



HENDERSON LAND DEVELOPMENT COMPANY LIMITED

恒基兆業地產有限公司

Incorporated in Hong Kong with limited liability

Stock Code: 12

INTERIM RESULTS

2023

HIGHLIGHTS OF 2023 INTERIM RESULTS

For the six months ended 30 June				
		2023	2022	
		unaudited	unaudited	
Note		HK\$ million	HK\$ million	Change
Property development				
– Revenue	1	7,566	8,717 (restated)	-13%
– Pre-tax profit contribution	1	1,658	2,223 (restated)	-25%
Property leasing				
– Gross rental income	1	4,367	4,292	+2%
– Pre-tax net rental income	1	3,230	3,192	+1%
Profit attributable to equity shareholders				
– Underlying profit	2	6,073	5,137	+18%
– Reported profit		5,957	4,781	+25%
		HK\$	HK\$	
Earnings per share				
– Based on underlying profit	2, 3	1.25	1.06	+18%
– Based on reported profit	3	1.23	0.99	+24%
Interim dividend per share		0.50	0.50	No change
		At 30 June	At 31 December	
		2023	2022	
		unaudited	audited	
		HK\$	HK\$	Change
Net asset value per share	3	66.98	67.74	-1%
Net debt to shareholders' equity		24.0%	24.1%	-0.1 percentage point
		Million square feet	Million square feet	
Properties in Hong Kong				
Land bank (attributable floor area)				
– Properties held for/under development	4	13.7	13.7	
– Unsold units from major launched projects		1.1	1.3	
Sub-total:		14.8	15.0	
– Completed properties (including hotels) for rental		10.2	10.2	
Total:		25.0	25.2	
New Territories land (attributable land area)		45.2	45.0	
Properties in Mainland China				
Land bank (attributable floor area)				
– Properties held for/under development		20.7	21.8	
– Completed stock for sale		0.9	0.8	
– Completed properties for rental		12.5	12.5	
Total:		34.1	35.1	

Note 1: This amount includes the Group's attributable share of contributions from subsidiaries, associates and joint ventures ("JVs").

Note 2: Excluding the Group's attributable share of fair value change (net of tax) of the investment properties held by subsidiaries, associates and JVs.

Note 3: The earnings per share were calculated based on the weighted average number of shares under Hong Kong Accounting Standard 33, "Earnings Per Share". The net asset value per share was calculated based on the number of issued shares outstanding at 30 June 2023 and 31 December 2022.

Note 4: Including the total attributable developable area of about 4.7 million sq. ft. from Fanling North and other projects, which are subject to finalisation of land premium.

The Group's (unaudited) underlying profit ^(Note 2) attributable to equity shareholders for the six months ended 30 June 2023 amounted to HK\$6,073 million, representing a period-on-period increase of 18%. Included therein was an attributable net gain of HK\$1,591 million which was recorded as a result of the re-measurement of net assets of Sunlight Real Estate Investment Trust ("Sunlight REIT") at fair value under the equity method upon becoming an associate of the Group during the period. Including the attributable share of fair value loss after revaluation of the Group's completed investment properties and investment properties under development, the Group's reported profit attributable to equity shareholders for the period under review amounted to HK\$5,957 million, representing a period-on-period increase of 25%.

After experiencing a short revival in the first quarter of this year, Hong Kong's property market has become sluggish for the past two months, with decreases in both transaction volumes and prices. In the first-hand market, there was a project launched at a shockingly low price recently. In the secondary market, the downward trend for housing prices has also become obvious. If the Government does not propose any new measures and there are no upcoming favourable changes in Hong Kong, the property market will be quite depressed in the second half of 2023.

In the long run, Hong Kong has its backing and strong support from the mainland. It possesses geographical, legal and financial advantages, rendering it in a distinctive position in the Greater Bay Area. The Hong Kong Government has been practicing proactive and capable governance and moving towards stability and prosperity, as well as striving to boost the economy by implementing policies such as "competing for talents", "competing for enterprises" and "integrating into national development". The good economic growth momentum will remain and be conducive to the healthy and stable long-term development of the property market.

During the period, the Group acquired further New Territories land lots of about 250,000 square feet, expanding its land reserves in the New Territories to approximately 45.2 million square feet, which represents the largest holding among all property developers in Hong Kong. The Group stands to benefit from the Hong Kong Government's initiative on the development of the "Northern Metropolis". As regards newly acquired urban redevelopment projects with 80% to 100% of their ownership acquired, the Group has a total attributable gross floor area of about 3.4 million square feet covering a total of 27 projects. The Group currently has sufficient land bank in both Hong Kong and mainland China to support its property development for the years to come.

The Group's three major business pillars:

As regards "property sales", following the launch of "Henley Park" at Kai Tak and "Baker Circle • Greenwich" at Hung Hom, the Group plans to launch five other urban developments in the second half of 2023. Together with the unsold stock, a total of about 2,400,000 square feet of residential gross floor area or about 5,660 residential units in attributable terms is expected to be available for sale in Hong Kong in the second half of 2023. In addition, about 180,000 square feet of office/industrial space is also available for sale. At the end of June 2023, attributable contracted sales of Hong Kong and mainland properties, which are yet to be recognised in the accounts, amounted to approximately HK\$26,427 million in aggregate, of which approximately HK\$13,937 million is expected to be recognised in the second half of 2023 upon completion of development and handover to buyers.

As regards "rental business", the Group's portfolio of completed investment properties at the end of 2023 is expected to comprise an attributable gross floor area of 10.2 million square feet in Hong Kong and 12.5 million square feet in mainland China. Included therein is the 465,000-square-foot super Grade-A office development in Central, namely "The Henderson", which is scheduled for completion in the second half of 2023. This addition will give a further impetus to the Group's recurrent rental income growth. Together with another landmark development in Hong Kong's Central Business District under construction, namely the 1,600,000-square-foot project at Site 3 of the New Central Harbourfront, the Group's rental portfolio is poised to grow further with a more optimal composition.

The "listed subsidiaries and associates", namely, HKCG, Miramar, HIL, Hong Kong Ferry and Sunlight REIT, provide the Group with another source of recurrent income. In particular, HKCG had 702 projects in mainland China at the end of June 2023, spread across 29 provincial regions. Its volume of gas sales and the number of customers are expected to increase significantly in 2023 and this ideal momentum will last for some time in the future. HKCG is poised to provide continuous contributions to the Group. HKCG's profit after taxation attributable to shareholders for the period under review amounted to HK\$3,614 million, up by 9% compared to the same period last year.

With the Group's strong balance sheet and astute management of three core businesses (namely, "property sales", "rental business" and "listed subsidiaries and associates") by its seasoned professional team, Henderson Land is well-placed to pursue sustainable business growth, delivering long-term value to its stakeholders.

Dr Lee Ka Kit

Chairman

Dr Lee Ka Shing

Chairman

Hong Kong, 22 August 2023

The information in this advertisement does not constitute a statutory results announcement. The results announcement is available on the Company's website at www.hld.com and on Hong Kong Exchanges and Clearing Limited's HKEXnews at www.hkexnews.hk.