report 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 report are consistent with those applied in the financial statements for the year ended 30 June 2009 except for the changes stated as below.

The Group has adopted the amendments, new standards or interpretations which have been issued by the HKICPA and are effective in the current period. The adoption of the following standards and amendments has impact on the Group's financial statements in the current period.

HKAS 1 (Revised)	Presentation of Financial Statements
HKFRS 8	Operating Segments
Improvements to HKFRSs (2008)	Amendments to HKAS 40 Investment Property

(a) HKAS 1 (Revised) - Presentation of Financial Statements

HKAS 1 (Revised) has resulted in a number of changes in presentation and disclosure. In particular, the Group presents all items of income and expenses recognized in the period in two statements: (i) the consolidated income statement showing items of income and expense recognized as profit or loss for the period, (ii) the consolidated statement of comprehensive income for items recognized through equity. Corresponding amounts have been restated to conform to the new presentation. This change in presentation has no effect on the reported profit or loss, total income and expense or net assets for any period presented.

HANG LUNG GROUP LIMITED

Notes:

2. Basis of preparation (Continued)

(b) HKFRS 8 - Operating Segments

HKFRS 8 requires segment disclosure to be based on the format that the Group's chief operating decision makers use to manage the Group, with the amounts reported for each reportable segment being the measures reported to the Group's chief operating decision makers for assessing segment performance and making decisions on operations. This differs from the presentation of segment information in prior years which was based on division of the Group's operations into segments by related activities and on geographical areas. The adoption of HKFRS 8 has resulted in the presentation of segment information in a format that is more consistent with the internal reporting provided to the Group's top management. Corresponding amounts have been restated on a basis consistent with the revised segment information.

(c) Improvements to HKFRSs (2008) - Amendments to HKAS 40 Investment

As a result of the amendments to HKAS 40, investment property which is under construction is to be carried at fair value at the earlier of when the fair value first becomes reliably measurable and the date of completion of the property. Any changes in fair values will be recognized in profit or loss, consistent with the policy adopted for all other investment properties carried at fair value. Prior to this amendment, such property was carried at cost until the construction had been completed, at which time it would be stated at fair value with any gain or loss being recognized in profit or loss. This amendment has been applied prospectively and the corresponding amounts of prior periods have not been restated. As a result of this amendment, the net profit attributable to shareholders of the Company increased by \$2,897 million for the period ended 31 December 2009, representing the increase in fair value of \$7,331 million for investment properties under development previously carried at cost net of related deferred tax of \$1,833 million and related minority interests of \$2,601 million.

HANG LUNG GROUP LIMITED

Notes:

3. Turnover and segment information

The Group manages its businesses according to the nature of services and products provided. Management has determined three reportable operating segments for the measurement of performance and the allocation of resources. The segments are property leasing in Hong Kong and mainland China and property sales in Hong Kong.

Property leasing segment includes property leasing operation. The Group's investment properties portfolio, which mainly consists of retail, office, residential, serviced apartments and car parks are primarily located in Hong Kong and mainland China. Property sales segment includes development and sale of the Group's trading properties in Hong Kong.

Management evaluates performance primarily based on profit before taxation.

Segment assets principally comprise all non-current assets and current assets directly attributable to each segment with the exception of interest in jointly controlled entities, other assets, deferred tax assets and cash and deposits with banks.

(a) Revenue and results by segments

	Revenue		Profit before taxation	
	2009 \$ Million	2008 \$ Million	2009 \$ Million	2008 \$ Million
Segment				
Property leasing				
- Hong Kong	1,335	1,282	1,069	1,021
- Mainland China	1,148	1,024	945	843
	2,483	2,306	2,014	1,864
Property sales				
- Hong Kong	7,511	11	5,339	3
Segment total	9,994	2,317	7,353	1,867
Other income			20	112
Administrative expenses			(307)	(207)
Operating profit before change in fair value of investment properties			7,066	1,772
Increase/(Decrease) in fair value of investment properties				
- property leasing in Hong Kong			4,911	(2,001)
- property leasing in mainland China			11,530	3,143
Finance costs			(53)	(116)
Share of profits of jointly controlled entities			124	11
Profit before taxation			23,578	2,809

(b) Total assets by segments

	Total assets	
	31/12/2009 \$ Million	30/6/2009 \$ Million
Segment		
Property leasing		
- Hong Kong	50,150	45,204
- Mainland China	46,432	32,703
	96,582	77,907
Property sales		
- Hong Kong	10,572	8,162
Segment total	107,154	86,069
Interest in jointly controlled entities	1,553	1,500
Other assets	1,277	1,271
Deferred tax assets	33	61
Cash and deposits with banks	10,559	9,632
Total assets	120,576	98,533

HANG LUNG GROUP LIMITED

Notes:

4. Profit before taxation

	2009 \$ Million	2008 \$ Million
Profit before taxation is arrived at after charging:		
Finance costs		
Interest on borrowings	82	171
Other borrowing costs	36	20
Total borrowing costs	<u>118</u>	<u>191</u>
Less: Borrowing costs capitalized	<u>(65)</u>	<u>(75)</u>
	<u>53</u>	<u>116</u>
Cost of properties sold	1,865	8
Staff costs, including contribution to retirement schemes of \$16 million (2008: \$14 million)	313	252
Depreciation	<u>7</u>	<u>5</u>
and after crediting:		
Interest income	<u>20</u>	<u>112</u>

5. Taxation

Provision for Hong Kong Profits Tax is calculated at 16.5% (2008: 16.5%) of the estimated assessable profits for the period. China Income Tax is calculated at the rates applicable in mainland China.

	2009 \$ Million	2008 \$ Million
Current tax		
Hong Kong Profits Tax	950	101
China Income Tax	215	144
	<u>1,165</u>	<u>245</u>
Deferred tax		
Change in fair value of investment properties	3,695	455
Other origination and reversal of temporary differences	130	47
	<u>3,825</u>	<u>502</u>
	<u>4,990</u>	<u>747</u>

6. Dividends

(a) Dividends attributable to the period

	2009 \$ Million	2008 \$ Million
Declared after the balance sheet date:		
19 cents (2008: 16.5 cents) per share	<u>254</u>	<u>220</u>

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

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

	2009 \$ Million	2008 \$ Million
Final dividend in respect of the previous financial year of 54 cents (2008: 54 cents) per share	<u>722</u>	<u>721</u>

HANG LUNG GROUP LIMITED

Notes:

7. Earnings per share

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

	2009 \$ Million	2008 \$ Million
Earnings for calculation of basic and diluted earnings per share (net profit attributable to shareholders)	<u>9,585</u>	<u>906</u>
	2009 Number of shares (Million)	2008 (Million)
Weighted average number of shares used in calculating basic earnings per share	1,336	1,334
Effect of dilutive potential shares - share options	<u>16</u>	<u>14</u>
Weighted average number of shares used in calculating diluted earnings per share	<u>1,352</u>	<u>1,348</u>

(b) The underlying net profit attributable to shareholders which excluded changes in fair value of investment properties net of related deferred tax and minority interests, is calculated as follows:

	2009 \$ Million	2008 \$ Million
Net profit attributable to shareholders	<u>9,585</u>	<u>906</u>
Effect of changes in fair value of investment properties	(16,441)	(1,142)
Effect of corresponding deferred tax	3,695	455
Effect of change in fair value of investment properties net of related deferred tax of jointly controlled entities	<u>(85)</u>	<u>28</u>
	(12,831)	(659)
Minority interests	<u>6,264</u>	<u>463</u>
	<u>(6,567)</u>	<u>(196)</u>
Underlying net profit attributable to shareholders	<u>3,018</u>	<u>710</u>
The earnings per share based on underlying net profit attributable to shareholders are:		
	2009	2008
Basic	\$2.26	\$0.53
Diluted	<u>\$2.23</u>	<u>\$0.53</u>

8. Investment properties and investment properties under development

The investment properties and investment properties under development of the Group were revalued as at 31 December 2009 by Mr. Charles C.K. Chan, Registered Professional Surveyor (General Practice), of Savills Valuation and Professional Services Limited ("Savills"), on a market value basis. For the completed investment properties, Savills has valued such properties with reference to market evidence taking into account the rental income of the properties. For the investment properties under development, Savills has valued such properties by reference to the comparable market sale and purchase transactions and valuing the properties as if they were completed in accordance with the plan allowing for any future construction costs required for completion of the development. During the period, an increase in fair value of investment properties and those under development of \$16,441 million, including \$7,331 million contributed by properties under development in mainland China, is recorded.

HANG LUNG GROUP LIMITED

Notes:

9. Trade and other receivables

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

	31/12/2009 \$ Million	30/6/2009 \$ Million
Current and within 1 month	4,718	412
1 - 3 months	4	3
Over 3 months	1	54
	4,723	469

The majority of the increase in receivables related to the proceeds from the sale of The HarbourSide units during the period which were not due for settlement at 31 December 2009.

Proceeds from property sales are receivable pursuant to the terms of the sale and purchase agreements. In addition to the payment of rental deposits, tenants are required to pay monthly rents in respect of leased properties in advance. Receivables are regularly monitored and closely followed up to minimize any credit risk. Except for sale of properties developed by the Group, it does not hold any collateral over these balances. The balance of bad and doubtful debts as at 31 December 2009 and 30 June 2009 is insignificant.

10. Trade and other payables

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

	31/12/2009 \$ Million	30/6/2009 \$ Million
Due within 1 month	980	734
Due after 3 months	161	109
	1,141	843

Highlights

- For the six months to 31 December 2009, net profit attributable to shareholders of Hang Lung Group grew nearly 10 times to HK\$9,585 million. Excluding the revaluation gain of investment properties and related tax, underlying net profit advanced by more than 3 times to HK\$3,018 million.
- During the period, we sold 425 garden-view units at The HarbourSide and achieved excellent results.
- Property leasing in Shanghai reported a pleasing growth of 12% in both rental turnover and profit to HK\$1,148 million and HK\$945 million respectively.
- Rental turnover from our Hong Kong investment properties steadily increased by 4% to HK\$1,335 million while profit was up by 5% to HK\$1,069 million.
- Overall rental turnover and profits both escalated by 8% to HK\$2,483 million and HK\$2,014 million respectively.
- The increase in fair value of our investment properties was HK\$16,441 million. This included the gain from the first time valuation of our projects under development in mainland China of HK\$7,331 million to comply with the new requirements under HKAS 40.
- The gearing ratio as at 31 December 2009 was maintained at a low level of 2.4%.

HANG LUNG GROUP LIMITED

Purchase, Sale or Redemption of Listed Securities

During the six months period ended 31 December 2009, 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 six months period ended 31 December 2009, 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)	17 to 19 February 2010
Latest time to lodge transfers	4:30 pm on 12 February 2010
Record date for interim dividend	19 February 2010
Interim dividend payment date	4 March 2010

On Behalf of the Board

Ronnie C. Chan

Chairman

Hong Kong, 27 January 2010

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