



HIGHLIGHTS OF 2008/2009 FINAL RESULTS

The final results for the eighteen months ended 31 December 2009 are prepared due to the change of the financial year end date from 30 June to 31 December.

		For the eighteen months ended 31 December 2009	For the financial year ended 30 June 2008	
	Note	HK\$ million	HK\$ million (restated)	Change
Property sales				
– Revenue	1	8,700	11,163	-22%
– Profit contribution	2	3,739	4,385	-15%
Net rental income	3	4,540	2,728	+66%
Profit attributable to Shareholders				
– Underlying profit	4	6,088	5,708	+7%
– Reported profit		14,320	15,473	-7%
		HK\$	HK\$	
Earnings per share				
– Based on underlying profit	4	2.84	2.78	+2%
– Based on reported profit		6.67	7.54	-12%
Dividends per share		1.30	1.10	+18%
		At 31 December 2009 HK\$	At 30 June 2008 HK\$	
Net asset value per share	5	62.01	56.45	+10%
Adjusted net asset value per share	6	66.08	60.04	+10%
Net debt to shareholders' equity		19.2%	16.5%	+2.7 percentage points
		At 31 December 2009 Million square feet	At 30 June 2008 Million square feet	
Hong Kong				
Land bank (attributable floor area)				
– Properties held for/under development	7	9.4	8.4	
– Completed investment properties	8	10.4	10.0	
		19.8	18.4	
Agricultural land (total land area)		32.8	34.0	
Mainland China				
Land bank (attributable floor area)				
– Properties held for/under development		146.2	115.7	
– Completed investment properties		5.2	3.1	
		151.4	118.8	

Capitalizing on the buoyant property market, the Group has rapidly expanded its development land bank in Hong Kong (through conversion of agricultural land or existing properties into other purposes, as well as expedited property developments and acquisitions of old buildings) so that a total of 5,760,000 square feet is available for development, with a further 4,000,000 square feet in gross floor area becoming available hopefully by the end of 2010 and 15,000,000 square feet beyond 2010. At the same time, the Group has built up a substantial development land bank in mainland China, totalling 146.2 million square feet in developable gross floor area. These extensive land resources in both Hong Kong and mainland China are expected to provide handsome return.

In addition, the expanding rental portfolio in both Hong Kong and mainland China will provide the Group with rising recurrent rental income, whilst the contributions by the three listed associates, namely, Hong Kong and China Gas, Hong Kong Ferry and Miramar, are also expected to record steady growth. Moreover, the Group has four valuable growth drivers, namely:

- continued expansion of the Group's agricultural land reserve, already the largest among all property developers in Hong Kong, to the current level of 40 million square feet in land area as well as its expedited land-use conversion;
- proven experience of expanding property developments by acquiring prime urban sites at reasonable prices;
- the huge, low-cost development land bank in mainland China, the handsome returns from which will be gradually realized in line with their accelerated development; and
- the Group's investment in Hong Kong and China Gas, which is expected to grow in line with China's economic growth with the results of its emerging environmentally-friendly energy businesses and mainland utility businesses reaching the same level as that of Hong Kong gas businesses in 2012.

Given these growth drivers, the creation of value for shareholders over the long term is assured. There are thus ample reasons to be optimistic about the future of the Group.

To provide shareholders with an opportunity to participate in the growth of the Company, the Board has resolved to propose a conditional bonus issue of warrants on the basis of one (1) warrant for every five (5) shares held by the shareholders on 23 April 2010. Each warrant will entitle its holder to subscribe one (1) share in the Company at an initial subscription price of HK\$58 per share (subject to adjustment), which are exercisable at any time during a period of one (1) year commencing from the date of first issue of the warrants up to the date immediately preceding the first anniversary of the date of first issue of the warrants, both days inclusive.

Lee Shau Kee

Chairman

Hong Kong, 30 March 2010

Notes:

- 1 Representing the Group's attributable share of the value of properties in Hong Kong and mainland China sold by subsidiaries, associates and jointly controlled entities ("JCEs").
- 2 Including the Group's attributable share of profit contribution (before taxation) from property sales in Hong Kong and mainland China by associates and JCEs.
- 3 Including the Group's attributable share of net rental income (before taxation) from investment properties in Hong Kong and mainland China held by associates and JCEs.
- 4 Excluding the fair value change (net of deferred tax) of the investment properties held by subsidiaries, associates and JCEs.
- 5 Representing the amount attributable to equity shareholders of the Company.
- 6 As there is no capital gains tax in Hong Kong, total deferred tax liabilities arising from the revaluation of investment properties in Hong Kong held by the Group's subsidiaries, associates and JCEs in the amount of HK\$8,743 million (30 June 2008: HK\$7,710 million), equivalent to HK\$4.07 per share (30 June 2008: HK\$3.59 per share), as provided for and included in the Group's consolidated balance sheet, would not be payable if such investment properties were to be sold at the revalued amounts under the current tax regime. Accordingly, such deferred tax as provided under HKAS-INT 21 has been excluded from the above calculation in order to provide a better understanding of the net asset value attributable to equity shareholders of the Company.
- 7 Including stock of unsold property units with attributable floor area of 2.0 million square feet at 31 December 2009 and 1.0 million square feet at 30 June 2008.
- 8 Including hotel properties with attributable floor area of 1.0 million square feet.