

HIGHLIGHTS

- Group profit before investment property revaluation increased by 44%.
- A robust performance from Property Investment (excluding Hotels) led to a 10% increase in turnover and a 23% increase in profit before tax (and revaluation surplus). Retail significantly outperformed the market to mitigate the pressure on office and residential rental. Harbour City and Times Square account for 7% of all goods sold in Hong Kong and are expected to generate HK\$4 billion of surplus cash in 2009.
- Completions in Chengdu, Chongqing and Dalian helped Property Development to a HK\$1 billion increase in turnover and a HK\$660 million increase in profit before tax. 2.2 million square feet with a combined value of RMB1.8 billion were sold or presold during the period to represent half of the full year target.
- Communications reported a 33% increase in profit before tax despite a 9% decline in turnover.
- Logistics alone under-performed as world trade contracted. With effective cost control, Modern Terminals reported a 9% decline in profit before tax to mitigate a 17% decline in turnover. The operating environment continued to improve after the period end.

GROUP RESULTS

The unaudited Group profit attributable to Shareholders amounted to HK\$3,292 million before investment property revaluation surplus, for an increase of 44% compared to last year, and HK\$6,975 million after investment property revaluation surplus, for a decrease of 17% compared to last year. Earnings per share were HK\$2.53 (2008: HK\$3.05).

INTERIM DIVIDEND

The Board has declared an interim dividend of HK\$0.36 (2008: HK\$0.36) per share, payable on 30 September 2009 to Shareholders on record as at 23 September 2009, absorbing a total amount of HK\$991 million (2008: HK\$991 million).

MANAGING DIRECTOR'S REPORT

Business Review

PROPERTY INVESTMENT

Property Investment posted a 23% increase in profit before tax and revaluation surplus to HK\$2,749 million in spite of the soft economy and the decline in office and residential rental. The "Heart of the Group" (Harbour City and Times Square in Hong Kong) is well on track to generating HK\$4 billion of surplus cash in 2009.