
NEWS RELEASE

Date: 4 September 2001

Hysan Development - 2001 Interim Results Highlights

- Occupancy in office portfolio of 98% despite weakened market sentiment
- Retail portfolio strengthened: opening of Hong Kong's largest lifestyle stores
- Investing for the future: consolidation of Lee Theatre Plaza and Bamboo Grove renovations

	6 months ended 30 June		
	2001	2000	Change %
	HK \$'000	HK \$'000	
Net profit	306,427	626,122	-51.1%
Net profit excluding disposal of investments in securities	306,427	332,280	-7.78%
	HK cents	HK cents	
Earnings per share (basic and diluted)	29.73 (basic)	60.63 (basic)	-51%
	29.71 (diluted)	60.62 (diluted)	-51%
Dividends per share	10	11	-9%

(Hong Kong, 4 September 2001) - Hysan Development Company Limited (HKSE: 14) today announced its net profit for the six months ended 30 June 2001 was HK\$306.4 million, representing a 51.1% decrease compared with HK\$626.1 million in the first half of last year, which period recorded gains on disposal of investments in securities. The Group's rental income reduced by 10.6%, mainly due to rent reviews and relettings at lower rents.

Earnings per share were HK29.73 cents reflecting a corresponding decrease of 51%, against last year's figure of HK60.63 cents. The Board of Directors has declared an interim dividend of HK10 cents per share (2000: HK11 cents).

"I am pleased that our office portfolio achieved high levels of occupancy despite the weakened market sentiment," said Mr. Peter T. C. Lee, Chairman and Managing Director of Hysan Development.

During the first half of 2001 the global economic environment has become more uncertain with a downturn in the US economy and the decline in the technology and communications industries. The Grade "A" office rental market has become more subdued following significant rises in rentals experienced in 2000. Despite these, Hysan's office portfolio achieved high levels of occupancy.

The Group's retail portfolio also became home to some of Hong Kong's largest "lifestyle" flagship stores in the Lee Theatre Plaza area, namely Esprit and G.O.D. houseware store. Consumers are increasingly drawn to lifestyle purchases and to the enjoyable shopping experience that these large flagship stores provide.

"We also continued to invest for the future. The acquisition of minority interests in Lee Theatre Plaza transaction is a positive opportunity to consolidate our assets, furthering our dynamic and long-term presence in Causeway Bay. We also commenced repairs and renovations programme for our key residential property Bamboo Grove in the Mid-Levels," Mr. Lee said.

Last month, Hysan Development entered into an agreement with the Sincere Group to acquire its 30% interests in the holding company of the Lee Theatre Plaza. The transaction is expected to be completed in mid-September.

With a view to maximizing the value of its investment portfolio, the Group commenced the programme of repairs and renovation for its key residential property in the Mid-Levels, Bamboo Grove. This is an important investment for the future although rental income will be affected in the short-term.

STRONG BALANCE SHEET

The balance sheet of Hysan Development remains strong. As at 30 June 2001, net gearing ratio was 15.2% and net interest coverage was 3.4 times. Total debts outstanding were HK\$5,097 million, with no significant new financing during the period. All of the debt is denominated in Hong Kong dollars, unsecured and on a committed basis.

The shareholders' funds for the Group stood at HK\$23,379 million, an increase of HK\$220 million as from 31 December 2000. The increase was mainly attributable to the current period's retained profits less nominal value and premium paid on shares repurchased. The Group continues to adhere to a prudent policy on financial risk management and the management of currency and interest rate exposures. The Group has sufficient financial resources to fund planned capital expenditures as well as exploring future investment opportunities whilst maintaining acceptable gearing and financial coverage ratios.

INVESTING FOR THE FUTURE

"We expect the uncertain outlook for the global economy to delay recovery in the local leasing market. We shall continue our policy of prudent management while investing for the future. I have confidence that we are well-positioned to take advantage of opportunities that lie ahead," Mr. Lee concluded.

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2001

	<u>NOTES</u>	Six months ended	
		<u>30.6.2001</u> (unaudited) HK\$'000	<u>30.6.2000</u> (unaudited) HK\$'000
Turnover	2	692,500	774,362
Property expenses		(99,612)	(108,026)
Gross profit		592,888	666,336
Gain on disposal of investments in securities		-	293,842
Other revenue		9,597	17,423
Administrative expenses		(40,401)	(34,366)
Profit from operations	3	562,084	943,235
Finance costs	4	(177,680)	(239,565)
Share of results of associates		(107)	111
Profit before taxation		384,297	703,781

Taxation	5	(44,026)	(42,427)
		<hr/>	<hr/>
Profit after taxation		340,271	661,354
Minority interests		(33,844)	(35,232)
		<hr/>	<hr/>
Net profit for the period		306,427	626,122
		<hr/> <hr/>	<hr/> <hr/>
Dividends		102,988	113,686
		<hr/> <hr/>	<hr/> <hr/>
Earnings per share	6		
Basic		29.73¢	60.63¢
		<hr/> <hr/>	<hr/> <hr/>
Diluted		29.71¢	60.62¢
		<hr/> <hr/>	<hr/> <hr/>

NOTES

1. BASIS OF PREPARATION

The condensed financial statements have been prepared in accordance with SSAP 25 "Interim Financial Reporting" and with the applicable disclosure requirements of Appendix 16 to the Listing Rules.

2. TURNOVER

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:

Six months ended

	30.6.2001		30.6.2000	
	<u>Consolidated turnover</u>	<u>Contribution to the Group's profit from operations</u>	<u>Consolidated turnover</u>	<u>Contribution to the Group's profit from operations</u>
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment information:				
Rental income	690,439	551,583	772,410	631,468
Management fee and security service income	2,061	1,115	1,952	735
	<u>692,500</u>	<u>552,698</u>	<u>774,362</u>	<u>632,203</u>
Others:				
Gain on disposal of investments in securities	-	-	-	293,842
Other revenue	-	9,386	-	17,190
	<u>692,500</u>	<u>562,084</u>	<u>774,362</u>	<u>943,235</u>

In the current period, turnover is comprised of only the revenue from the Group's core businesses of property rental and management. Proceeds from disposal of investments in securities, interest and dividend income 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 period's presentation.

3. PROFIT FROM OPERATIONS

	Six months ended	
	<u>30.6.2001</u>	<u>30.6.2000</u>
	HK\$'000	HK\$'000
Profit from operations has been arrived at after charging:		
Depreciation	3,031	2,656
Staff costs	48,598	51,738
and after crediting:		
Rental income arising from operating leases less out-goings	591,985	665,835
Dividends from listed investments	6,740	4,044
Interest income	<u>2,646</u>	<u>13,146</u>

4. FINANCE COSTS

	Six months ended	
	<u>30.6.2001</u>	<u>30.6.2000</u>
	HK\$'000	HK\$'000
Interest on		
- bank loans, overdraft and other loans wholly repayable within five years	100,412	126,097
- convertible bonds	-	25,829
- floating rate notes	71,613	80,291
Amortisation of convertible bonds and floating rate notes issue expenses	1,428	3,695
Bank charges	4,227	3,673
Exchange gain	<u>-</u>	<u>(20)</u>

177,680

239,565

5. TAXATION

The charge comprises Hong Kong Profits Tax for the period.

Hong Kong Profits Tax is calculated at 16% of the estimated assessable profit for the period.

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.

6. EARNINGS PER SHARE

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

	Six months ended	
	<u>30.6.2001</u>	<u>30.6.2000</u>
	HK\$'000	HK\$'000
Earnings for the purposes of basic and diluted earnings per share (net profit for the period)	<u>306,427</u>	<u>626,122</u>
	'000	'000
Weighted average number of ordinary shares for the purposes of basic earnings per share	1,030,797	1,032,693
Effect of dilutive potential ordinary shares:		
Share options	<u>735</u>	<u>129</u>
Weighted average number of ordinary shares for the purposes of diluted earnings per share	<u>1,031,532</u>	<u>1,032,822</u>

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 are higher than the fair value per share.

7. TRANSFER TO/(FROM) RESERVES

	Six months ended	
	<u>30.6.2001</u>	<u>30.6.2000</u>
	HK\$'000	HK\$'000
Share Premium		
Premium on issue of shares pursuant to scrip dividend scheme	25,887	10,184
Share issue expenses	(26)	(10)
	<u> </u>	<u> </u>
Capital Redemption Reserve		
Share repurchased and cancelled	16,905	30,970
	<u> </u>	<u> </u>
Investment Revaluation Reserve		
Unrealised (loss)/gain on interests in other securities	(104,020)	674,958
Recognition of unrealised gain on disposal of interests in other securities transferred to income statement	-	(293,922)
	<u> </u>	<u> </u>

8. POST BALANCE SHEET EVENTS

Subsequent to the interim reporting date, the Group disposed of one of its associates resulting in a reversal of impairment loss of approximately HK\$33.6 million.

- End -

For enquiries, please contact:

Wendy Yung

Company Secretary

Hysan Development Co. Ltd.

Tel: (852) 2830 5138

Fax: (852) 2907 3313

Email: wyung@hysan.com.hk