



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

2010 Interim Results
26 August 2010



(Hong Kong stock code: 12)



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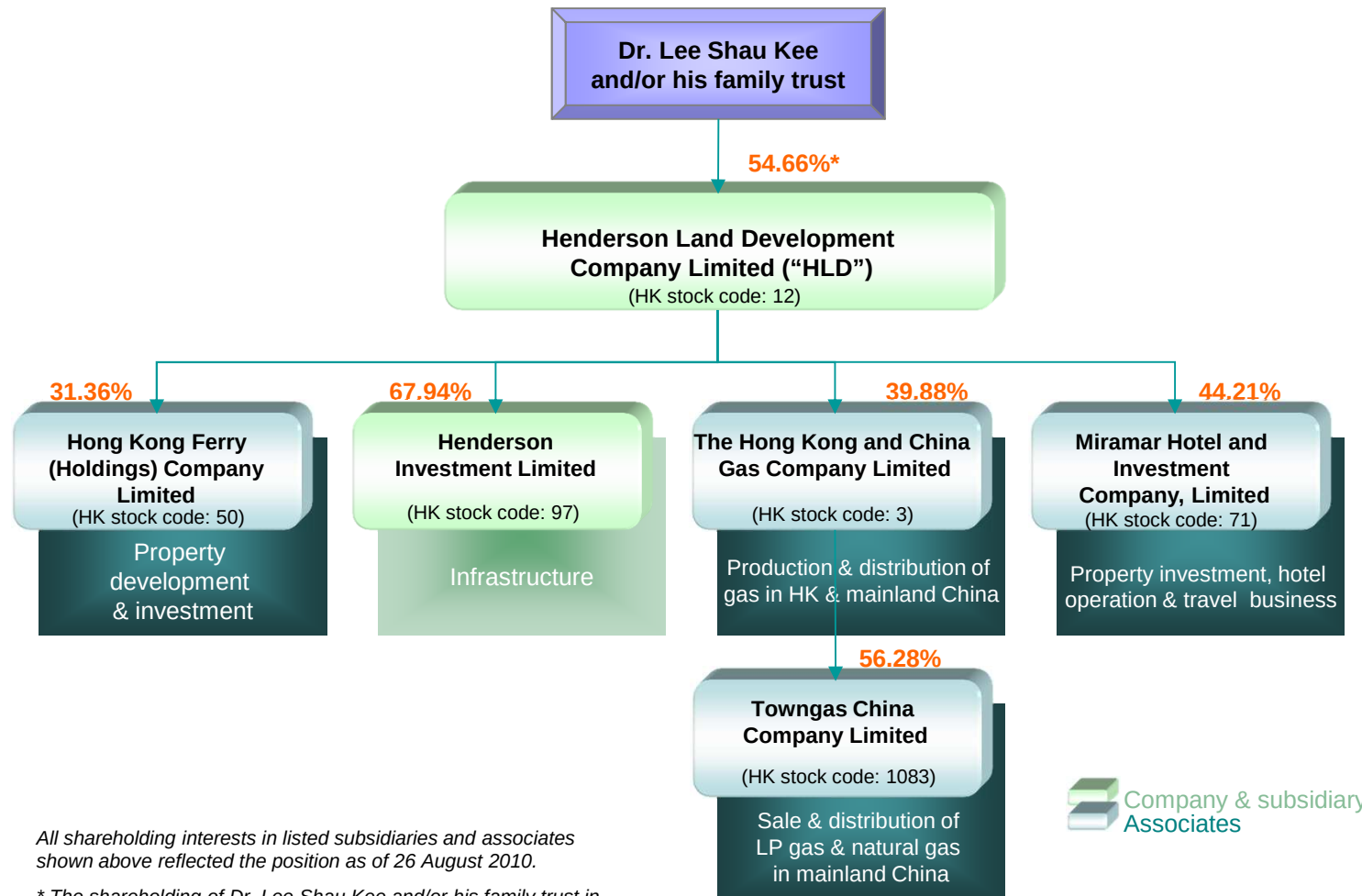
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Group Structure

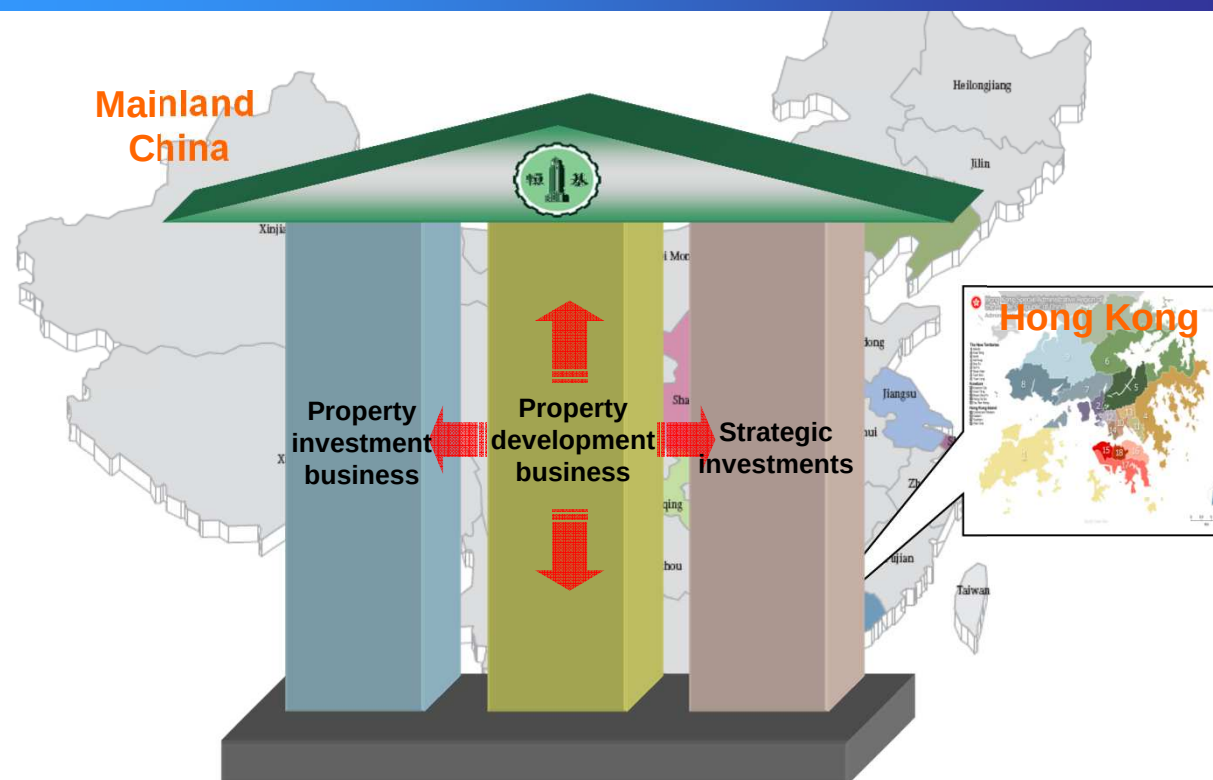


All shareholding interests in listed subsidiaries and associates shown above reflected the position as of 26 August 2010.

** The shareholding of Dr. Lee Shau Kee and/or his family trust in HLD was 53.88% as of 31 December 2009.*

 Company & subsidiary Associates

Business Model



■ Diversified business mix is comprised of “three pillars”

- **property development business** – consistent development profit track record with large reserve of agricultural land in Hong Kong and development land bank in mainland China;
- **property investment business** – stable rental income from investment property portfolio; and
- **strategic investments** – steady revenue stream in form of share of profits from the three listed associates, in particular The Hong Kong and China Gas Company Limited



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 2010 (unaudited) HK\$	At 31 December 2009 (audited) 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 shareholder's equity		23.0%	19.2%	↑3.8 percentage points

Highlights of 2010 Interim Results (Cont'd)

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") 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.
- 2) 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.
- 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\$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.



Highlights of 2010 Interim Results (Cont'd)

Property Development Business

■ Revenue and profit contribution from property sales

HK\$ Million	For the six months ended 30 June		Change
	2010	2009	
Revenue			
■ Before taking into account the effect of cancelled transactions	2,831	2,453	↑ 15%
■ After taking into account the effect of cancelled transactions	1,176	2,031	↓ 42%
Profit contribution			
■ Before taking into account the effect of cancelled transactions	536	638	↓ 16%
■ After taking into account the effect of cancelled transactions	(394)	551	↓ 172%

➤ Mainly contributed from

Hong Kong	Newly launched projects: Légende Royale - The Beverly Hills (Phase 3) in Tai Po, Hill Paramount in Shatin and Green Lodge in Yuen Long
	Others: The Beverly Hills (Phase 1), 8 Royal Green, The Sparkle, Cité 33, Grand Promenade and Grand Waterfront
Mainland China	Phase 1, Arch of Triumph in Changsha

Property Investment Business

	1H 2010	Y-o-Y Change
Gross rental income	HK\$2,335 million	↑ 8%
Net rental income	HK\$1,620 million	↑ 10%

Note: All the above figures represent the Group's attributable share of contributions from its subsidiaries, associates and JCEs in Hong Kong and mainland China.



Major Achievements in 1H 2010



Major Achievements in 1H 2010

■ Expanded land bank in Hong Kong at reasonable costs

✓ Urban areas via acquisition of old buildings for redevelopment

- The total number of old building projects under acquisition increased from 30 to 42 which are expected to provide an aggregate attributable gross floor area ("GFA") of about 5.0 million sq. ft.
- Among the 42 projects, the Group has secured the majority ownership of 14 with a total expected attributable GFA of 1.4 million sq. ft. for future redevelopment
- The total costs of acquisition for the 14 projects are estimated at HK\$5,400 million, i.e. approximately HK\$3,860 per sq. ft. in GFA

Progress of land banking in the urban areas in Hong Kong	Projects with majority ownership	Acquisition underway	Total
Number of projects	14	28	42
Aggregate site area (sq. ft.)	161,321	421,757	583,078
Expected total attributable GFA for future redevelopment (sq. ft.)	1,397,488	3,595,862	4,993,350

■ Strengthened its leading position in terms of holding of agricultural land in Hong Kong

- The Group's agricultural land reserve at 30 June 2010 increased to 40.1 million sq. ft. in land area as compared to 32.8 million sq. ft. at 31 December 2009
- The relatively low-cost of agricultural land sites offers option values to the Group with inexpensive carrying cost, so that the Group can unlock the values of the land resources in due course through land use conversion

■ Sizable and diversified investment property portfolio continued to generate steady rental income

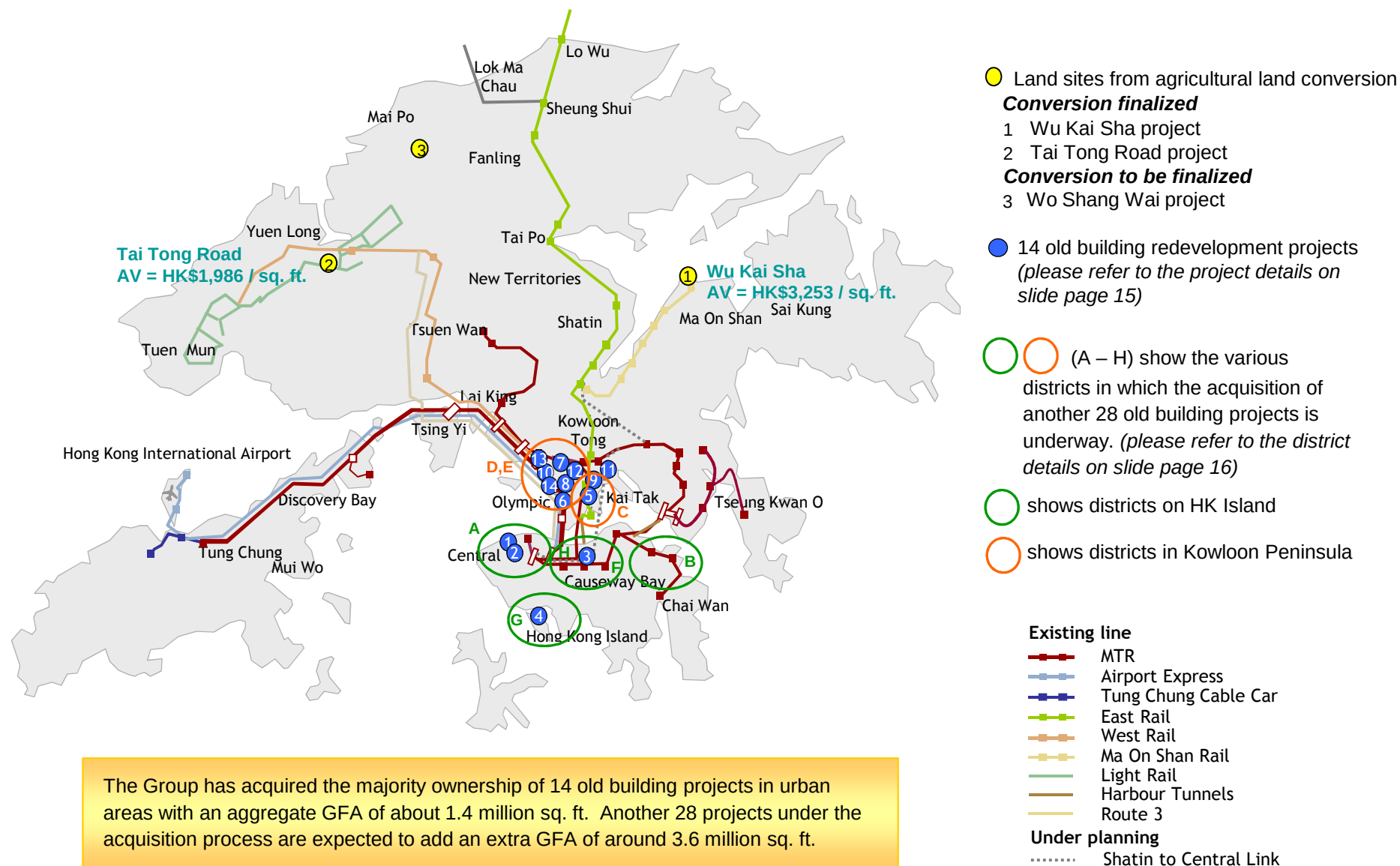
- The Group's net rental income for the six months ended 30 June 2010 amounted HK\$1,620 million, up 10% y-o-y

■ Strong financial position

- On 26 June 2010, the Group signed a HK\$13,250 million five-year syndicated loan with a consortium of 18 leading international and local financial institutions. Interest rate of the Facility is set at HIBOR plus 0.78% per annum
- The Facility comprises new credit limits granted by the participating banks that will further add to the general working capital of Henderson Land and its subsidiaries



Location Map of New Developable Land Bank in Hong Kong



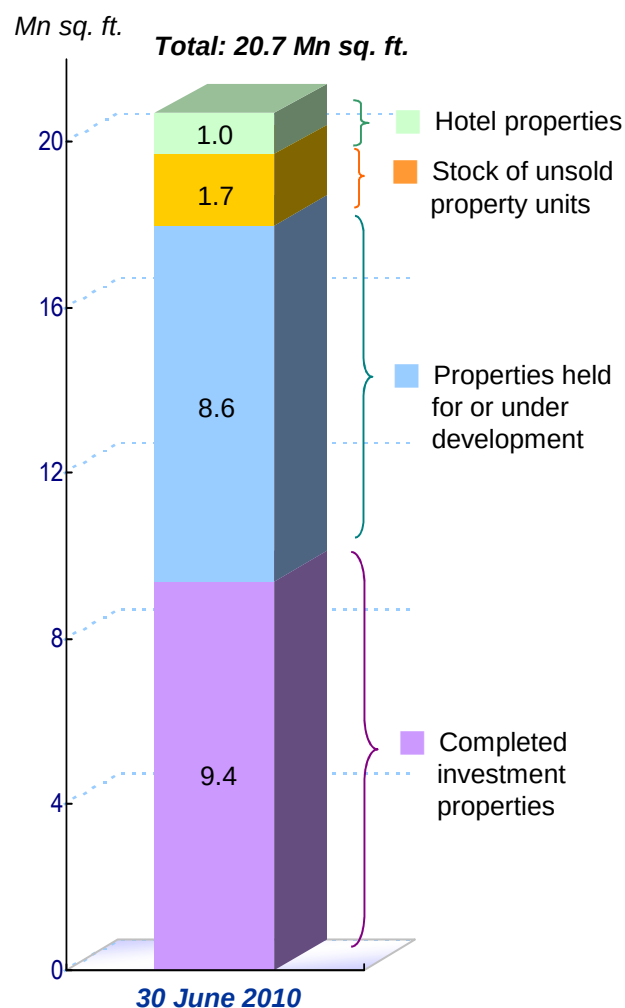


Business in Hong Kong



Business in Hong Kong

Land Bank as of 30 June 2010



- Land bank amounted to a total attributable gross floor area of approximately 20.7 million sq. ft. at 30 June 2010

- Plus rentable car parking spaces with a total area of around 2.8 million sq. ft.

- Continued to add land bank in urban areas via acquisition of old buildings for redevelopment

- Acquired the majority ownership of three more old building projects with an aggregate GFA of 234,826 sq. ft.
 - Acquisition of another 28 projects is underway which is expected to bring in an extra total GFA of about 3.6 million sq. ft.

- Agricultural land increased to an aggregate site area of 40.1 million sq. ft. at 30 June 2010

- The largest holding among all property developers in Hong Kong

- Progressively enhancing the value of the Group's land reserves by

1. Converting agricultural land into developable land
2. Converting existing properties into other uses

Business in Hong Kong

Land Bank from Agricultural Land Conversion

■ Positive progress made in agricultural land conversion

◆ Projects with conversion finalized or at advanced stage of conversion process

- During the first half of 2010, the Group has fully settled the land premiums for Wu Kai Sha project and Tai Tong Road project and finalized the land-use conversion of the two projects
- Another plot of agricultural land at Wo Shang Wai is currently at an advanced stage of the land-use conversion process

Land site	Proposed usage	Latest progress	HLD's interest	Approximate attributable GFA (sq. ft.)
Wu Kai Sha, Shatin	Residential	- Conversion finalized and currently undergoing development	56.75%	1,670,000
Lot 5369, DD116 Tai Tong Road, Yuen Long	Residential		79.03%	930,000
Sub-total				2,600,000
Wo Shang Wai, Yuen Long (Close to Mai Po Nature Reserve)	Low-density residential	- In active dialogue with the Government on land premium	100%	895,000
Total				3,495,000

◆ Projects for conversion in the future

- The Group will actively work in tandem with the Government's development plans and once they are finalized, the Group will seek land-use conversion of the following sites, which are situated in the "North East New Territories New Development Areas", so as to broaden the source of development sites:

Location	Total land area (sq. ft.)	Approximate attributable GFA (sq. ft.)
Hung Shui Kiu	3,000,000	6,000,000
Wu Nga Lok Yeung	2,700,000	6,000,000
Ping Che	2,000,000	1,500,000
Sheung Shui Kwu Tung North	400,000	1,500,000
Total	8,100,000	15,000,000

Business in Hong Kong

Land Bank from Acquisition of Old Buildings

■ Continued to increase land bank in urban areas via acquisition of old buildings at reasonable costs

- In addition to the majority ownership of 11 projects acquired in 2009, the Group has secured the majority ownership of three more projects, bringing the land bank in urban areas for future development to an expected total of GFA about 1.4 million sq. ft.
- The total costs of acquisition for the 14 projects are estimated at approximately HK\$5,400 million, translating into an accommodation value of approximately HK\$3,860 per sq. ft.

	Address	Site area (sq. ft.)	Expected GFA in future redevelopment (sq. ft.)
1	Western Court, 450-456G Queen's Road West, Hong Kong	29,875	268,482
2	30-38 Po Tuck Street & 36 Clarence Terrace, Hong Kong	7,310	61,103
3	1-7A Gordon Road, Hong Kong	7,423	61,280
4	62-76 Main Street, Ap Lei Chau, Hong Kong	7,953	65,852
5	Matauwei Apartments, 57-69 Ma Tau Wai Road, 2-20 Bailey Street and 18A-30 Sung Chi Street, To Kwa Wan, Kowloon	23,031	207,279
6	Hoi On Building, 11-33 Li Tak Street, Tai Kok Tsui, Kowloon	19,600	166,600
7	186-188 Tai Po Road, Sham Shui Po, Kowloon	8,234	70,242
8	Keung Fu Building, 45-49 Boundary Street & 189-195 Sai Yeung Choi Street North, Kowloon	5,880	52,919
9	162-168 Pau Chung Street, 50-64 Ma Tau Kok Road, To Kwa Wan, Kowloon	11,700	105,300
10	184-198 Fuk Wing Street, Sham Shui Po, Kowloon	8,458	71,367
11	75-81 Sa Po Road, Kowloon City, Kowloon	3,582	32,238
12	456-462A Sai Yeung Choi Street North, Sham Shui Po, Kowloon	12,300	98,400
13	565-577 Fuk Wah Street, Cheung Sha Wan, Kowloon	7,350	58,800
14	1-19 Nam Cheong Street, Sham Shui Po, Kowloon	8,625	77,626
	Total	161,321	1,397,488

Newly-acquired
projects

Business in Hong Kong

Land Bank from Acquisition of Old Buildings (Cont'd)

■ Acquisition of other old building projects with good potential for redevelopment is underway

- Further acquisitions, involving another 28 projects which are located in various highly accessible urban districts (as shown in the table below), are in progress and they are expected to provide an additional attributable GFA of around 3.6 million sq. ft. upon completion of acquisition

	District / Area	Site area (sq. ft.)	Expected attributable GFA in future development (sq. ft.)
A	Central & Western	88,695	703,035
B	Island East	79,122	733,122
C	Homantin	66,082	528,161
D	Sham Shui Po	62,780	560,441
E	Tai Kok Tsui	51,001	459,010
F	Causeway Bay	34,346	334,026
G	Aberdeen	31,647	205,311
H	Wanchai	8,084	72,756
Total		421,757	3,595,862

- ### ■ The total of 42 old building projects under assembling process are expected to provide an aggregate attributable gross floor area ("GFA") of about 5.0 million sq. ft.

Progress of land banking in the urban areas in Hong Kong	Projects with majority ownership	Acquisition underway	Total
Number of projects	14	28	42
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Business in Hong Kong

Land Bank from Existing Properties

■ Existing properties under planning for redevelopment or conversion into other purposes

- This type of existing projects are expected to provide 2 million sq. ft. in attributable GFA for commercial and residential developments in urban areas, enhancing the value of our assets

	Address	Site area (sq. ft.)	Expected GFA in future development (sq. ft.)	HLD's interest	Expected attributable GFA in future development (sq. ft.)
1	19-21 Wong Chuk Hang Road, Hong Kong	14,298	214,470	50%	107,235
2	45-47 Pottinger Street/ Ezra's Lane, Central, Hong Kong	9,067	93,733	19.095%	17,898
3	Newton Hotel Kowloon, 66 Boundary Street, Kowloon	6,750	60,605	100%	60,605
4	25 La Salle Road, Kowloon Tong, Kowloon	13,467	24,241	100%	24,241
5	29 Lugard Road, The Peak, Hong Kong	23,653	11,826	100%	11,826
6	Big Star Centre, 8 Wang Kwong Road, Kowloon Bay, Kowloon (an old industrial/office building)	21,528	258,336	100%	258,336
7	24 Lee Chung Street, Chai Wan, Hong Kong	11,590	173,842	100%	173,842
8	59-61 Wing Hong Street/ 88-92 King Lam Street, Cheung Sha Wan, Kowloon	24,854	298,248	100%	298,248
9	14-30 King Wah Road, North Point, Hong Kong	37,566	224,828	100%	224,828
10	Yau Tong Bay, Kowloon	878,962	4,394,808	18.4357%	810,214
	Total	1,041,735	5,754,937	--	1,987,273

Business in Hong Kong

Property Development Business

■ About 39 Conduit Road

- A luxury property development in which the Group has a 60% interest
 - As reported in the 2008/2009 Final Results Announcement made on 30 March 2010 and the 2009 Annual Report, the turnover and profit after taxation in respect of the 25 units (of which the sale and purchase of 24 units had yet been completed as at 31 December 2009) at 39 Conduit Road were included in the Group's financial results for the eighteen months ended 31 December 2009
- ✓ The recognition was made in accordance with accounting policies of the Group which are in line with accounting principles generally accepted in Hong Kong
- Among these 24 units completion of the sale and purchase of four units took place in mid June 2010 and the Group received in full the amounts of purchase price receivable, together with about HK\$11 million as interest for delayed completion
 - For the remaining 20 units, the Group received written requests in June 2010 from the respective purchasers for the cancellation of the sale and purchase agreements
- ✓ In accordance with the terms of the agreements for sale and purchase, which were in the standard form under the Consent Scheme administered by the Government relating to pre-sale of residential units in uncompleted developments, the Group forfeited the deposit of 5% of the purchase price
- Other payments over and above the 5% deposit in respect of the purchase price received by the Group were refunded to the purchasers concerned
- ✓ The Group agreed to cancel the sale and purchase of the 20 units so that it would be free to offer the units concerned for sale again immediately if it so wished
- As such, it would avoid protracted and costly legal proceedings to claim and enforce judgment for any price deficiency on resale against the original purchasers, who are all limited liability companies with a minimal issued share capital (which is a common feature for purchasers of luxury property transactions in Hong Kong)
- ✓ It is regrettable that the sale of the 24 units in 39 Conduit Road, which are normal bona fide transactions with unrelated purchasers at arm's length, has been subjected to unjustified and incorrect criticisms. Notwithstanding such criticisms, the Group will continue to go about its business unfazed and in our usual honest and straight-forward manner
- Given the prestigious location, exceptional design, and superior quality of 39 Conduit Road, the Group remains confident of the prospects for sale and leasing of units in this development



Business in Hong Kong

Property Development Projects for Sale & Pre-sale in the Near Term

■ Residential units available for sale as of 30 June 2010

	No. of units unsold & pending sale/ pre-sale	Gross area of those units (sq. ft.)	Gross area attributable to HLD (sq. ft.)
Major development projects offered for sale	588	1,722,337	1,577,243
Projects pending sale or pre-sale	259	209,696	191,566
Total saleable residential projects of the major developments	847	1,932,033	1,768,809

■ Projects launched in the first half of 2010

- Hill Paramount – 18 Hin Tai Street, Shatin
- Green Lodge – Tong Yan San Tsuen, Yuen Long
- Légende Royale – The Beverly Hills (Phase 3),
23 Sam Mun Tsai, Tai Po

■ Project launched in the second half of 2010

- 11, 12, 12A, 12B Headland Road – Island South

■ New projects in the pipeline to be launched

- Fanling Sheung Shui Town Lot 76 – Fanling
- 210-216 Gloucester Road, Wanchai
- Jade Suites – 600 Canton Road, Jordan, Kowloon



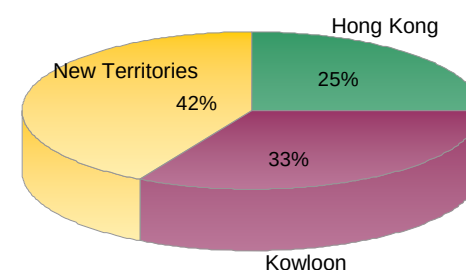
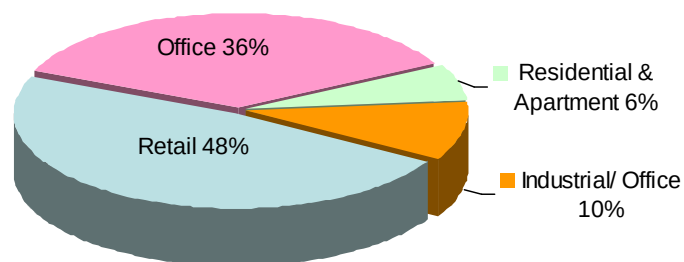
Business in Hong Kong

Property Investment Business as of 30 June 2010

- In the leasing market, robust recovery has been seen across all property sectors since the beginning of 2010.

Hong Kong	1H 2010	Y-o-Y Change
Gross rental income*	HK\$2,132 million	↑ 7%
Net rental income*	HK\$1,528 million	↑ 8%

Investment properties portfolio in Hong Kong
(with a total attributable GFA of about 9.4 million sq. ft.)



- The overall leasing rate for the Group's core rental properties rose to 98%
(Excluding the recently-completed developments in Kowloon East)
- The overall leasing rate of the Group's new premium office and industrial premises in Kowloon East increased to 80% at 30 June 2010 from 60% at 31 December 2009
 - The committed leasing rates of Manulife Financial Centre in Kwun Tong and International Trade Centre in San Po Kong were 83% and 81% respectively at 30 June 2010

*The figures represent the Group's attributable share of rental income from investment properties held by subsidiaries, associates and JCEs.

Business in Hong Kong

Property Investment Business as of 30 June 2010 (Cont'd)

■ Leasing rates of certain core investment properties

	Investment property	Leasing rate
Retail	IFC Mall, Central Shatin Plaza & Shatin Centre, Shatin Metro City Phase II & III, Tseung Kwan O Sunshine City Plaza, Ma On Shan City Landmark II, Tsuen Wan Citimall in Yuen Long Flora Plaza, Fanling Fanling Centre	Almost fully let
Office	One & Two IFC, Central AIA Tower, North Point ING Tower, Sheung Wan	Almost fully let
Residential	Eva Court, Mid-levels	100%



The committed leasing rate of **Manulife Financial Centre** as of 30 June 2010 reached 83% from 66% at 31 December 2009

Property type: a world-class Grade-A office
Location: Kowloon East



With its committed leasing rate of 81% as of 30 June 2010, **International Trade Centre** will be renamed as “**AIA Financial Centre**” effective from 1st September 2010

Property type: Grade-A office building
Location: Kowloon East



Business in Mainland China



Business in Mainland China

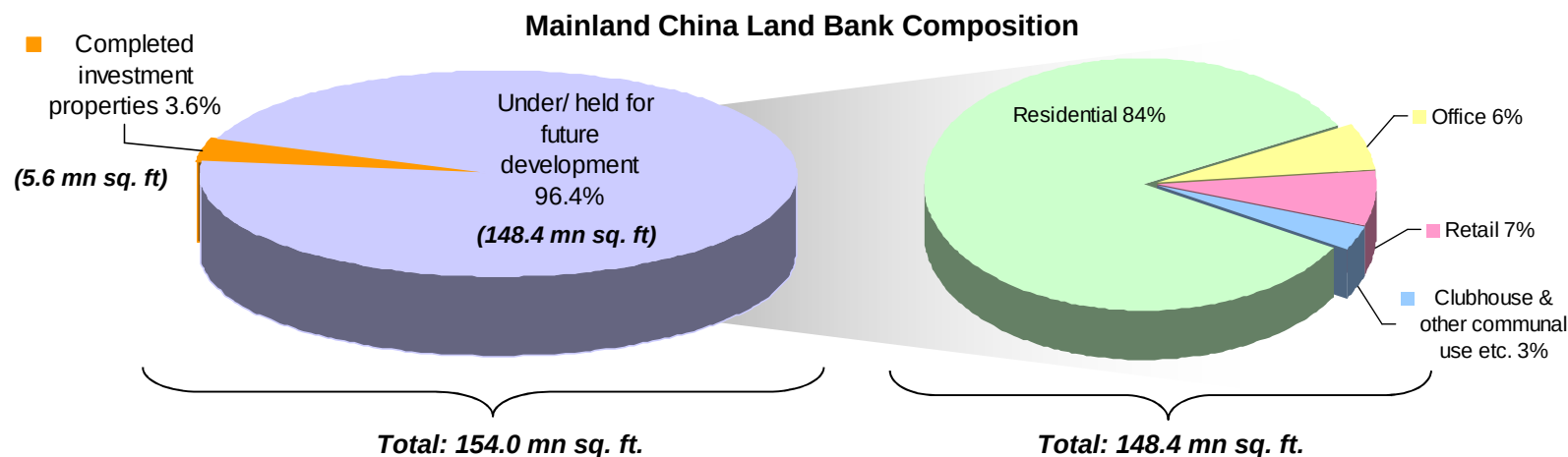
Property Development Strategy

■ A two-pronged strategy

- Prime cities: target prime sites mostly acquired in the early to mid-1990's for development of large-scale commercial complexes **for rental**
- Second-tier cities: focus on provincial capitals and second tiers of high economic growth with sites mainly acquired over the past few years for large-scale residential developments **for sale**

Land Bank

- Land bank slightly increased to a total attributable GFA of 154.0 million sq. ft. at 30 June 2010



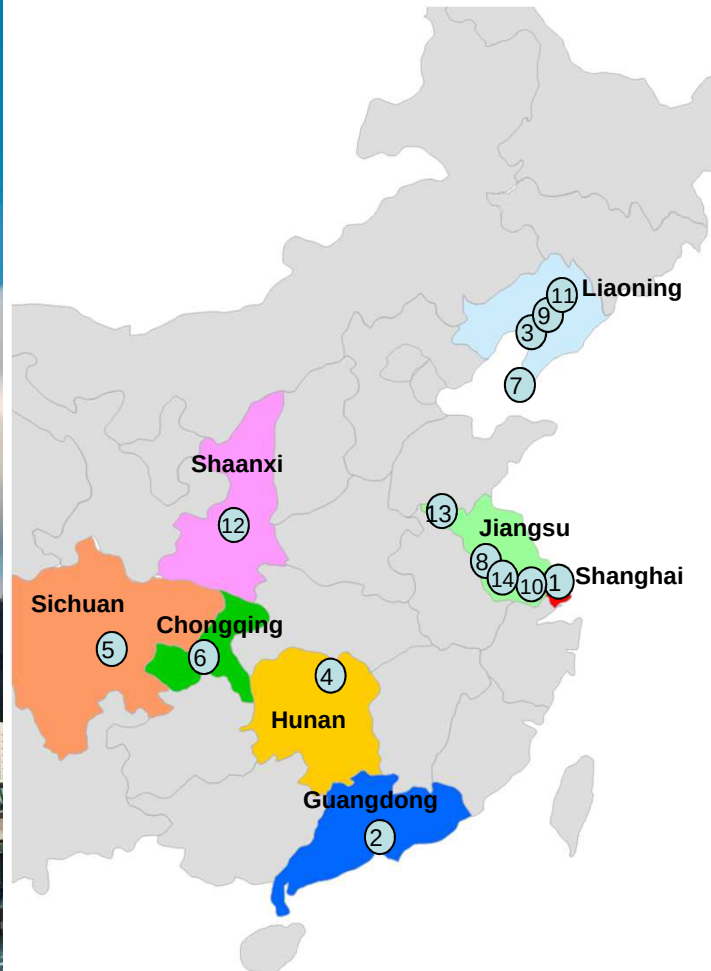
■ Reasonable level of land premium and limited level of outstanding amount

- The outstanding balance as of 30 June 2010 was approximately RMB1,502 million

Business in Mainland China

Land bank under/ for future development as of 30 June 2010

A "Two-pronged" strategy



	Attributable GFA (mn sq. ft.)	
1 Shanghai	1.9	} Prime cities: 17.3 mn sq. ft.
2 Guangzhou	15.4	
3 Anshan, Liaoning	18.0	} 2nd-tier cities: 131.1 mn sq. ft.
4 Changsha, Hunan	14.8	
5 Chengdu, Sichuan	4.0	
6 Chongqing	6.6	
7 Dalian, Liaoning	1.6	
8 Nanjing, Jiangsu	2.4	
9 Shenyang, Liaoning	17.4	
10 Suzhou, Jiangsu	17.0	
11 Tieling, Liaoning	14.4	
12 Xian, Shaanxi	19.9	
13 Xuzhou, Jiangsu	5.3	
14 Yixing, Jiangsu	9.7	
TOTAL at 30 Jun 2010	148.4	
TOTAL at 31 Dec 2009	146.2	

Business in Mainland China

Property Development Business

- For the six months ended 30 June 2010, property sales in mainland China attributable to the Group amounted to HK\$189 million
 - Mainly contributed from Arch of Triumph in Changsha
 - The first batch of Phase 1, Arch of Triumph was launched for pre-sales with 312 residential units fully sold in October 2009 and during the period under review, the Group completed an attributable residential area of approximately 360,000 sq. ft. in Arch of Triumph
 - In addition, the amount of mainland properties pre-sold attributable to the Group totalled HK\$342 million at 30 June 2010
- The Group is pushing ahead with the policy of localization with the appointment of project leaders and senior marketing executives in many cities
 - The appointment of project leaders is expected to bring about substantial improvement to construction progress, as well as the quality and cost controls for each project
 - As project leaders, they are expected to provide regular update and recommendations on project progress and local market condition during their monthly visits to the Hong Kong headquarters
- The Group's new cost monitoring system is now in place and it offers significant benefits for the Group's analysis and control over project costs



Business in Mainland China

Property Development Business (Cont'd)

■ Residential projects to be launched for pre-sale/ marketing

City	Project name and location	HLD's interest in the project
For the Second half of 2010		
Changsha	Phase 1A, Arch of Triumph (恒基·凱旋門), Xingsha Town	99%
Chongqing	Phase 1, Project in Erlang Phoenix Area (翠庭苑), Gaoxin District	100%
Suzhou	Phase 1, Riverside Park (水漾花城), Xiangcheng District	100%
Xian	Phase 1A & 1B, La Botanica (御錦城)	50%
	Phase 1, Project on Jin Hua North Road (恒基·碧翠錦華)	100%
Nanjing	Phase 1, Emerald Valley (玲瓏翠谷), Xianling New District	100%
For the calendar year 2011		
Changsha	Phase 1B & 2, Arch of Triumph (恒基·凱旋門), Xingsha Town	99%
Chongqing	Phase 1, Nan An District Riverside project (翔龍江畔城)	100%
Nanjing	Phase 1, Emerald Valley (玲瓏翠谷), Xianling New District	100%
	Treasure Garden (金滿庭), Qixia District	90.1%
Shenyang	Phase 1 & 2, Puhe New District Development (金河灣)	100%
Suzhou	Phase 1, Riverside Park (水漾花城), Xiangcheng District	100%
Xuzhou	Phase 1, Xuzhou Lakeview Development (恒基·雍景新城), Dalong Lake Area	100%
Xian	Phase 1B, 2A & 3, La Botanica (御錦城)	50%
	Phase 1, Project on Jin Hua North Road (恒基·碧翠錦華)	100%
Yixing	Island Palace (響瓏島), on an island of Yixing	100%
	Phase 1, Grand Lakeview (響瓏湖濱), Dongjiu District	100%

Business in Mainland China

Property Development Business (Cont'd)

■ Completion schedule

Project name and location	Project type	Estimated Developable GFA (sq. ft.) [#]
For the calendar year 2010		
Centro (恒匯國際大廈), 130-2 Tianmu Road West, Puxi, Shanghai [^]	Office & Retail	430,000
Henderson Metropolitan (名人商業大廈), Lot 155 Nanjing Road East, Puxi, Shanghai	Office & Retail	730,000
Phase 1A, Arch of Triumph (恒基·凱旋門), Xingsha Town, Changsha	Residential	626,067
Phase 1A, La Botanica (御錦城), Xian	Residential	1,154,740
Island Palace(響瓏島), on an island of Yixing	Residential	42,765
Sub-total		2,983,572
For the calendar year 2011		
147 Tianmu Road West, Zhabei District, Shanghai	Office & Retail	410,000
Phase 1B, Arch of Triumph (恒基·凱旋門), Xingsha Town, Changsha	Residential & Retail	686,682
Phase 2A, La Botanica (御錦城), Xian	Residential	931,450
Phase 1, Project in Erlang Phoenix Area (翠庭苑), Gaoxin District, Chongqing	Residential	280,000
Phase 1, Puhe New District Development (金河灣), Shenyang	Residential	260,500
Phase 1, Riverside Park (水漾花城), Xiangcheng District, Suzhou	Residential	670,000
Phase 1, Xuzhou Lakeview Development (恒基·雍景新城), Dalong Lake Area	Residential	660,000
Phase 1, Emerald Valley (玲瓏翠谷), Xianling New District Nanjing	Residential	487,720
Treasure Garden (金滿庭), Qixia District, Nanjing	Residential	882,700
Island Palace (響瓏島), on an island of Yixing	Residential	170,179
Sub-total		5,439,231
Total		8,422,803

[^] It was completed in Jan 2010

[#]Excluding basement areas and car parking spaces

Business in Mainland China

Property Investment Business

■ Satisfactory leasing performance in the first half of 2010

Mainland China	1H 2010	Y-o-Y Change
Gross rental income*	HK\$202 million	↑ 25%
Net rental income*	HK\$ 92 million	↑ 50%

Leasing performance of core properties as of 30 June 2010

- **Beijing:** WFC leasing making good progress and the shopping mall at Beijing Henderson Centre remained at 95% let
- **Shanghai:** Leasing rates of Grand Gateway Office Tower II & the shopping arcade at Skycity were 95% and 96% respectively
- **Guangzhou:** Hengbao Plaza maintained its occupancy rate at 90%



Investment portfolio in mainland China as of 30 June 2010

Project name and location	HLD's interest	Attributable GFA (million sq. ft.)		
		Commercial complex#	Office	Total
World Financial Centre, Beijing ("WFC")	100%	0.14	1.99	2.13
Henderson Centre, Beijing	100%	1.13	--	1.13
Office Tower II, Grand Gateway, Shanghai	100%	--	0.69	0.69
Skycity, Shanghai	75%	0.29	--	0.29
Centro, Shanghai	100%	0.06	0.37	0.43
Hengbao Plaza, Guangzhou	100%	0.93	--	0.93
Total		2.55	3.05	5.60

#Including retail podium

Retail/ Commercial:
46% of the portfolio

Office: 54%
of the portfolio

*The figures represent the Group's attributable share of rental income from investment properties held by subsidiaries, associates and JCEs.

Business in Mainland China

Property Investment Business (Cont'd)

■ New investment properties in Shanghai

- The newly completed Centro and to-be-completed Henderson Metropolitan



Name: **Centro** (恒匯國際大廈)

Address: 130-2 Tianmu Road West, Zhabei District, Puxi

Total GFA: approx. 430,000 sq. ft.

Completion date: January 2010

The commercial building, in the vicinity of a subway station, is designed to a Gold rating by the USGBC Leadership in Energy and Environmental Design (LEED) Green Building Rating System with energy-efficiency features



Name: **Henderson Metropolitan** (名人商業大廈)

Address: Lot 155, Nanjing Road East, Huangpu District, Puxi

Total GFA: approx. 730,000 sq. ft. plus 300,000 sq. ft. basement

Expected completion date: Third Quarter of 2010

Located right at the start of the Nanjing Road East pedestrian avenue near the bund with a direct link to a subway station, it is a Grade-A office building and shopping arcade, comprising a 17-storey tower over five levels of podium



Strategic Investments



Strategic Investments



The Hong Kong and China Gas Company Limited ("HKCG", HK stock code: 3)

2010 interim results (unaudited)

- Profit after taxation attributable to shareholders for the six months ended 30 June 2010 amounted to HK\$2,967.4 million, a slight decrease of HK\$33.9 million compared to the same period last year
 - Due to reductions in a one-off gain and profits from sale of properties
- Exclusive of the one-off gain, financial income and cost and profits from property-related businesses, HKCG's profit after taxation increased by about 14% y-o-y
- Interim dividend declared attributable to HLD amounted to around HK\$343.7 million

Core business

(I) Gas business in Hong Kong

- Total volume of gas sales in Hong Kong for 1H 2010 slightly increased by 1.0% y-o-y, whilst the total number of appliances sold posted an increase of 7.6% y-o-y



港華燃氣有限公司
Towngas China Company Limited

(HK stock code: 1083)

(II) Mainland utility business

- During the period under review, the number of gas customers on the mainland reached 11,211,014 and total volume of gas sales was 4,290 million cubic metres. **HKCG has become the largest city-gas enterprise in mainland China**
- Towngas China, a listed subsidiary of HKCG, recorded a profit of HK\$172 million in 1H 2010, up 34% y-o-y

(III) Environmentally-friendly energy business

- Through the wholly-owned subsidiary ECO Environmental Investments Limited ("ECO"), HKCG also develops clean and emerging environmentally-friendly energy projects in Hong Kong and mainland China
- ECO is now engaged in four types of environmentally-friendly energy businesses, namely (i) liquefied petroleum gas filling stations and landfill gas utilisation, (ii) aviation fuel facility, (iii) coalbed methane and coal-mine methane liquefaction and utilisation, and (iv) coal mine and coal chemical processing

Overall as at 30 June 2010, inclusive of projects of its subsidiary company, Towngas China, HKCG had **114** projects spread across 20 provinces/ municipalities/ autonomous regions, encompassing upstream, midstream and downstream natural gas sectors, the water supply and wastewater treatment sector, natural gas filling stations and emerging environmentally-friendly energy projects

Business outlook

- It is anticipated that the results of HKCG's emerging environmentally-friendly energy businesses and mainland utility businesses will reach the same level as that of Hong Kong gas businesses in 2012, and will maintain growth momentum faster than Hong Kong business thereafter



Strategic Investments



Hong Kong Ferry (Holdings) Company Limited ("HK Ferry", HK stock code: 50)

2010 interim results (unaudited)

- Consolidated net profit after taxation for 1H 2010 amounted to HK\$235.2 million, down 60% as compared with the same period a year ago
 - mainly attributable to the decrease in the sale of the residential units of its development properties
- Interim dividend declared attributable to HLD amounted to about HK\$11.2 million

Business update

- HK Ferry is primarily engaged in property development and investment, limited ferry services, shipyard and related operations.
- As of 30 June 2010, HK Ferry had sold more than 90% of the residential units of Shining Heights and over 60% of the residential units of The Spectacle
- The occupancy rates of core investment properties at 30 June 2010:
 - Metro Harbour Plaza: 95%
 - Commercial arcade of MetroRegalia: 100%
 - Commercial arcade of Shining Heights: 66%

Major new project

- On 24 May 2010, HK Ferry acquired the site at the junction of Ma Sik Road and Sha Tau Kok Road (Lung Yeuk Tau Section) Area 19, Fanling, New Territories for HK\$1,330 million at a public land auction. The site with an area of approximately 95,800 square feet would be preliminarily developed into residential-cum-commercial properties with a total GFA of about 550,000 sq.ft. for over 700 households, which are anticipated to be completed by phases in four years.



Shining Heights



The Spectacle



Strategic Investments



Miramar Hotel and Investment Company, Limited ("Miramar", HK stock code: 71)

2010 interim results (unaudited)

- Miramar's turnover amounted to approximately HK\$1,000 million for the six months ended 30 June 2010, representing a growth of 24% as compared to its last interim period from 1 April 2009 to 30 September 2009 (the "Last Interim Period")
 - Due to the change of financial year end date
- Profit attributable to shareholders increased by 85% to HK\$237 million
- Excluding the net increase in the fair value of its investment properties, profit after tax amounted to HK\$178 million
- Interim dividend declared attributable to HLD amounted to around HK\$38.3 million

Business update

- Miramar's core businesses include hotel business, property investment, food and beverage, and travel
- The occupancy rate and average room rate of its solely-owned The Mira rose by 33 percentage points and 36% respectively as compared to Last Interim Period
- The refurbishment work for the shopping mall located in The Mira and public areas in Grade A office building of Miramar Tower is expected to be completed by the first quarter of 2011
- It is believed that the Group's refreshed brand image and style will continue to reap rewards in the times ahead



The Mira Hong Kong – main entrance



French Window at IFC Mall



Outlook



Outlook

Hong Kong

Property development

- Attracted by the positive outlook in the region, there has been a persistent inflow of liquidity, with downward pressure on local interest rates
 - This in turn improves the purchasing power and home affordability of the general public, whilst many affluent mainland and overseas Chinese have also increased their investments in Hong Kong to diversify their investment portfolios and acquire a right of abode under the investment immigration scheme.
 - All these have put upward pressure on asset prices in Hong Kong particularly for those residential properties with a tight primary supply due to the scarce land supply in recent years
- Additional measures newly announced by the Government, including increasing land supply and curbing speculative activities in the residential property market, are likely to stabilize the market and prevent an asset-price bubble from being formed
 - This will lead to a more healthy development of the residential property market and benefit real end-users
- To meet the market demand, luxury villas at Headland Road in Island South are being put up for sale, whilst the Group also plans to embark on sales launches of a number of residential developments such as, 210-216 Gloucester Road in Wanchai, Jade Suites at Canton Road, Fanling Sheung Shui Town Lot 76 in Fanling
 - Together with the completed stocks, a total of over 800 residential units will be available for sale and they are expected to generate significant revenue for the Group

Property investment

- Rental income in Hong Kong is set to increase further as continued growth in the local economy strengthens leasing demand across all property sectors
 - To capitalize on the scarce supply of high-end accommodation in the market, those deluxe apartments held for investment purposes in the newly-completed project of 39 Conduit Road will also be launched for leasing shortly



Outlook

Mainland China

Property development

- With an increasing supply to be launched to the market in the second half of the year, coupled with access to property financing for some individual developers who have a pressing need for funds becoming more stringent, housing prices are expected to decline with an increasing transaction volume
 - The Central Government is expected to remain focused on implementing its existing austerity measures to rein in rapid price increase, so as to protect the domestic financial system from exposure to any systemic risk. As compared with previous year, it would take a longer period for the market to complete the adjustment cycle
 - Also, the Central Government has called for the development of welfare housing which would facilitate diversified development in the mainland property market
- Upon the current tightening measures successively showing the desired results, austerity policies are expected to be executed flexibly, whilst market sentiment would also turn positive
 - Pent up housing demand would therefore once again emerge.
 - Mainland China's high economic growth, development of an expanded network of express rail, light rail and round-city highway, as well as better community facilities provided by the local governments, would have profound impact on industrial developments and job creations in the surrounding areas, leading to further increase in housing demand and property price particularly in the second and third-tier cities given their accelerating urbanization
- On the back of its solid financial position, the Group would expand its land bank reserve at the opportune time and speed up the development of its projects in the second and third-tier cities to capitalize on emerging opportunities arising from market changes

Property investment

- The scheduled completion of Henderson Metropolitan in Shanghai in the third quarter of 2010 will expand the Group's mainland rental portfolio by about 730,000 square feet in gross floor area
- Leasing demand in the retail sector is expected to grow in the second half of the year in tandem with the continued economic recovery and the prospective fall in vacancy rate for the shopping malls would underpin rental growth
 - Meanwhile, in anticipation of an increase in new supply of Grade-A offices to be launched onto the market, vacancy rate is expected to rise pushing down overall rentals



Outlook

- Backed by the steady cash inflows and ample financial resources, Henderson Land will continue to pursue further development of its growth drivers
- Given its strong dynamics for focused expansion, the Group's prospects are promising

Rising recurrent rental income from the expanding rental portfolio in both Hong Kong and mainland China

The three listed associates (namely, HKCG, HK Ferry and Miramar) provide another stable income stream, in particular, HKCG is expected to grow in line with China's economic growth with its emerging environmentally-friendly energy businesses and mainland utility businesses reaching the same level as that of Hong Kong gas businesses in 2012

Steady Cash Inflows

1. Continued expansion of the Group's agricultural land reserve as well as the expedited land-use conversion, particularly for its holdings in Hung Shui Kiu, Wu Nga Lok Yeung, Ping Che and Sheung Shui Kwu Tung North, which are situated in "North East New Territories Development Areas" as designated by the Government with a total expected attributable GFA of 15 million sq. ft. against a total site area of 8.1 million sq. ft.

2. Acquisition of value-accretive urban sites and consolidation of their ownership for redevelopment at reasonable prices

3. Accelerated development of the substantial and low-cost development land bank in mainland China, enabling the Group's asset value to be better reflected and adding value for shareholders

Growth Drivers



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