

**HENDERSON LAND DEVELOPMENT COMPANY LTD :
PROFITS SHOULD RISE, SUBSTANTIALLY, THIS YEAR**

Not less than 21 percent of the 2000 Financial Year's Net Profit Attributable to Shareholders of Henderson Land Development Company Ltd (Code: 12 – Main Board, The Stock Exchange of Hongkong Ltd) came from wheeling and dealing in listed securities.

This is clearly indicated in the Annual Report of Henderson Land Development for the Financial Year, ended June 30, 2000.

And it all can be verified by reading Pages 61 and 69.

Page 61, the Consolidated Cash Flow Statement, shows that, in the 2000 Financial Year, the Company booked about \$HK2.03 billion, being the *'Proceeds from Sale(s) of Investment in Securities'*.

Of this \$HK2.03 billion of income from sales of securities, Page 69 – Note 3, ***'Other Net Income'*** – shows:

Profit on Disposal of Investment in Securities	\$HK1,239,351,000
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Since the Net Profit Attributable to Shareholders for the 2000 Financial Year was about \$HK5.83 billion, then this figure was swollen by about 21.27 percent due to trading in securities, presumably in the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC) because, traditionally, this is where the Company speculates in securities trading.

It should be stated, at this juncture, that Henderson Land Development has, for some years – perhaps, always – been a *'player'* on The Stock Exchange of Hongkong Ltd and, in the 1999 Financial Year, it booked a \$HK173.56-million profit on disposal of investments in securities of \$HK972.26 million, being the gross proceeds from the sales of securities.

The point of all this is that, without the 2000 Year's profits, having been boosted, quite substantially from wheeling and dealing on The Stock Exchange of Hongkong Ltd, Henderson Land Development would have had to admit, openly, to declining fortunes.

Its Bottom Line would have been somewhere in the region of about \$HK4.60 billion, which would have been a drop of about 15 percent, compared with the 1999 Bottom Line of about \$HK5.42 billion, according to TARGET's calculations.

This is not to suggest anything untoward in respect of this massive Company's operations, but it does indicate the quality of some of its earnings, during the 2000 Financial Year.

Further, it is unlikely that those material 2000-Year's profits from wheeling and dealing on The Stock Exchange of Hongkong will be repeated in the Current Financial Year because, simply put, the securities' cupboard is pretty bare, as Note 15 at Page 75 of the 2000 Annual Report shows:

	Investment Securities		Other Investments		Total	
	2000	1999	2000	1999	2000	1999
	(All Figures are Denominated in \$HK'000)					
The Group						
Equity Securities:						
Listed	24,986	697,380	678,345	110,293	703,331	807,673
Unlisted	145,963	67,418	58,918	77,885	204,881	145,303

TOTAL	170,949	764,798	737,263	188,178	908,212	952,976
Market Value of Listed Securities (as at June 30, 2000)	75,553	1,273,605	678,345	113,554	753,898	1,387,159

With equity markets, around the world, having been in retreat since the 2000 Balance Sheet Date of Henderson Land Development, it is unlikely that the Company has been able to book much in the way of one-off profits from trading in stocks and shares on The Stock Exchange of Hongkong Ltd, or on any other bourse, for that matter.

The question might well be asked, in the fullness of time, as to whether or not the Company got hurt by the meltdown of prices on equity markets, The Stock Exchange of Hongkong Ltd, notwithstanding.

The Land Giant

Whereas Mr Li Ka Shing and his publicly listed companies get a great deal of publicity, due to one factor or another, Mr Lee Shau Kee, the Chairman of the Henderson (Family) Group of Companies, rarely makes the headlines.

This is quite surprising, really, because Henderson Land Development constructed about one third of all private, residential housing in the HKSAR between July 1, 1999 and June 30, 2000, the Company's Financial Year.

More than 10,000 residential units were completed by this giant property development Company, during the 2000 Financial Year.

Of those 10,000 units, 5,800 units were booked in the 2000 Financial Year, presumably suggesting that not less than 4,200 units of those residential units, construction of which was initiated in the 2000 Year, will be logged into the Profit and Loss Account of the Company in the Current Financial Year, ending June 30, 2001, assuming (a) they have been sold and (b) that prospective buyers do not renege on signed sales and purchase agreements.

The 5,800 units, those that were booked in the 2000 Year, represented about \$HK14 billion in aggregate value, the Chairman points out on Page 7 of the 2000 Annual Report.

Further, Chairman Lee Shau Kee states that about 1,200 residential units of the 4,200 residential units were sold after the Balance Sheet Date, bringing in another \$HK2.50 billion in the Company's kitty.

As at June 30, 2000, Henderson Land Development held in its land bank, property awaiting development, amounting to about 21.20 million square feet.

The Turnover of the Company for the 2000 Year amounted to about \$HK17 billion, with the sales of properties, accounting for nearly 79 percent of that figure.

Property sales in the 2000 Year were ahead of the 1999 figure by about 21.38 percent, up from the 1999 figure of about \$HK11.04 billion.

Aside from the billions of dollars' worth of sales of properties, annually, the second, most-important activity of Henderson Land Development is the actual management of certain of its properties, held for investment purposes, on which it receives rental income.

In the 2000 Financial Year, it booked about \$HK1.54 billion in rental income, up from about \$HK1.36 billion in the 1999 Year.

The main rental-producing properties are:

Property	Usage	Gross Floor Area	Number of Carparks	Group's Interest (%)
HONGKONG				
Eva Court	Residential	108,214	49	64.28
Golden Centre	Office Commercial	134,450 21,842	Nil	100.00
Aetna Tower	Office Commercial	182,373 31,987	Nil	100.00
On Loong Commercial Building	Office Commercial	23,856 1,708	Nil	100.00
Joseph Yen Industrial Building	Industrial	114,300	10	100.00
Silver Fortune Plaza	Commercial	28,953	Nil	32.14
AIA Tower	Office Commercial	490,072 22,338	256	94.56
One International Finance Centre	Office Commercial	784,480 131,138	355	35.69
CEF Life Tower	Office Commercial	323,418 11,481	46	17.13
KOWLOON				
Hollywood Plaza	Office Commercial	193,284 100,543	Nil	21.42
Kowloon Building	Office Commercial	84,626 28,656	Nil	64.28
Righteous Centre	Office Commercial	41,004 10,763	Nil	100.00
Winning Centre	Industrial	150,212	Nil	100.00
Well Tech Centre	Office/Industrial	136,376	49	64.28
NEW TERRITORIES				
Fanling Centre	Commercial	151,513	302	91.77
Flora Plaza	Commercial	157,762	217	60.00
Hang Wai Industrial Centre, Block C	Industrial	292,264	182	64.28
The Trend Plaza	Commercial	195,280	78	64.28
Marina Cove	Commercial	23,915	377	40.00
City Landmark II	Commercial	155,022	127	90.71
Skyline 2000	Commercial	154,259	104	100.00
City Landmark I	Office Commercial	209,420 184,838	133	74.96
Shatin Centre	Commercial	100,029	545	60.68
Shatin Plaza	Commercial	147,943	134	77.55
City One Plaza	Commercial	413,273	986	16.07
Sunshine City Blocks A and B	Commercial	9,305	Nil	100.00
Sunshine City, Blocks C and D	Commercial	10,236	Nil	50.00
Sunshine City, Blocks N, P, Q and R	Commercial	58,881	196	100.00
Sunshine City Plaza	Commercial	532,637	831	100.00
Sunshine Bazaar	Commercial	79,642	234	100.00
Citimall	Commercial	140,341	51	100.00
La Cité Noble	Commercial	35,186	Nil	100.00
Dawning Views Plaza	Commercial	87,766	Nil	100.00
Metro City Phase 2	Commercial	956,849	669	100.00
The Metropolis	Commercial	266,954	232	100.00

Henderson is one of the major developers of Airport Railway Hongkong Station, a joint venture development project, which, on completion, will sport about 4.48 million square feet.

The Company has a 15-percent interest in this prestigious commercial complex in the HKSAR, located in the centre of the business district, on the waterfront.

Henderson Land Development's publicly listed associate, The Hongkong and China Gas Company Ltd (Code: 3, Main Board, The Stock Exchange of Hongkong Ltd), has a 32.50-percent interest in this project.

While property development and management of investment properties is at the core of the activities of Henderson Land Development, the Company, also, owns and operates hotels which, together, added about \$HK128 million to the Turnover of the Company in the 2000 Financial Year.

The hotels' contribution in the 2000 Financial Year was an improvement of about 32 percent, compared with the 1999 contribution.

The hotels are the Newton Hotel Hongkong, Newton Hotel Kowloon, and Newton Inn, Hongkong.

None of the 3 hotels is world famous, or could closely be considered luxury accommodation, but, nevertheless, they are making their contribution to the Group with an 86-percent occupancy level.

The Annual Report for the 2000 Financial Year does not indicate what is the level of profit of the hotels, however -- if any.

And Some For The Family

As with so many family owned companies in Asia, the paterfamilias looks after his brood.

In the case of Mr Lee Shau Kee, he is looking after his family, extremely well.

Whether or not the children and select relatives of this multi-billionaire are worth their salt is something else, of course.

According to the 2000 Annual Report of Henderson Land Development, the aggregate amount of the Directors' Remuneration was about \$HK61.74 million in the past Financial Year.

The 2000 Year's total Directors' Remuneration was an increase over the 1999 Year's figure by about \$HK3.59 million.

The Directors were paid a Discretionary Bonus in the 2000 Year of about \$HK24.80 million, which was, in itself, an increase of about \$HK8.50 million over the 1999 Discretionary Bonus of about \$HK16.30 million.

The Discretionary Bonus was paid out on a 15-percent reduction on core business activities, Year-on-Year, as TARGET has, already, pointed out in the early part of this report.

There were 18 Directors in the 2000 Financial Year, the exact same number as in the 1999 Year.

Who got what, TARGET has no idea, but it is a safe bet that Mr Lee Shau Kee, as Chairman, took his \$HK14 million, while the '*scraps*' went to his immediate family, relatives and, one supposes, close friends.

The following is a partial list of the Directors and their relationships to the '*old man*': ... [CLICK TO ORDER FULL ARTICLE](#)

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