



恒基兆業地產有限公司
HENDERSON LAND DEVELOPMENT COMPANY LIMITED

Incorporated in Hong Kong with limited liability
Stock Code: 12

2010 Interim Results

HIGHLIGHTS OF 2010 INTERIM RESULTS

	Note	For the six months ended 30 June		Change
		2010 unaudited HK\$ million	2009 unaudited HK\$ million	
Property sales				
– Revenue	1	1,176	2,031	-42%
– (Loss)/Profit contribution	2	(394)	551	-172%
Net rental income	3	1,620	1,479	+10%
Profit attributable to Shareholders				
– Underlying profit	4	1,319	2,106	-37%
– Reported profit		7,658	4,370	+75%
		HK\$	HK\$	
Earnings per share				
– Based on underlying profit	4	0.61	0.98	-38%
– Based on reported profit		3.56	2.04	+75%
Interim dividend per share		0.30	0.30	–
		At 30 June	At 31 December	
		2010	2009	
		unaudited	audited	
		HK\$	HK\$	
Net asset value per share	5	64.64	62.01	+4%
Adjusted net asset value per share	6	68.94	66.08	+4%
Net debt to shareholders' equity		23.0%	19.2%	+3.8 percentage points
		At 30 June	At 31 December	
		2010	2009	
		Million	Million	
		square feet	square feet	
Hong Kong				
Land bank (attributable floor area)				
– Properties held for/under development	7	10.3	9.4	
– Completed investment properties	8	10.4	10.4	
		20.7	19.8	
Agricultural land (total land area)		40.1	32.8	
Mainland China				
Land bank (attributable floor area)				
– Properties held for/under development		148.4	146.2	
– Completed investment properties		5.6	5.2	
		154.0	151.4	

The Group unaudited profit attributable to equity shareholders was HK\$7,658 million, representing an increase of HK\$3,288 million or 75% from the corresponding amount of HK\$4,370 million for the six-month period ended 30 June 2009. The unaudited Group underlying profit attributable to equity shareholders (before the fair value change of investment properties) amounted to HK\$1,319 million, representing a decrease of HK\$787 million or 37% from the corresponding amount of HK\$2,106 million for the six-month period ended 30 June 2009. Such decrease was mainly due to the Group's attributable share of loss on cancellation of property sales (including that relating to 39 Conduit Road) during the period in the amount of HK\$776 million.

Backed by higher contribution from net rental income which grew by 10% against an expanding rental portfolio in Hong Kong and mainland China, stable income stream from three listed associates (namely, Hong Kong and China Gas, Hong Kong Ferry and Miramar), and ample financial resources, the Group has continued to actively expand its land bank as described below:

- continued expansion of the Group's agricultural land reserve to the current level of about 40 million square feet in land area as well as expedited land-use conversion. Following the land-use conversion of the sites at Wu Kai Sha, Shatin and at Lot 5369, DD116 at Tai Tong Road, Yuen Long, providing respective attributable gross floor area of 1,670,000 square feet and 930,000 square feet, the premium offer and its related conditions in respect of the land exchange for the site at Wo Shang Wai, Yuen Long (with attributable gross floor area of about 895,000 square feet) have been received and are being considered by the Group; and
- acquisition of value-accretive urban sites and consolidation of their ownership for redevelopment at reasonable prices, with the majority ownership of 14 urban projects (with total expected attributable gross floor area of about 1.4 million square feet) having been secured against total estimated acquisition costs of HK\$5,400 million. Further acquisitions involving another 28 projects are in progress and are expected to provide an additional total attributable gross floor area of approximately 3.6 million square feet upon successful completion of their acquisitions.

The Group is optimistic about the long-term prospects for the Hong Kong property market and is thus vigorously engaged in acquisitions of aged buildings in urban areas for redevelopment. At the same time, the Group also possesses an abundance of agricultural land located in new development areas as designated by the Government. It is estimated that the Group's land bank would double in the next few years. As both the acquisition costs of aged buildings and the land premium payable for agricultural land-use conversion are relatively low as compared to the transacted prices of land sites offered at public auctions, the Group's approach to land-banking would greatly benefit the future contribution to the Group's results.

Lee Shau Kee

Chairman

Hong Kong, 26 August 2010

Notes:

- 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") and after taking into account the effect of cancelled sales transactions. The Group's attributable revenue from property sales before taking into account the effect of cancelled sales transactions was HK\$2,831 million for the six months ended 30 June 2010 and HK\$2,453 million for the six months ended 30 June 2009.
- Representing the Group's attributable share of (loss)/profit contribution (before taxation) from property sales in Hong Kong and mainland China by subsidiaries, associates and JCEs and after taking into account the effect of cancelled sales transactions. The Group's attributable profit contribution from property sales before taking into account the effect of cancelled sales transactions was HK\$536 million for the six months ended 30 June 2010 and HK\$638 million for the six months ended 30 June 2009.
- 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.
- Excluding the fair value change (net of deferred tax) of the investment properties held by subsidiaries, associates and JCEs.
- Representing the amount attributable to equity shareholders of the Company.
- 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\$9,314 million (31 December 2009: HK\$8,743 million), equivalent to HK\$4.30 per share (31 December 2009: HK\$4.07 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 for 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.
- Including stock of unsold property units with attributable floor area of 1.7 million square feet at 30 June 2010 and 2.0 million square feet at 31 December 2009.
- Including hotel properties with attributable floor area of 1.0 million square feet.