Hysan 希慎

Hysan Development Company Limited
希慎興業有限公司

(Incorporated under Hong Kong Companies Ordinance, Cap. 32, with limited liability)
(Stock Code：00014)

ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2012

- **Group turnover up 18.1%; Recurring Underlying Profit up 12.8%**
- **Solid occupancy across the existing portfolio (Office: 98%; Retail: 92% (8% under renovation); Residential: 95%)**
- **Steady performance of existing portfolio expected for the rest of the year**
- **New Hysan Place mall is fully-let and has begun to make revenue contribution in 2012**

RESULTS

		Six months ended 30 June		
		2012	2011	
	Notes	**HK$ million**	HK$ million	Change
Turnover	*1*	**1,109**	939	+18.1%
Recurring Underlying Profit	*2*	**748**	663	+12.8%
Underlying Profit	*3*	**748**	663	+12.8%
Reported Profit	*4*	**5,822**	6,012	-3.2%
		HK cents	HK cents	
Earnings per share, based on:				
Recurring Underlying Profit	*2*	**70.57**	62.86	+12.3%
Underlying Profit	*3*	**70.57**	62.86	+12.3%
Reported Profit	*4*	**549.27**	569.98	-3.6%
Interim dividend per share		**17.00**	15.00	+13.3 %

		At 30 June 2012	At 31 December 2011	
		HK$ million	HK$ million	
Shareholders' Funds	*5*	**54,061**	48,753	+10.9%
		HK$	HK$	
Net Asset Value per Share	*6*	**50.92**	46.00	+10.7%

Notes:
1. ***Turnover*** *comprises rental income and management fee income derived from the Group's investment properties portfolio in Hong Kong.*
2. ***Recurring Underlying Profit*** *is a performance indicator of the Group's core property investment business and is arrived at by excluding from Underlying Profit items that are non-recurring in nature (such as gains or losses on disposal of long-term assets; impairment or its reversal; and tax provisions for prior years).*
3. ***Underlying Profit*** *is arrived at by excluding from Reported Profit unrealised fair value changes on investment properties. As a property investor, the Group's results are principally derived from the rental revenues on its investment properties. The inclusion of the unrealised fair value changes on investment properties in the consolidated income statement causes an increase in fluctuation in earnings and poses limitations on the use of the unadjusted earning figures, financial ratios, trends and comparisons against prior period(s). Accordingly, unrealised fair value changes on investment properties are excluded in arriving at the Underlying Profit.*
4. ***Reported Profit*** *is the profit attributable to owners of the Company. It is prepared in accordance with Hong Kong Financial Reporting Standards issued by Hong Kong Institute of Certified Public Accountants and the Hong Kong Companies Ordinance.*
5. ***Shareholders' Funds*** *is the equity attributable to owners of the Company.*
6. ***Net Asset Value per Share*** *represents Shareholders' Funds divided by the number of issued shares at interim period end/year end.*

CHAIRMAN'S STATEMENT

Overview

During the first half of 2012, the Hong Kong economy was further impacted by the challenging macro economic environment in Europe and the United States. In particular, Hong Kong's export performance was weak. Domestic consumption, including contributions by Mainland tourists, remained more resilient despite a moderation in the growth rate. This benefitted retail leasing activities.

For the Grade "A" office leasing market, overall tight supply continued to provide support amidst slowing demand. Rental levels in non-Central core locations (including Causeway Bay) remained relatively stable.

Results

The Group's turnover for the 2012 interim period was HK$1,109 million, representing a year-on-year increase of 18.1% from HK$939 million in 2011. If the rental contribution of HK$87 million from Hysan Place is excluded, the like-for-like turnover increase in the first six months in 2012 would be 8.8% to HK$1,022 million. As at 30 June 2012, solid occupancy was recorded across our existing portfolio (Office: 98%; Retail: 92% (remaining 8% space at Lee Theatre Plaza being under renovation); Residential: 95%).

Recurring Underlying Profit, the key measurement of our core leasing business performance, was HK$748 million, up 12.8% from HK$663 million in 2011. This principally reflected the increase in revenue generated from our leasing activities. Our Underlying Profit, which excludes unrealised changes in fair value of investment properties, was also HK$748 million. Our Reported Profit for the 2012 interim period was HK$5,822 million (2011: HK$6,012 million), reflecting a smaller fair value gain on investment properties valuation recorded in this period.

As at 30 June 2012, the investment properties for the Group were revalued at HK$56,452 million (31 December 2011: HK$49,969 million), reflecting improved rentals for our existing portfolio and a higher valuation for Hysan Place since the project was in the final stages of completion. The fair value gain was, however, smaller when compared with that recorded in the previous year. The Group's Shareholders' Funds rose by 10.9% to HK$54,061 million (31 December 2011: HK$48,753 million).

Dividends

The Board of Directors has declared an interim dividend of HK17.0 cents per share (2011: HK15.0 cents). The dividend will be payable in cash with a scrip dividend alternative. Details of the payment of an interim dividend including the scrip dividend arrangements are set out in "Additional Information".

Outlook

The performance of our existing leasing portfolio should continue to be steady during the second half of the year. Our new Hysan Place project, situated at the northern gateway of our hub, is an important milestone in our long-term growth. The shopping mall, which is fully-let, will open on 10 August. It will further strengthen our retail portfolio, and add to the diversity of our retail tenant base. Overall, our commercial properties portfolio (comprising office and retail segments) will become more balanced. Hysan Place is beginning to make a revenue contribution in 2012, and we are confident that it will realise its full financial potential in due course.

Irene Yun Lien LEE
Chairman

Hong Kong, 6 August 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

Operations and Financial Review

Turnover – The Group's turnover for the first half of 2012 was HK$1,109 million, being HK$170 million or 18.1% higher than that in the same period in 2011 (2011: HK$939 million). Excluding the rental contribution from Hysan Place of HK$87 million, the like-for-like turnover for the first six months in 2012 increased by 8.8% to HK$1,022 million. The Group continued to enjoy a good performance across all three leasing sectors.

Office Sector – Office sector turnover grew 7.4% to HK$434 million (2011: HK$404 million), attributable to improved occupancy as well as positive rental reversion on renewals. Excluding the new Hysan Place, office segment occupancy as at 30 June 2012 further improved to 98%, as compared with 96% as at 31 December 2011 and 95% as at 30 June 2011. A majority of the current year's expiring leases have been committed.

The latest transaction in Hysan Place has set a new rental benchmark for Causeway Bay. 40% of office space in Hysan Place had been committed as at 30 June 2012. Our leasing strategy will balance occupancy and a long-term strategic contribution towards enhancing the tenant profile and hence attraction of our entire office portfolio.

Retail Sector – The Group's retail sector turnover grew 33.5% during the interim period to HK$510 million (2011: HK$382 million), including turnover rent of HK$58 million (2011: HK$47 million). Revenue contribution of Hysan Place during the period has also been included. Excluding the new Hysan Place, retail occupancy was 92% as at 30 June 2012, reflecting the fact that part of Lee Theatre Plaza was under renovation (31 December 2011: virtually fully-let; 30 June 2011: 95%). A majority of the current year's expiring leases have been committed.

The rejuvenation of Lee Theatre Plaza represents the final phase of the Group's efforts to redefine and rebrand the Lee Theatre retail hub. Following the repositioning of One Hysan Avenue and Leighton Centre, the hub has been transformed into a fashionable and chic shopping venue. The current renovation in the lower zone of Lee Theatre Plaza, scheduled to complete around mid-2013, will further add to the sophistication of our retail offerings. An anchor tenant has already been signed.

The new Hysan Place mall was virtually fully-let as at 30 June 2012. It will open on 10 August and is now fully-let. Hysan Place's retail portion will significantly strengthen the Group's overall retail portfolio. It will increase our overall retail gross floor area by 50%. In addition, it will introduce to the public many retailers that are new to Hong Kong, thereby making the tenant mix of our retail portfolio more diversified.

Residential Sector – The Group's residential sector turnover increased by 7.8% to HK$165 million (2011: HK$153 million). This reflected positive rental reversion on renewals, and high occupancy (30 June 2012: 95%) maintained throughout the interim period (31 December 2011: 95%; 30 June 2011: 96%).

Property Expenses – Property expenses increased to HK$152 million (2011: HK$107 million). The increase was principally due to the costs attributable to Hysan Place, a significant part of which related to revenue-generating activities such as agency fees. Excluding Hysan Place, the like-for-like property expenses increased by 9.3% to HK$117 million (2011: HK$107 million). This reflected an increase in utilities costs, cleaning expenses (following the implementation of statutory minimum wages) as well as front-line staff costs. As a result, the property expenses to turnover ratio increased from 11.4% to 13.7% as compared to the same period in 2011.

Investment Income – Investment income, comprising principally dividend income and interest income, amounted to HK$26 million (2011: HK$40 million). The decrease mainly reflected lower dividend income derived from the Group's equity investments, after taking into consideration the disposals made during the first half of 2012.

Other Gains and Losses – The Group used a variety of financial instruments to manage its interest rate and foreign exchange rate exposures and continued to hold its principal-protected investments to maturity. The net gain of HK$13 million (2011: net loss of HK$5 million) primarily represented the mark-to-market fair value movements of these financial instruments and principal-protected investments, as required under the current accounting standards.

Administrative Expenses – Administrative expenses rose by 21.8% to HK$95 million (2011: HK$78 million) for the first half of 2012, reflecting continuing human resources upskilling for Hysan's existing portfolio and additional hiring for Hysan Place. In addition, consulting expenses were incurred for the review and application for judicial review of the government's proposed Outline Zoning Plans, which affect the long-term redevelopment of the Group's Causeway Bay properties portfolio.

Finance Costs – Finance costs, after capitalisation of HK$17 million (2011: HK$18 million) interest expenses and related borrowing costs referable to Hysan Place construction costs, were HK$70 million in 2012, an increase of 18.6% from HK$59 million in 2011.

If the capitalised interest expenses and related borrowing costs were included, the Group's finance costs in the first half of 2012 would have been HK$87 million, an increase of HK$10 million or 13.0% as compared to the same period last year (2011: HK$77 million). This principally reflected the increase in the Group's average debt levels since the second half of 2011, as new financings were arranged to increase the liquidity for the Group in view of the volatile credit market. The Group's average finance costs for the interim period were 2.7%, a slight decrease from 2.8% in the first half of 2011 and at the same level for 2011 full-year.

Change in Fair Value of Investment Properties – As at 30 June 2012, the investment properties of the Group were revalued at HK$56,452 million (31 December 2011: HK$49,969 million) by an independent professional valuer. Fair value gain on investment properties (excluding capital expenditure spent on the Group's investment properties) of HK$5,142 million (2011: HK$5,608 million) was recognised in the condensed consolidated income statement during the interim period.

Share of Results of Associates – The Group's share of results of associates increased by 28.2% to HK$159 million (2011: HK$124 million), primarily due to the increase in revaluation gain on the Shanghai Grand Gateway project, of which the Group owns 24.7%.

Taxation – Taxation for the period (aggregation of current and deferred tax) increased from HK$118 million in 2011 to HK$136 million, which is in line with the growth in the Group's core business operating results.

Contingent Liabilities – There have been no significant changes since the publication of the Group's 2011 Annual Report in March 2012.

Capital Expenditure – The Group has an established asset enhancement programme that involves selective repositioning, refurbishment and redevelopment of its investment properties portfolio. Total capital expenditure on these activities amounted to HK$1,338 million during the period (2011: HK$416 million), including the payment of the construction costs of Hysan Place.

Financial Policy

The Group considers that there are sufficient financial resources to fund its general operating expenses and the planned level of capital expenditure. These financial resources include funds generated from operating activities, access to the debt capital market through the Medium Term Note Programme, availability of undrawn committed banking facilities, and liquid treasury assets.

Financial Management – The key objective of the Group's financial management is to maintain sufficient liquidity and manage financial risks. This is achieved by way of diversifying our funding sources; keeping appropriate levels of cash and committed banking facilities; spreading out debt maturity to minimise funding and refinancing risks; maintaining an appropriate interest rate profile; and controlling foreign exchange exposure arising from borrowings and investments. To manage our exposures to the volatile market, we strictly monitor counter-party risks and restrict our investments to simple and liquid products.

Liquidity – Our debt maturity profile was lengthened during the interim period. The Group issued HK$781 million of medium to long-term fixed rate notes and all refinancing due in 2012 were completed. The Group's total gross debt level at 30 June 2012 was HK$5,891 million, a reduction of HK$719 million compared to HK$6,610 million at the year end of 2011. The Group's time deposits, cash and bank balances stood at HK$1,612 million as at 30 June 2012 (31 December 2011: HK$2,961 million).

The Group's average debt maturity improved to 5.5 years as at 30 June 2012 (31 December 2011: 4.2 years), with HK$1,200 million being repayable in more than one year but not exceeding two years, HK$2,100 million being repayable in more than two years but not exceeding five years, and HK$2,591 million being repayable beyond five years. (31 December 2011: HK$1,507 million being repayable within one year, HK$700 million being repayable in more than one year but not exceeding two years, HK$2,600 million being repayable in more than two years but not exceeding five years, and HK$1,803 million being repayable beyond five years.) As at 30 June 2012, bank loans accounted for approximately 45.8% of the Group's total gross debt, with the remaining 54.2% from capital market financing (31 December 2011: 43.1%: 56.9%).

All of the Group's debts are unsecured and on a committed basis. To maintain sufficient liquidity for the Group's operations, undrawn committed facilities of HK$1,000 million were maintained as at 30 June 2012 (31 December 2011: HK$1,000 million).

The Group holds listed equity investments for long-term purposes. During the review period, the Group disposed of a substantial part of such securities and, in light of the volatile financial market, placed the proceeds as bank deposits and debt securities.

Risk Management – Interest expenses represent a key cost driver of the Group's business. Therefore, the Group monitors its interest rate exposure closely and adopts an appropriate hedging strategy in light of market conditions. As at 30 June 2012, the ratio of floating rate debt was approximately 40.2% of the total gross debt (31 December 2011: 54.8%).

The Group aims to have minimal foreign currency exposure when managing its liabilities. On the liability side, with the exception of the US$26 million and AUD37 million of bank loans (both of which have been hedged into Hong Kong dollars by appropriate hedging instruments), all of the Group's other borrowings were denominated in Hong Kong dollars.

On the asset side, the Group closely monitors its foreign currency exposure to ensure it falls within the internal limits. The Group only has exposures in USD and CNY mainly arising from investments in principal-protected investments and debt securities. Unhedged foreign currency positions were US$42 million and CNY 163 million. Other foreign exchange exposure mainly relates to the Shanghai Grand Gateway project amounting to HK$3,564 million (31 December 2011: HK$3,423 million) or 5.5 % of the Group's total assets (31 December 2011: 5.8%).

Financial Ratios – Net interest coverage (defined as gross profit less administrative expenses before depreciation divided by net interest expenses) was 14.6 times for the first half of 2012 (2011: 13.4 times).

Net debt to equity (defined as borrowings less time deposits, cash and bank balances divided by Shareholders' Funds) as at 30 June 2012 was 8.0% (31 December 2011: 7.6%).

Credit Ratings – As at 30 June 2012, the Group's ratings remained unchanged, being Baa1 from Moody's and BBB from Standard and Poor's.

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2012 (unaudited)

		Six months ended 30 June	
	Notes	**2012**	2011
		HK$ million	HK$ million
Turnover	4	**1,109**	939
Property expenses		**(152)**	(107)
Gross profit		**957**	832
Investment income		**26**	40
Other gains and losses		**13**	(5)
Administrative expenses		**(95)**	(78)
Finance costs		**(70)**	(59)
Change in fair value of investment properties		**5,142**	5,608
Share of results of associates		**159**	124
Profit before taxation		**6,132**	6,462
Taxation	6	**(136)**	(118)
Profit for the period	7	**5,996**	6,344
Profit for the period attributable to:			
Owners of the Company		**5,822**	6,012
Non-controlling interests		**174**	332
		5,996	6,344
Earnings per share (expressed in HK cents)			
Basic	8	**549.27**	569.98
Diluted	8	**549.14**	569.39

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2012 (unaudited)

	Six months ended 30 June	
	2012	2011
	HK$ million	HK$ million
Profit for the period	**5,996**	6,344
Other comprehensive income		
Equity investments designated as at fair value through other comprehensive income:		
Net gains (losses) arising during the period	**107**	(100)
Derivatives designated as cash flow hedges:		
Gains (losses) arising during the period	**2**	(14)
Reclassification adjustments for losses included in profit or loss	**3**	10
	5	(4)
Revaluation of properties held for own use:		
Gains on revaluation of properties held for own use	**15**	34
Deferred taxation arising on revaluation	**(3)**	(6)
	12	28
Share of translation reserve of an associate	**(18)**	71
Other comprehensive income (expense) for the period (net of tax)	**106**	(5)
Total comprehensive income for the period	**6,102**	6,339
Total comprehensive income attributable to:		
Owners of the Company	**5,928**	6,007
Non-controlling interests	**174**	332
	6,102	6,339

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2012 (unaudited)

	Notes	**At 30 June 2012 HK$ million**	At 31 December 2011 HK$ million
Non-current assets			
Investment properties		**56,452**	49,969
Property, plant and equipment		**537**	530
Investments in associates		**3,564**	3,423
Principal-protected investments		**325**	365
Term notes		**684**	259
Equity investments		**70**	989
Other financial assets		**67**	68
Other receivables	10	**150**	163
		61,849	55,766
Current assets			
Accounts receivable and other receivables	10	**167**	134
Principal-protected investments		**88**	265
Term notes		**576**	171
Other financial assets		**-**	71
Time deposits		**1,569**	2,899
Cash and bank balances		**43**	62
		2,443	3,602
Current liabilities			
Accounts payable and accruals	11	**586**	532
Rental deposits from tenants		**192**	170
Amounts due to non-controlling interests		**327**	327
Borrowings		**-**	1,507
Other financial liabilities		**6**	19
Taxation payable		**148**	73
		1,259	2,628
Net current assets		**1,184**	974
Total assets less current liabilities		**63,033**	56,740
Non-current liabilities			
Borrowings		**5,936**	5,156
Other financial liabilities		**41**	50
Rental deposits from tenants		**495**	430
Deferred taxation		**380**	360
		6,852	5,996
Net assets		**56,181**	50,744
Capital and reserves			
Share capital		**5,308**	5,299
Reserves		**48,753**	43,454
Equity attributable to owners of the Company		**54,061**	48,753
Non-controlling interests		**2,120**	1,991
Total equity		**56,181**	50,744

Notes:

1. Independent Review

The interim results for the six months ended 30 June 2012 are unaudited, but have been reviewed 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 (the "HKICPA"), by Deloitte Touche Tohmatsu, whose report on review of interim financial information is included in the interim report to be sent to shareholders. The interim results have also been reviewed by the Group's Audit Committee.

2. Basis of preparation

The unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2012 have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the HKICPA.

3. Principal Accounting Policies

The unaudited condensed consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments, which are measured at revalued amounts or fair values, as appropriate.

The accounting policies, presentation and methods of computation followed in the preparation of the unaudited condensed consolidated financial statements are the same as those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2011.

The Group had early applied the Amendments to HKAS 12 "Income Taxes", in respect of the recognition of deferred tax on investment properties carried at fair value under HKAS 40 "Investment Property" since the Group's financial year beginning on 1 January 2010. In the current period, the Group has applied the Amendments to Standard issued by the HKICPA that are relevant to its operations and effective for the Group's financial year beginning on 1 January 2012. The adoption of the Amendments to Standard had no material effect on the results and financial position of the Group for the current and/or prior accounting periods.

The Group has not early applied the following new Standards, Amendments to Standards and Interpretation that have been issued but are not yet effective.

HKAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income[1]
HKAS 19 (2011)	Employee Benefits[2]
HKAS 27 (2011)	Separate Financial Statements[2]
HKAS 28 (2011)	Investments in Associates and Joint Ventures[2]
HKAS 32 (Amendments)	Offsetting Financial Assets and Financial Liabilities[3]
HKFRS 7 (Amendments)	Disclosures - Offsetting Financial Assets and Financial Liabilities[2]
HKFRS 10	Consolidated Financial Statements[2]
HKFRS 11	Joint Arrangements[2]
HKFRS 12	Disclosure of Interests in Other Entities[2]
HKFRS 13	Fair Value Measurement[2]
HKFRS 10, HKFRS 11 and HKFRS 12 (Amendments)	Consolidation Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance[2]
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2009 - 2011 cycle[2]
HK(IFRIC) - Int 20	Stripping Costs in the Production Phases of a Surface Mine[2]

1 Effective for annual periods beginning on or after 1 July 2012.
2 Effective for annual periods beginning on or after 1 January 2013.
3 Effective for annual periods beginning on or after 1 January 2014.

The assessment for the impact of HKFRS 7 (Amendments), HKAS 32 (Amendments) and HKFRS 13 on the results and the financial position of the Group have been disclosed in the Group’s annual consolidated financial statements for the year ended 31 December 2011. Excluding the above new Standard and Amendments to Standards, the Directors of the Company anticipate that the application of the other new Standards, Amendments to Standards and Interpretation will have no material impact on the results and the financial position of the Group.

4. Turnover

Turnover represents gross rental income from investment properties and management fee income for the period.

The Group's principal activities are property investment, management and development, and its turnover and results are principally derived from investment properties located in Hong Kong.

5. Segment Information

Based on the internal reports about components of the Group that are regularly reviewed by the chief operating decision maker (i.e. Chief Executive Officer of the Group) in order to allocate resources to segments and to assess their performance, the Group's operating segments are as follows:

Office segment – leasing of high quality office space and related facilities

Retail segment – leasing of space and related facilities to a variety of retail and leisure operators

Residential segment – leasing of luxury residential properties and related facilities

Segment turnover and results

The following is an analysis of the Group's turnover and results by operating segment.

	Office HK$ million	Retail HK$ million	Residential HK$ million	Consolidated HK$ million
For the six months ended 30 June 2012 (unaudited)				
Turnover				
Gross rental income from investment properties	**372**	**469**	**149**	**990**
Management fee income	**62**	**41**	**16**	**119**
Segment revenue	**434**	**510**	**165**	**1,109**
Property expenses	**(64)**	**(64)**	**(24)**	**(152)**
Segment profit	**370**	**446**	**141**	**957**
Investment income				**26**
Other gains and losses				**13**
Administrative expenses				**(95)**
Finance costs				**(70)**
Change in fair value of investment properties				**5,142**
Share of results of associates				**159**
Profit before taxation				**6,132**

	Office HK$ million	Retail HK$ million	Residential HK$ million	Consolidated HK$ million
For the six months ended 30 June 2011 (unaudited)				
Turnover				
Gross rental income from investment properties	343	349	138	830
Management fee income	61	33	15	109
Segment revenue	404	382	153	939
Property expenses	(41)	(45)	(21)	(107)
Segment profit	363	337	132	832
Investment income				40
Other gains and losses				(5)
Administrative expenses				(78)
Finance costs				(59)
Change in fair value of investment properties				5,608
Share of results of associates				124
Profit before taxation				6,462

All of the segment turnover reported above is from external customers.

Segment profit represents the profit earned by each segment without allocation of investment income, administrative expenses (including central administration costs and directors' salaries), other gains and losses, finance costs, change in fair value of investment properties and share of results of associates. This is the measure reported to the Chief Executive Officer of the Group for the purposes of resource allocation and performance assessment.

Segment assets
The following is an analysis of the Group's assets by operating segments.

	Office HK$ million	Retail HK$ million	Residential HK$ million	Consolidated HK$ million
As at 30 June 2012 (unaudited)				
Segment assets	**21,404**	**26,587**	**8,471**	**56,462**
Investments in associates				**3,564**
Other assets				**4,266**
Consolidated assets				**64,292**
As at 31 December 2011 (audited)				
Segment assets	16,957	15,092	8,426	40,475
Investment properties under redevelopment *(Note)*				9,500
Investments in associates				3,423
Other assets				5,970
Consolidated assets				59,368

Note:
The investment properties under redevelopment as at 31 December 2011 were substantially completed as at 30 June 2012.

6. Taxation

	Six months ended 30 June	
	2012 **HK$ million**	2011 HK$ million
Current tax		
Hong Kong profits tax (for current period)	**119**	105
Deferred tax	**17**	13
	136	118

Hong Kong profits tax is calculated at 16.5% of the estimated assessable profit for both periods.

7. Profit For The Period

	Six months ended 30 June	
	2012	2011
	HK$ million	HK$ million
Profit for the period has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment	**5**	3
Dividends from listed equity investments	**(3)**	(26)
Gross rental income from investment properties including contingent rental of HK$58 million (2011: HK$47 million)		
Less:	**(990)**	(830)
- Direct operating expenses arising from properties that generated rental income	**149**	105
- Direct operating expenses arising from properties that did not generate rental income	**3**	2
	(838)	(723)
Interest income	**(23)**	(14)
Staff costs, comprising:		
- Directors' emoluments	**12**	12
- Share-based payments	**2**	2
- Other staff costs	**94**	83
	108	97
Share of income tax of an associate (included in share of results of associates)	**66**	43

8. Earnings Per Share

(a) Basic and diluted earnings per share

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

	Earnings Six months ended 30 June	
	2012	2011
	HK$ million	HK$ million
Earnings for the purposes of basic and diluted earnings per share:		
Profit for the period attributable to owners of the Company	**5,822**	6,012

	Number of shares Six months ended 30 June	
	2012	2011
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,059,952,885**	1,054,776,587
Effect of dilutive potential ordinary shares:		
Share options issued by the Company	**246,666**	1,082,184
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**1,060,199,551**	1,055,858,771

For the six months ended 30 June 2012, the computation of diluted earnings per share does not assume the exercise of certain of the Company's outstanding share options as the exercise prices of those options were higher than the average market price for shares.

(b) Adjusted basic earnings per share

For the purpose of assessing the performance of the Group's principal activities (i.e. leasing of investment properties), the management is of the view that the profit for the period attributable to the owners of the Company should be adjusted in the calculation of basic earnings per share as follows:

	Six months ended 30 June			
	2012		2011	
	Profit	**Basic earnings per share**	Profit	Basic earnings per share
	HK$ million	**HK cents**	HK$ million	HK cents
Profit for the period attributable to owners of the Company	**5,822**	**549.27**	6,012	569.98
Change in fair value of investment properties	**(5,142)**		(5,608)	
Effect of non-controlling interests' shares	**126**		287	
Share of change in fair value of investment properties (net of deferred taxation) of an associate	**(58)**		(28)	
Underlying Profit	**748**	**70.57**	663	62.86
Recurring Underlying Profit	**748**	**70.57**	663	62.86

Notes:

(1) Recurring Underlying Profit is arrived at by excluding from Underlying Profit items that are non-recurring in nature (such as gains or losses on disposal of long-term assets, impairment or its reversal; and tax provisions for prior years). As there were no such adjustments in both the six months period ended 30 June 2012 and 2011, the Recurring Underlying Profit is the same as the Underlying Profit.

(2) The denominators in calculating the adjusted earnings per share used are the same as those detailed above for basic earnings per share.

9. Dividends

(a) Dividends recognised as distribution during the period:

	Six months ended 30 June	
	2012	2011
	HK$ million	HK$ million
2011 final dividend paid – HK64 cents per share	**679**	-
2010 final dividend paid – HK60 cents per share	-	632
	679	632

Scrip dividend alternatives were offered to the shareholders in respect of the above dividends. These alternatives were accepted by the shareholders as follows:

	Six months ended 30 June	
	2012	2011
	HK$ million	HK$ million
2011 final dividend (2010 final dividend):		
Cash payment	**634**	464
Share alternative	**45**	168
	679	632

(b) Dividend declared after the end of the reporting period:

	Six months ended 30 June	
	2012	2011
	HK$ million	HK$ million
Interim dividend declared – HK17 cents per share (2011: HK15 cents per share)	**180**	159

The above interim dividends were declared after the interim reporting dates and have not been recognised as liabilities at the end of the respective reporting periods.

The declared 2012 interim dividend will be payable in cash with a scrip dividend alternative.

10. Accounts Receivable And Other Receivables

	At 30 June 2012 HK$ million	At 31 December 2011 HK$ million
Accounts receivable	**10**	6
Interest receivable	**22**	51
Prepayments in respect of investment properties	**45**	98
Other receivables	**240**	142
	317	297
Analysis for reporting purposes as:		
Current assets	**167**	134
Non-current assets	**150**	163
	317	297

Rents from leasing of investment properties are normally received in advance. At 30 June 2012, accounts receivable of the Group with carrying amount of HK$10 million (31 December 2011: HK$6 million) mainly represented rents receipts in arrears, which were aged less than 90 days.

11. Accounts Payable And Accruals

	At 30 June 2012 HK$ million	At 31 December 2011 HK$ million
Accounts payables	**355**	324
Interest payable	**48**	70
Other payables	**183**	138
	586	532

As at 30 June 2012, accounts payable of the Group with carrying amount of HK$355 million (31 December 2011: HK$324 million) were aged less than 90 days.

ADDITIONAL INFORMATION

Corporate Governance

The Board of Directors (the "Board") and management of the Company are committed to maintaining high standards of corporate governance. The Board had adopted a Statement of Corporate Governance Policy which gives guidance on how corporate governance principles are applied to the Company. In addition to complying with applicable statutory requirements, we aim to continually review and enhance our corporate governance practices in the light of local and international best practices.

The Company meets the Code Provisions contained in the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules, with the exception that its Remuneration Committee (established since 1987) has the responsibility of determining compensation at Executive Director-level only. The Board is of the view that, in light of the current organisational structure and the nature of Hysan's business activities, the current arrangement is appropriate. The Board will continue to review this arrangement going forward in light of the evolving needs of the Group. Further information on the Company's corporate governance practices is available on our website www.hysan.com.hk.

Compliance of the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code")

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. All Directors have confirmed, following specific enquiry by the Company, that they have complied with the required standards set out in the Model Code throughout the review period.

Purchase, Sale or Redemption of the Company's Listed Securities

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

Human Resources Practices

The Group aims to attract, retain and develop high calibre individuals committed to attaining our objectives. The total number of employees as at 30 June 2012 was 580, including new staff hired for the new Hysan Place (31 December 2011: 541). The Group's human resources practices are aligned with our corporate objectives so as to maximise shareholder value and achieve growth.

There has been no material change in respect of the human resources programs, training and development as set out in our 2011 Annual Report.

Scrip Dividend Arrangement

A circular containing details of the scrip dividend and the form of election will be mailed to shareholders on or about Friday, 24 August 2012. The scrip dividend alternative is conditional upon the granting by the Listing Committee of the Stock Exchange of the listing of and permission to deal in the new shares to be issued pursuant thereto.

Closure of Register of Members

The register of members will be closed from Monday, 20 August 2012 to Wednesday, 22 August 2012, both dates inclusive, for the purpose of determining shareholders' entitlements to the interim dividend, during which period no transfer of shares will be registered. The ex-dividend date will be Thursday, 16 August 2012. In order to qualify for the interim dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Registrars, Tricor Standard Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, not later than 4:00 p.m. on Friday, 17 August 2012. The interim dividend will be paid to shareholders whose names appear on the register of members on Wednesday, 22 August 2012 and the payment date will be on or about Thursday, 13 September 2012.

By Order of the Board

Wendy Wen Yee YUNG

Executive Director and Company Secretary

Hong Kong, 6 August 2012

*As at the date of this announcement, the Board comprises: Irene Yun Lien LEE (Chairman), Siu Chuen LAU (Deputy Chairman and Chief Executive Officer), Nicholas Charles ALLEN**, Philip Yan Hok FAN**, Joseph Chung Yin POON**, Hans Michael JEBSEN* (Kam Wing LI as his alternate), Anthony Hsien Pin LEE* (Irene Yun Lien LEE as his alternate), Chien LEE*, Michael Tze Hau LEE* and Wendy Wen Yee YUNG (Executive Director).*

* *Non-executive Directors*

** *Independent non-executive Directors*

This interim results announcement is published on the website of the Company (www.hysan.com.hk) and the designated issuer website of the Stock Exchange (www.hkexnews.hk). The Interim Report 2012 containing all the information required by the Listing Rules will be despatched to shareholders and made available on the above websites around 31 August 2012.