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 2010

- **Group turnover up 3.1%**
- **Further improvement in occupancy across the portfolio (Office: 91% (committed: 95%); Retail: 99%; Residential: 94%)**
- **Steady performance expected for rest of the year**

RESULTS

	Six months ended 30 June		
	2010	2009	Change
	HK$ million	*HK$ million*	%
Turnover	**877**	851	3.1
Recurring Underlying Profit[1]	**582**	580	0.3
Underlying Profit[2]	**590**	583	1.2
Statutory Profit[3]	**1,731**	1,071	61.6
	HK cents	*HK cents*	
Earnings per share, based on:			
Recurring Underlying Profit[1]	**55.39**	55.65	(0.5)
Underlying Profit[2]	**56.15**	55.94	0.4
Statutory Profit[3]	**164.73**	102.77	60.3
Interim dividend per share	**14.00**	14.00	-

	At 30 June 2010	At 31 December 2009	
	HK$ million	*HK$ million* (restated)*	
Shareholders' funds	**35,114**	33,830	3.8
Adjusted Shareholders' Funds[4]	**38,724**	37,251	4.0
	HK$	*HK$* (restated)*	
Net assets value per share	**33.38**	32.20	3.7
Adjusted net assets value per share	**36.81**	35.46	3.8

** The amount has been restated due to changes in accounting policy.*

Definitions:

1. **Recurring Underlying Profit**
   This is a performance indicator of the Group's core property investment business. It is arrived at by excluding from Underlying Profit gains/losses from disposal of assets, impairment, reversal, recovery and tax provisions for prior year(s).
2. **Underlying Profit**
   This is arrived at by excluding from Statutory Profit unrealised fair value changes on investment properties and related deferred tax. 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 change on investment properties in the consolidated income statement causes an increase in fluctuation in earnings and poses limitation on the use of the unadjusted earning figures, financial ratios, trends and comparison against prior period(s). Besides, deferred tax on such fair value changes has to be provided for despite the fact that no capital gain tax liability will arise in Hong Kong on disposal of the Group's investment properties. Accordingly, both of these two items are excluded in arriving at the Underlying Profit.
3. **Statutory Profit**
   This 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.
4. **Adjusted Shareholders' Funds**
   This is arrived at by adding back the Group's share of cumulative deferred tax on property revaluation to shareholders' funds figure. Deferred tax on property revaluation has to be provided for despite the fact that no capital gains tax liability will arise in Hong Kong on disposal of properties.

CHAIRMAN'S STATEMENT

Overview

Hong Kong's economy continued to hold up well in the first half of 2010 amidst an uncertain recovery in the global economy, especially in Europe. The improvement in retail sales and general employment conditions in turn benefited the local property leasing market.

Results

The Group's turnover for the 2010 interim period was HK$877 million (2009: HK$851 million), representing a year-on-year increase of 3.1%. This reflected an improved performance in both retail and residential sectors. The office sector's turnover decreased slightly despite success in stabilising occupancy (at 30 June 2010: 95% on a committed basis). This was principally due to the fact that a majority of the committed new tenants will move into the portfolio towards the latter part of the year.

Recurring Underlying Profit, the key measurement of our core leasing business performance, was HK$582 million (2009: HK$580 million). Underlying Profit, which excludes unrealised changes in fair value of investment properties and related deferred tax, was HK$590 million (2009: HK$583 million). Both are broadly the same as the corresponding period last year.

Our Statutory Profit for the first half of 2010 was HK$1,731 million (2009: HK$1,071 million), reflecting a higher fair value gain on investment properties valuation recorded in this period.

As at 30 June 2010, the investment properties for the Group were revalued at HK$39,039 million (31 December 2009: HK$37,363 million). Adjusted Shareholders' Funds stood at HK$38,724 million (31 December 2009: HK$37,251 million).

Dividends

The Board of Directors has declared an interim dividend of HK14.0 cents per share (2009: HK14.0 cents). The dividend will be payable in cash with a scrip dividend alternative.

Outlook

The Group's performance is expected to be steady for the rest of the year. We shall continue to improve the competitiveness of our portfolio pursuant to our established asset enhancement programme.

David AKERS-JONES
Independent non-executive Chairman

Hong Kong, 10 August 2010

MANAGEMENT'S DISCUSSION AND ANALYSIS

Operations and Financial Review

Turnover – The Group's turnover for the first half of 2010 was HK$877 million, representing a 3.1% year-on-year increase (2009: HK$851 million).

***Office Sector* –** Office sector turnover decreased slightly to HK$380 million (2009: HK$384 million). It is because a majority of the new tenants are scheduled to move in during the latter part of the year.

We have successfully stabilised office occupancy which was 91% as at 30 June 2010 (31 December 2009: 89%; 30 June 2009: 91%), while on a committed basis, the occupancy rate was 95%. We have, at the same time, further strengthened our quality tenant base. New tenants include financial institutions, professional services firms and international retailers, who appreciate the locational advantages of our core portfolio in Causeway Bay.

***Retail Sector* –** Better consumer sentiment brought about by improved local labour market conditions, as well as an increase in visitors from Mainland China with good spending power, helped strengthen retail sales in Hong Kong. We further stepped-up our marketing efforts on Mainland tourists, which have proven to be successful. Our retail sector's turnover increased 8.7% to HK$350 million in the first half of 2010 (2009: HK$322 million). It was attributable to the improvement in both basic as well as turnover rent. Occupancy as at 30 June 2010 was 99% (31 December 2009: 99%; 30 June 2009: 98%).

Works are in progress for a new fashion store at One Hysan Avenue. Preparations for revitalisation of Leighton Centre's retail podium are underway, with the premises scheduled to be handed over for refurbishment by September 2010, and the project to be completed by mid 2011. This rejuvenation at the western end of our portfolio forms part of our continuing efforts to enhance our assets.

***Residential Sector* –** Residential sector's turnover increased to HK$147 million in the first six months of 2010 (2009: HK$145 million), which was attributable to an improvement in occupancy. At 30 June 2010, occupancy further improved to 94% (31 December 2009: 92%; 30 June 2009: 85%). This reflected the success of our strategy in improving our marketing channels, as well as the offerings of our portfolio.

Property Expenses – Property expenses rose 17.9% to HK$112 million (2009: HK$95 million), mainly due to higher agency fees to attract quality tenants, as well as higher marketing expenses to capture tourist spending. The property expenses to turnover ratio increased slightly from 11.2% to 12.8% as compared to the same period last year.

Investment Income – Investment income, comprising mainly dividend income and interest income, amounted to HK$22 million (2009: HK$18 million). The increase was a result of improved deposit rates as compared with the first half of 2009 and higher dividend income derived from the Group's equity investments.

Other Gains and Losses – In order to hedge against interest rate and foreign exchange rate exposures, the Group entered into a variety of financial instruments from time to time. The net loss of HK$12 million (2009: net gain of HK$5 million) principally represented mark-to-market movements of these financial instruments, as required under the current accounting standards.

Administrative Expenses – Administrative expenses rose by 4.8% to HK$66 million (2009: HK$63 million) for the first half of 2010, mainly due to the increase in costs for human resources upskilling.

Finance Costs – Taking advantage of the lower interest rate environment, finance costs of the Group dropped by 15.5% to HK$60 million (2009: HK$71 million) in the first half of 2010. The Group's average finance costs for the interim period was 2.6%, a drop from 3.5% in the first half of 2009 and 3.1% for 2009 full year.

Change in Fair Value of Investment Properties – As at 30 June 2010, the investment properties of the Group were revalued at HK$39,039 million (31 December 2009: HK$37,363 million) by an independent professional valuer. Excluding capital expenditure spent on the Group's investment properties, fair value gain on investment properties of HK$1,214 million (2009: HK$397 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 0.8% to HK$259 million (2009: HK$257 million). The increase was mainly attributable to positive rental growth of 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$160 million in 2009 to HK$302 million, which was principally due to the increase of deferred tax provision relating to higher revaluation gains on investment properties.

Contingent Liabilities – There have been no significant changes since the publication of the Group's 2009 Annual Report in March 2010.

Capital Expenditure – The Group is committed to enhancing the asset value of its investment properties portfolio. Total capital expenditure amounted to HK$502 million during the period (2009: HK$99 million), which was principally incurred by the Hennessy Centre redevelopment.

Hennessy Centre Redevelopment – Construction of the Hennessy Centre is in progress. In response to market demand, it will have at least 15 floors of retail space. We have further enhanced its design including the vertical transportation and layout of the retail portion. Improved rental revenue should more than offset the anticipated additional costs and time. Notwithstanding these, the retail mall opening will take place during the second quarter of 2012 as planned.

Financial Policy

The Group considers that there are sufficient financial resources to fund the level of planned capital expenditure including the Hennessy Centre redevelopment project. 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 spreading out debt maturity to minimise funding and refinancing risks; diversifying funding sources; maintaining an appropriate interest rate profile and minimising foreign exchange exposures arising from borrowings.

Liquidity – As at 30 June 2010, the Group's time deposits, cash and bank balances totalled HK$1,593 million (31 December 2009: HK$1,984 million) while the Group's total gross debt level stood at HK$4,033 million, an increase of HK$144 million from the debt level at the year-end of 2009 (31 December 2009: HK$3,889 million).

The Group's average debt maturity was 2.8 years as at 30 June 2010 (31 December 2009: 3.4 years) with HK$1,250 million (31 December 2009: HK$400 million) repayable within one year, HK$1,357 million (31 December 2009: HK$650 million) repayable in more than one year but not exceeding two years, HK$598 million (31 December 2009: HK$2,018 million) repayable in more than two years but not exceeding five years and HK$828 million (31 December 2009: HK$821 million) repayable beyond five years. As at 30 June 2010, bank loans accounted for approximately 40.9% of the Group's total gross debt with the remaining 59.1% from capital market financing (31 December 2009: 37.2%: 62.8%). The ratio of floating rate debt was approximately 72.6% of the total gross debt as at the period end (31 December 2009: 64.9%).

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$1,550 million were maintained as at 30 June 2010 (31 December 2009: HK$2,250 million).

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.

The Group aims to have minimal foreign currency exposure in managing its assets and liabilities. On the liability side, with the exception of the US$174 million 10-year notes and US$51 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, US$8 million of deposits were denominated in U.S. dollars and have been hedged into Hong Kong dollars. Other foreign exchange exposure mainly relates to investment in the Shanghai project that amounted to HK$3,168 million (31 December 2009: HK$2,886 million) or 6.9% of the Group's total assets (31 December 2009: 6.6%).

Financial Ratios – Net interest coverage (defined as gross profit less administrative expenses before depreciation divided by net interest expenses) was 15.6 times for the first half of 2010 (2009: 11.2 times).

Net debt to equity (defined as borrowings less time deposits, cash and bank balances divided by Adjusted Shareholders' Funds) as at 30 June 2010 was 6.4% (31 December 2009: 5.1%).

Credit Ratings – As at 30 June 2010, 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 2010

	Notes	**Six months ended 30 June** **2010** **HK$ million** **(unaudited)**	2009 HK$ million (unaudited)
Turnover	4	**877**	851
Property expenses		**(112)**	(95)
Gross profit		**765**	756
Investment income		**22**	18
Other gains and losses		**(12)**	5
Administrative expenses		**(66)**	(63)
Finance costs		**(60)**	(71)
Change in fair value of investment properties		**1,214**	397
Share of results of associates		**259**	257
Profit before taxation		**2,122**	1,299
Taxation	6	**(302)**	(160)
Profit for the period	7	**1,820**	1,139
Profit for the period attributable to:			
Owners of the Company		**1,731**	1,071
Non-controlling interests		**89**	68
		1,820	1,139
Earnings per share (expressed in HK cents)			
Basic	8	**164.73**	102.77
Diluted	8	**164.64**	102.75

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2010

	Six months ended 30 June	
	2010	2009
	HK$ million	HK$ million
	(unaudited)	(restated)
Profit for the period	**1,820**	1,139
Other comprehensive income		
Available-for-sale investments:		
Gains arising during the period	**72**	33
Reclassification adjustments for the cumulative gain included in profit or loss upon disposal	**-**	(3)
	72	30
Cash flow hedges:		
(Losses) gains arising during the period	**(36)**	5
Reclassification adjustments for losses included in profit or loss	**10**	6
	(26)	11
Revaluation of properties held for own use:		
Gains on revaluation of properties held for own use	**22**	6
Deferred taxation arising on revaluation	**(3)**	(1)
	19	5
Share of translation reserve of an associate	**23**	2
Other comprehensive income for the period (net of tax)	**88**	48
Total comprehensive income for the period	**1,908**	1,187
Total comprehensive income attributable to:		
Owners of the Company	**1,819**	1,119
Non-controlling interests	**89**	68
	1,908	1,187

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2010

	Notes	**At 30 June 2010 HK$ million (unaudited)**	At 31 December 2009 HK$ million (restated)
Non-current assets			
Investment properties		**39,039**	37,363
Property, plant and equipment		**416**	396
Investments in associates		**2,799**	2,517
Available-for-sale investments		**1,074**	1,002
Other financial assets		**347**	177
Other receivables		**51**	31
		43,726	41,486
Current assets			
Accounts receivable and other receivables	10	**90**	83
Amount due from an associate		**369**	369
Other financial assets		**115**	120
Time deposits		**1,570**	1,945
Cash and bank balances		**23**	39
		2,167	2,556
Current liabilities			
Accounts payable and accruals	11	**333**	314
Rental deposits from tenants		**173**	127
Amounts due to minority shareholders		**327**	327
Borrowings		**1,250**	400
Taxation payable		**97**	45
		2,180	1,213
Net current (liabilities) assets		**(13)**	1,343
Total assets less current liabilities		**43,713**	42,829
Non-current liabilities			
Borrowings		**2,825**	3,491
Other financial liabilities		**56**	36
Rental deposits from tenants		**260**	273
Deferred taxation		**4,128**	3,913
		7,269	7,713
Net assets		**36,444**	35,116
Capital and reserves			
Share capital		**5,260**	5,253
Reserves		**29,854**	28,577
Equity attributable to owners of the Company		**35,114**	33,830
Non-controlling interests		**1,330**	1,286
Total equity		**36,444**	35,116

Notes:

1. Independent Review

The interim results for the six months ended 30 June 2010 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 (“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 2010 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.

In the current period, the Group has applied all of the new and revised Standards, Amendments to Standards and Interpretations issued by the HKICPA that are relevant to its operations and effective for the Group’s financial year beginning on 1 January 2010.

Except as described below, the same accounting policies, presentation and methods of computation have been followed in these condensed consolidated financial statements as were applied in the preparation of the Group’s consolidated financial statements for the year ended 31 December 2009.

<u>Amendment to HKAS 17 “Leases”</u>

As part of Improvements to HKFRSs issued in 2009, HKAS 17 Leases has been amended in relation to the classification of leasehold land. Before the amendment to HKAS 17, lessees were required to classify leasehold land as operating leases and present leasehold land as prepaid lease payments in the consolidated statement of financial position. The amendment has removed such a requirement. The amendment to HKAS 17 requires that the classification of leasehold land should be based on the general principles set out in HKAS 17, that is, whether or not risks and rewards incidental to ownership of a leased asset have been transferred substantially to the lessee.

In accordance with the transitional provisions set out in the amendment to HKAS 17, the Group reassessed the classification of unexpired leasehold land as at 1 January 2010 based on information that existed at the inception of these leases. Leasehold land that qualifies for finance lease classification has been reclassified from prepaid lease payments to property, plant, and equipment and has been measured using the revaluation model on a retrospective basis. The application of the amendment has had no significant financial impact to the Group’s consolidated income statements for the current and prior periods. The cumulative effects to the Group’s consolidated statements of financial position as at 1 January 2009 and 31 December 2009 are summarised as below.

	At 31 December 2009			At 1 January 2009		
	Originally stated	Amendment to HKAS 17	**Restated**	Originally stated	Amendment to HKAS 17	**Restated**
	HK$ million	HK$ million	**HK$ million**	HK$ million	HK$ million	**HK$ million**
Property, plant and equipment	81	315	**396**	80	307	**387**
Prepaid lease payments	121	(121)	**-**	123	(123)	**-**
Deferred taxation	(3,881)	(32)	**(3,913)**	(3,648)	(30)	**(3,678)**
Total effect on net assets	(3,679)	162	**(3,517)**	(3,445)	154	**(3,291)**
Properties revaluation reserve	13	162	**175**	12	154	**166**
Total effect on equity	13	162	**175**	12	154	**166**

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

HKFRSs (Amendments)	Improvements to HKFRSs 2010[1]
HKAS 24 (Revised)	Related Party Disclosures[2]
HKAS 32 (Amendment)	Classification of Rights Issues[3]
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosure for First-time Adopters[4]
HKFRS 9	Financial Instruments[5]
HK(IFRIC) – Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement[2]
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments[4]

1 Amendments that are effective for annual periods beginning on or after 1 July 2010 or 1 January 2011, as appropriate.
2 Effective for annual periods beginning on or after 1 January 2011.
3 Effective for annual periods beginning on or after 1 February 2010.
4 Effective for annual periods beginning on or after 1 July 2010.
5 Effective for annual periods beginning on or after 1 January 2013.

Other than the application of HKFRS 9 “Financial Instruments” which might affect the classification and measurement of the Group’s financial assets, the Directors of the Company anticipate that the application of the other new and revised Standards, Amendments to Standards and Interpretations 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 reportable 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

	Office HK$ million	Retail HK$ million	Residential HK$ million	Consolidated HK$ million
For the six months ended 30 June 2010 (unaudited)				
Turnover				
Gross rental income from investment properties	**323**	**317**	**132**	**772**
Management fee income	**57**	**33**	**15**	**105**
	380	**350**	**147**	**877**
Property expenses	**(57)**	**(35)**	**(20)**	**(112)**
Segment profit	**323**	**315**	**127**	**765**
Investment income				**22**
Other gains and losses				**(12)**
Administrative expenses				**(66)**
Finance costs				**(60)**
Change in fair value of investment properties				**1,214**
Share of results of associates				**259**
Profit before taxation				**2,122**

	Office HK$ million	Retail HK$ million	Residential HK$ million	Consolidated HK$ million
For the six months ended 30 June 2009 (unaudited)				
Turnover				
Gross rental income from investment properties	327	290	131	748
Management fee income	57	32	14	103
	384	322	145	851
Property expenses	(48)	(28)	(19)	(95)
Segment profit	336	294	126	756
Investment income				18
Other gains and losses				5
Administrative expenses				(63)
Finance costs				(71)
Change in fair value of investment properties				397
Share of results of associates				257
Profit before taxation				1,299

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, 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 Group's management for the purposes of resource allocation and performance assessment.

The total assets of the Group as at the interim report date do not differ significantly since the latest annual report date.

6. Taxation

	Six months ended 30 June	
	2010 **HK$ million** **(unaudited)**	2009 HK$ million (unaudited)
Current tax		
Hong Kong profits tax (for current period)	**90**	88
Deferred tax		
Change in fair value of investment properties	**196**	65
Other temporary differences	**16**	7
	212	72
	302	160

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	
	2010	2009
	HK$ million	HK$ million
	(unaudited)	(unaudited)
Profit for the period has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment	**4**	3
Dividends from available-for-sales investments	**(16)**	(14)
Gross rental income from investment properties	**(772)**	(748)
Less:		
- Direct operating expenses arising from properties that generated rental income	**110**	93
- Direct operating expenses arising from properties that did not generate rental income	**2**	2
	(660)	(653)
Interest income	**(6)**	(3)
Staff costs, comprising:		
- Directors' emoluments	**9**	9
- Share-based payments	**2**	1
- Other staff costs	**70**	67
	81	77
Share of income tax of an associate (included in share of results of associates)	**98**	91

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	
	2010	2009
	HK$ million	HK$ million
	(unaudited)	(unaudited)
Earnings for the purposes of basic and diluted earnings per share:		
Profit for the period attributable to owners of the Company	**1,731**	1,071

	Number of shares Six months ended 30 June	
	2010	2009
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,050,813,862**	1,042,168,634
Effect of dilutive potential ordinary shares:		
Share options issued by the Company	**586,250**	200,592
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**1,051,400,112**	1,042,369,226

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 are higher than the average market price for shares for both 2010 and 2009.

(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			
	2010		2009	
	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	**1,731**	**164.73**	1,071	102.77
Change in fair value of investment properties	**(1,214)**		(397)	
Effect of deferred taxation on change in fair value of investment properties	**204**		65	
Effect of non-controlling interests' shares	**48**		29	
Share of change in fair value of investment properties (net of deferred taxation) of an associate	**(179)**		(185)	
Underlying profit attributable to owners of the Company	**590**	**56.15**	583	55.94
Reversal of deferred taxation upon disposal of investment properties	**(8)**		-	
Net realised gain on disposal of available-for-sale investments	**-**		(3)	
Recurring underlying profit	**582**	**55.39**	580	55.65

The denominators 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	
	2010	2009
	HK$ million	HK$ million
	(unaudited)	(unaudited)
2009 final dividend paid – HK54 cents per share	**567**	-
2008 final dividend paid – HK54 cents per share	**-**	562
	567	562

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	
	2010	2009
	HK$ million	HK$ million
	(unaudited)	(unaudited)
2009 final dividend (2008 final dividend):		
Cash payment	**538**	434
Share alternative	**29**	128
	567	562

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

	Six months ended 30 June	
	2010	2009
	HK$ million	HK$ million
	(unaudited)	(unaudited)
Interim dividend declared – HK14 cents per share (2009: HK14 cents per share)	**147**	147

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 2010 interim dividend will be payable in cash with a scrip dividend alternative.

10. Accounts Receivable

Rents from leasing of investment properties are normally received in advance. At 30 June 2010, accounts receivable of the Group with carrying amount of HK$7 million (31 December 2009: HK$8 million) mainly represented rents receipts in arrears, which were aged less than 90 days.

11. Accounts Payable

As at 30 June 2010, accounts payable of the Group with carrying amount of HK$146 million (31 December 2009: HK$139 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. Hysan is honoured to be included as a founding constituent member of the new Hang Seng Corporate Sustainability Index Series launched in July 2010.

The Company meets the Code Provisions contained in the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules, except that its Emoluments Review Committee (established since 1987) has the responsibility for reviewing the fee payable to the Chairman and determining compensation at executive Director level only. The Board is of the view that, in light of the current organisational structure and the relatively simple nature of Hysan's business activities, the current arrangements are appropriate. The Board will continue to review this arrangement in light of the needs of the Group. Further information on the Company's corporate governance practices is available on our website www.hysan.com.hk.

The Company has three corporate governance related Board Committees, namely, Audit Committee, Emoluments Review Committee and Nomination Committee. The Audit Committee is currently chaired by Nicholas Charles ALLEN and its two other members are Philip Yan Hok FAN and Anthony Hsien Pin LEE. The Emoluments Review Committee is currently chaired by Sir David AKERS-JONES and its other members are Philip Yan Hok FAN and Michael Tze Hau LEE. The Nomination Committee is also chaired by Sir David AKERS-JONES with three other members, namely Philip Yan Hok FAN, Chien LEE and Gerry Lui Fai YIM. Further information on the Committees are set out in the Interim Report 2010 to be despatched to the shareholders and made available on the Company's website.

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 the 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.

Purchases, 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 2010 was 491. 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 policy, including performance measurement and reward, training and development as set out in our 2009 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 Monday, 30 August 2010. 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 Tuesday, 24 August 2010 to Thursday, 26 August 2010, 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 Friday, 20 August 2010. 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 Monday, 23 August 2010. The interim dividend will be paid to shareholders whose names appear on the register of members on Thursday, 26 August 2010 and the payment date will be on or about Tuesday, 21 September 2010.

By Order of the Board
Wendy W.Y. YUNG
Executive Director and Company Secretary

Hong Kong, 10 August 2010

As at the date of this announcement, the Board comprises: ***Independent non-executive Chairman*** *- Sir David AKERS-JONES;* ***Chief Executive Officer*** *- Gerry Lui Fai YIM;* ***Independent non-executive Directors*** *- Nicholas Charles ALLEN, Philip Yan Hok FAN and Joseph Chung Yin POON;* ***Non-executive Directors*** *- Hans Michael JEBSEN (Kam Wing LI as his alternate), Anthony Hsien Pin LEE, Chien LEE, Michael Tze Hau LEE and Dr. Deanna Ruth Tak Yung RUDGARD; and* ***Executive Director*** *- Wendy Wen Yee YUNG.*

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 2010 containing all the information required by the Listing Rules will be despatched to shareholders and made available on the above websites on or around 3 September 2010.