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**NEWS RELEASE**

Date: 20 March 2001

**HYSAN DEVELOPMENT COMPANY LIMITED - ANNUAL RESULTS 2000**

- Rentals in Grade "A" office sector in prime locations recover
- Asset value uplift
- Current earnings continue to be affected by negative reversions
- Active management to serve the requirements of our customers today and in the future

	Year ended 31 December		Change %
	2000	1999	
	HK\$'000	HK\$'000	
Operating Profit	1,474,517	1,994,930	-26.1
Net Profit	850,173	1,203,958	-29.4
Net profit excluding investment property sales	849,823	721,396	17.8
	HK\$	HK\$	%
Earnings per share (basic and diluted)	0.82	1.16	-29.3
Dividends per share	0.42	0.4	5
	HK\$	HK\$	%
Net asset per share	22.48	19.5	15.3
	HK\$ (million)	HK\$ (million)	%
Shareholders funds	23,159	20,217	14.6

Hysan Development Company Limited (HKSE:14) today announced that its net profit for the year ended 31st December 2000 was HK\$850 million compared with HK\$1,204 million in 1999,

representing a decrease of 29.4 percent on the equivalent period in 1999. This is after consideration has been taken of the HK\$482 million non-recurring gains from property sales in 1999. The Group's rental income decreased by 10.2 percent, mainly attributable to rent reviews and relettings secured at lower rents. Earnings per share were HK\$0.82, also a decline of 29.3 percent (HK\$1.16 for the same period in 1999).

"Our strategy is to deliver attractive and sustainable results to shareholders by active management. The fundamental drivers of our core market remain positive, providing a supportive background for our objective of delivering attractive shareholder value through active management. These will underpin future values particularly when rental reversions turn positive," said Mr. H.C. Lee, Chairman, Hysan Development Company Limited.

The general improvement in the overall leasing market that emerged during the first part of 2000 continued. This was felt particularly in the Grade "A" office sector in prime locations, where limited supply and a noticeably stronger occupier demand provided support for a significant rise in rentals during the review period. During the first part of the year, the Group concentrated on improving letting performance. The second half has seen further progress on this front, and in addition, the Group has focused on building and investing for the future.

"As we enter the new millennium, we live through a period of considerable change. Active management is therefore the key to serving the requirements of our tenants not only today, but in the future," said Mr. Peter T. C. Lee, Managing Director, Hysan Development Co. Ltd.

While there was some slowing in the demand trend in the fourth quarter, demand remains healthy. New supply of Grade "A" office space in prime locations will also remain constrained over the year ahead.

The Group's investment property portfolio, as valued externally by independent professional valuers, increased by 13% to HK\$28,433 million (1999: HK\$25,173 million). The revaluation surplus of HK\$3,253 million was accordingly credited to reserves. Shareholders' funds at the year end were HK\$23,159 million, up 14.6% from HK\$20,217 million in 1999. Net asset value per share rose 15.3% in 2000, from HK\$19.5 to HK\$22.48. Improved values reflect the generally improved property investment markets in which the Group operates. A final dividend of HK\$0.31 per share was recommended, which together with the interim dividend of HK\$0.11 per share, represents an aggregate distribution of HK\$0.42 per share, an increase of five percent for the year.

## **BOARD APPOINTMENTS**

The Group has also announced that Mr. H. C. Lee, Chairman of the Board will retire after some twenty years with the Company, and will be stepping down as Chairman of the Board following the Annual General Meeting on Tuesday, 8 May 2001. Mr. Peter T.C. Lee, Managing Director will also become Chairman of the Board.

“Peter T. C. Lee has served as Managing Director for over two years, and first joined the Board in 1988. The success of Hysan Development is very much due to the efforts of the whole team. My thanks go to my dedicated colleagues on our board and staff. Under Peter’s leadership, I believe that Hysan will move forward in the new millennium and add value for our shareholders,” said outgoing Chairman, Mr. H.C. Lee.

At the same time, The Honourable Lee Quo-Wei, Deputy Chairman and Chairman of Hysan’s Emoluments’ Review Committee, will also step down after the Annual General Meeting. Sir David Akers-Jones, who has served the Board as non-executive Director and as Chairman of the Audit Committee will become non-executive Deputy Chairman as from the end of the AGM on 8 May.

“We would like to record our great appreciation to The Honourable Lee Quo-Wei for all that he has done for the Group over the years. We also extend our thanks to Sir David Akers-Jones, and welcome him as our Deputy Chairman,” said H.C. Lee.

## **THE WAY AHEAD**

Hysan Development believes it has the critical mass and strong market position in its core business to deliver attractive returns through active management. The Group is not, understandably, immune to economic conditions outside its control. Careful risk management will thus be as important as ever. Hysan Development’s strategy therefore also embraces financial objectives, which are founded upon maintaining a strong and flexible balance sheet and an emphasis upon strong financial controls.

“Looking back on our solid foundation and looking forward with considerable confidence in our future directions, I believe that we are well placed to achieve our aim of delivering an attractive return without undue risk,” concluded Mr. H.C. Lee.

Hysan Development Company Limited owns, develops and manages some 4.7 million square feet of high quality investment properties. With origins dating back to the 1920s, it is the largest commercial landlord in Hong Kong’s prime office and retail Causeway Bay area.

Full text of the preliminary announcement and other corporate information can also be found at: [www.hysan.com.hk](http://www.hysan.com.hk) or [irasia.com/listco/hk/hysan/index.htm](http://irasia.com/listco/hk/hysan/index.htm)

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## CONSOLIDATED BALANCE SHEET

	Year ended 31 December	
	<u>2000</u>	<u>1999</u>
	HK\$'000	HK\$'000
Non-Current Assets	<u>30,866,949</u>	<u>27,807,803</u>
Current Assets	81,990	929,843
Current Liabilities	<u>(1,551,090)</u>	<u>(2,715,147)</u>
Net Current Liabilities	<u>(1,469,100)</u>	<u>(1,785,304)</u>
Total Assets Less Current Liabilities	29,397,849	26,022,499
Non-Current Liabilities	<u>(4,899,740)</u>	<u>(4,658,719)</u>
	<u>24,498,109</u>	<u>21,363,780</u>
Capital and Reserves		
Share Capital	5,151,256	5,183,810
Other Reserves	14,571,543	11,923,487
Accumulated Profits	<u>3,436,247</u>	<u>3,110,025</u>
	23,159,046	20,217,322
Minority Interests	<u>1,339,063</u>	<u>1,146,458</u>
	<u>24,498,109</u>	<u>21,363,780</u>

## CONSOLIDATED INCOME STATEMENT

	NOTES	Year ended 31 December	
		2000	1999
		HK\$'000	HK\$'000
Turnover	1	1,480,246	2,295,717
Property expenses		(238,906)	(242,227)
Cost of property sales		(50)	(164,923)
Gross profit		1,241,290	1,888,567
Gain on disposal of investments in securities		293,842	165,911
Other revenue		29,354	11,132
Administrative expenses		(89,969)	(70,680)
Profit from operations		1,474,517	1,994,930
Finance costs		(449,020)	(526,819)
Impairment loss reversed (recognised) in respect of interests in associates		3,419	(98,418)
Share of results of associates		4,210	(4,284)
Profit before taxation		1,033,126	1,365,409
Taxation	2	(117,210)	(86,795)
Profit after taxation		915,916	1,278,614
Minority interests		(65,743)	(74,656)
Net profit for the year		850,173	1,203,958
Dividends	3	433,064	412,795
Earnings per share	4		
Basic		HK\$ 0.82	HK\$ 1.16
Diluted		HK\$ 0.82	HK\$ 1.16

## Notes

### **TURNOVER AND CONTRIBUTION TO PROFIT FROM OPERATION**

The Group operates mainly in Hong Kong. The turnover and contribution to the Group's profit from overseas operations are insignificant. The turnover and contribution to the Group's profit from operations of each principal activity are as follows:

	2000		1999	
	Contribution to the Group's		Contribution to the Group's	
	Consolidated <u>turnover</u>	profit from <u>operations</u>	Consolidated <u>turnover</u>	profit from <u>operations</u>
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Rental income	1,475,941	1,149,768	1,643,810	1,333,518
Income from property sales	400	350	647,485	482,562
Management fee and security service income	3,905	1,707	4,422	2,666
Gain on disposal of investments in securities		293,842		165,911
Others	-	28,850	-	10,273
	<u>1,480,246</u>	<u>1,474,517</u>	<u>2,295,717</u>	<u>1,994,930</u>

Note:

This year, turnover comprises only the revenue from the Group's core business, property development and investment. Proceeds from disposals of investments in securities, interest and dividend income which were included as part of the turnover in previous years are now presented as gain on disposal of investments in securities and other revenue respectively. Comparative figures have been restated to conform with the current year's presentation.

## TAXATION

	<u>2000</u>	<u>1999</u>
	HK\$'000	HK\$'000
The charge comprises:		
Hong Kong Profits Tax		
- for the year	117,212	87,485
- (over)underprovision in prior years	(2)	15,905
- Tax rebate	-	(15,904)
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Taxation attributable to the Company and its subsidiaries	117,210	87,486
Share of tax rebate attributable to associates	-	(691)
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	<u>117,210</u>	<u>86,795</u>

Hong Kong Profits Tax is calculated at 16% (1999: 16%) of the estimated assessable profit for the year.

No provision for deferred taxation has been recognised in the financial statements as the amount involved is immaterial.

Deferred taxation has not been provided on the surplus arising on the valuation of investment properties, land and buildings and investments in securities because profits arising on the disposal of these assets would not be subject to taxation. Accordingly, the surplus arising on valuation does not constitute a timing difference.

## DIVIDENDS

	<u>2000</u>	<u>1999</u>
	HK\$'000	HK\$'000
Ordinary shares:		
Interim dividend, paid - 11 cents per share (1999: 10 cents)	113,686	103,624
Final dividend, proposed - 31 cents per share (1999: 30 cents)	319,378	309,170
Additional prior year's dividend paid on exercise of warrants subsequent to the year end	-	1
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	<u>433,064</u>	<u>412,795</u>

## EARNINGS PER SHARE

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

	<u>2000</u>	<u>1999</u>
	HK\$	HK\$
Earnings for the purposes of basic and diluted earnings per share (net profit for the year)	<u>850,173,485</u>	<u>1,203,957,528</u>
Weighted average number of ordinary shares for the purposes of basic earnings per share	1,032,763,163	1,034,513,350
Effect of dilutive potential ordinary shares:		
Share options	<u>231,730</u>	<u>167,091</u>
Weighted average number of ordinary shares for the purposes of diluted earnings per share	<u>1,032,994,893</u>	<u>1,034,680,441</u>

The computation of diluted earnings per share does not assume:

- the conversion of the Group's outstanding convertible bonds since their exercise would not have any dilutive effect; and
- the exercise of certain of the Company's outstanding share options as the exercise prices are higher than the fair value per share.