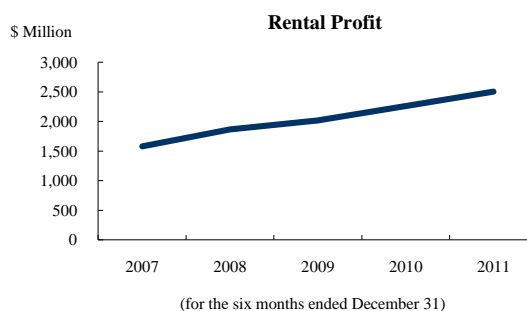
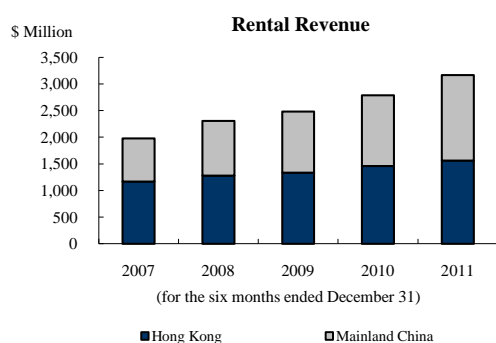


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恒隆集團有限公司
HANG LUNG GROUP LIMITED
(Incorporated in Hong Kong with limited liability)
(Stock Code: 10)

CONSOLIDATED INCOME STATEMENT
FOR THE SIX-MONTH PERIOD ENDED DECEMBER 31, 2011 (AUDITED)
(Expressed in Hong Kong dollars)

	Note	Period ended December 31, 2011 \$Million	Year ended June 30, 2011 \$Million	Period ended December 31, 2010 \$Million
Turnover	4	3,361	5,714	2,789
Other income	5	219	252	93
Direct costs and operating expenses		(708)	(1,138)	(528)
Administrative expenses		(300)	(490)	(351)
Operating profit before change in fair value of investment properties		2,572	4,338	2,003
Increase in fair value of investment properties	10(b)	953	3,504	2,357
Operating profit after change in fair value of investment properties		3,525	7,842	4,360
Finance costs	6	(149)	(139)	(66)
Share of profits of jointly controlled entities		241	290	88
Profit before taxation	4(a) & 6	3,617	7,993	4,382
Taxation	7(a)	(580)	(1,117)	(552)
Profit for the period / year		3,037	6,876	3,830
Attributable to:				
Shareholders		1,578	3,529	1,901
Non-controlling interests		1,459	3,347	1,929
		3,037	6,876	3,830
Earnings per share	9(a)			
Basic		\$1.17	\$2.62	\$1.41
Diluted		\$1.16	\$2.60	\$1.40

HANG LUNG GROUP LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX-MONTH PERIOD ENDED DECEMBER 31, 2011 (AUDITED)

(Expressed in Hong Kong dollars)

	<i>Note</i>	Period ended December 31, 2011 \$Million	Year ended June 30, 2011 \$Million	Period ended December 31, 2010 \$Million
Profit for the period / year		3,037	6,876	3,830
Other comprehensive income	7(b)			
Decrease of share of capital reserves of jointly controlled entities		(1)	-	-
Net movement in investment revaluation reserve		(16)	(1)	2
Exchange difference arising from translation of overseas subsidiaries		1,825	2,946	1,474
		<u>1,808</u>	<u>2,945</u>	<u>1,476</u>
Total comprehensive income for the period / year		<u>4,845</u>	<u>9,821</u>	<u>5,306</u>
Total comprehensive income attributable to:				
Shareholders		2,561	4,905	2,558
Non-controlling interests		2,284	4,916	2,748
		<u>4,845</u>	<u>9,821</u>	<u>5,306</u>

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT DECEMBER 31, 2011 (AUDITED)

(Expressed in Hong Kong dollars)

	Note	December 31, 2011 \$Million	June 30, 2011 \$Million	December 31, 2010 \$Million
Non-current assets				
Fixed assets				
Investment properties	10	101,833	94,003	91,903
Investment properties under development	10	23,613	21,524	19,056
Other fixed assets		226	213	180
		<u>125,672</u>	<u>115,740</u>	<u>111,139</u>
Interest in jointly controlled entities		2,152	1,982	1,832
Other assets		1,697	2,130	2,119
Deferred tax assets		45	45	39
		<u>129,566</u>	<u>119,897</u>	<u>115,129</u>
Current assets				
Cash and deposits with banks		26,149	28,274	24,903
Trade and other receivables	11	779	1,202	380
Other assets		449	-	-
Properties for sale		6,145	5,994	5,930
		<u>33,522</u>	<u>35,470</u>	<u>31,213</u>
Current liabilities				
Bank loans		5,400	7,500	9,100
Trade and other payables	12	4,134	3,709	3,797
Taxation payable		455	1,231	1,147
		<u>9,989</u>	<u>12,440</u>	<u>14,044</u>
Net current assets		<u>23,533</u>	<u>23,030</u>	<u>17,169</u>
Total assets less current liabilities		<u>153,099</u>	<u>142,927</u>	<u>132,298</u>
Non-current liabilities				
Bank loans		22,294	13,401	6,462
Finance lease obligations		-	35	104
Deferred tax liabilities		9,637	9,294	8,933
		<u>31,931</u>	<u>22,730</u>	<u>15,499</u>
NET ASSETS		<u>121,168</u>	<u>120,197</u>	<u>116,799</u>
Capital and reserves				
Share capital		1,348	1,348	1,348
Reserves		59,162	57,624	55,604
Shareholders' equity		<u>60,510</u>	<u>58,972</u>	<u>56,952</u>
Non-controlling interests		60,658	61,225	59,847
TOTAL EQUITY		<u>121,168</u>	<u>120,197</u>	<u>116,799</u>

HANG LUNG GROUP LIMITED

Notes:

1. The financial statements have been reviewed by the Audit Committee.
2. Change of financial year end date

Pursuant to a resolution of the Board of Directors of the Company dated November 27, 2011, the Company's financial year end date has been changed from June 30 to December 31. The change is to align with the financial year end date of the Company with that of its subsidiaries established in mainland China, the financial results of which are consolidated into its consolidated financial statements each year, and their financial statements are statutorily required to be closed with the financial year end date of December 31.

As a result of the change in financial year end date, the current financial period covers a six-month period from July 1, 2011 to December 31, 2011 (the "period ended December 31, 2011"), and the comparative figures in these financial statements covers a twelve-month period from July 1, 2010 to June 30, 2011 (the "year ended June 30, 2011"). As the comparative figures are not comparable with those of current period, financial information for the six-month period from July 1, 2010 to December 31, 2010 (the "period ended December 31, 2010"), prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"), has been disclosed for the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of financial position and certain selected notes to enhance comparability.

3. Basis of preparation

These financial statements have been prepared in accordance with all applicable HKFRSs, which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The principal accounting policies adopted are consistent with those followed in the preparation of the Group's annual financial statements for the year ended June 30, 2011.

The HKICPA issued a number of new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. These new and revised HKFRSs have no significant impact on the financial statements of the Group for the period ended December 31, 2011 and the year ended June 30, 2011.

The Group has not applied any new standard, amendments or interpretation that is not yet effective for the current accounting period.

HANG LUNG GROUP LIMITED

Notes:

4. Turnover and segment information

The Group manages its businesses according to the nature of services and products provided. Management has determined three reportable operating segments for the measurement of performance and the allocation of resources. The segments are property leasing in Hong Kong and mainland China and property sales in Hong Kong.

Property leasing segment includes property leasing operation. The Group's investment properties portfolio, which mainly consists of retail, office, residential, serviced apartments and carparks are primarily located in Hong Kong and mainland China. Property sales segment includes development and sale of the Group's trading properties in Hong Kong.

Management evaluates performance primarily based on profit before taxation.

Segment assets principally comprise all non-current assets and current assets directly attributable to each segment with the exception of interest in jointly controlled entities, other assets, deferred tax assets and cash and deposits with banks. The investment properties of the Group are included in segment assets at their fair values whilst the change in fair value of investment properties is not included in segment profits.

(a) Turnover and results by segments

<u>Segment</u>	Turnover			Profit before taxation		
	Period ended December 31, 2011 \$Million	Year ended June 30, 2011 \$Million	Period ended December 31, 2010 \$Million	Period ended December 31, 2011 \$Million	Year ended June 30, 2011 \$Million	Period ended December 31, 2010 \$Million
Property leasing						
- Hong Kong	1,564	2,973	1,458	1,290	2,438	1,195
- Mainland China	1,604	2,738	1,328	1,213	2,136	1,064
	3,168	5,711	2,786	2,503	4,574	2,259
Property sales						
- Hong Kong	193	3	3	150	2	2
Segment total	3,361	5,714	2,789	2,653	4,576	2,261
Other income				219	252	93
Administrative expenses (Note)				(300)	(490)	(351)
Operating profit before change in fair value of investment properties				2,572	4,338	2,003
Increase in fair value of investment properties				953	3,504	2,357
- property leasing in Hong Kong				655	2,613	1,881
- property leasing in mainland China				298	891	476
Finance costs				(149)	(139)	(66)
Share of profits of jointly controlled entities				241	290	88
Profit before taxation	3,617	7,993		3,617	7,993	4,382

Note: Administrative expenses included share-based payments of \$106 million (2010/11: \$113 million; 2010: \$67 million) representing the amortization of the fair value of options granted to employees over the vesting period and do not involve any cash outflow for the Group.

HANG LUNG GROUP LIMITED

Notes:

4. Turnover and segment information (Continued)

(b) Total assets by segments

<u>Segment</u>	Total assets		
	December 31, 2011 \$Million	June 30, 2011 \$Million	December 31, 2010 \$Million
Property leasing			
- Hong Kong	56,857	56,165	55,295
- Mainland China	69,554	60,774	56,204
	126,411	116,939	111,499
Property sales			
- Hong Kong	6,185	5,997	5,950
Segment total	132,596	122,936	117,449
Interest in jointly controlled entities	2,152	1,982	1,832
Other assets	2,146	2,130	2,119
Deferred tax assets	45	45	39
Cash and deposits with banks	26,149	28,274	24,903
Total assets	163,088	155,367	146,342

5. Other income

	Period ended December 31, 2011 \$Million	Year ended June 30, 2011 \$Million	Period ended December 31, 2010 \$Million
Bank interest income	188	213	78
Interest income from unlisted held-to-maturity investments	10	11	2
Other interest income	-	2	1
Dividend income from listed investments	-	3	-
Dividend income from unlisted investments	11	-	-
Net exchange (loss) / gain	(2)	21	10
Others	12	2	2
	219	252	93

6. Profit before taxation

	Period ended December 31, 2011 \$Million	Year ended June 30, 2011 \$Million	Period ended December 31, 2010 \$Million
Profit before taxation is arrived at after charging:			
Finance costs			
Interest on borrowings	224	239	98
Other borrowing costs	22	52	24
Total borrowing costs	246	291	122
Less: Borrowing costs capitalized	(97)	(152)	(56)
	149	139	66
Cost of properties sold	16	-	-
Staff costs, including employee share-based payments of \$106 million (2010/11: \$113 million; 2010: \$67 million)	419	773	452
Depreciation	16	27	11

HANG LUNG GROUP LIMITED

Notes:

7. Taxation

- (a) Provision for Hong Kong Profits Tax is calculated at 16.5% (2010/11: 16.5%; 2010: 16.5%) of the estimated assessable profits for the period / year. China Income Tax mainly represents China Corporate Income Tax calculated at 25% (2010/11: 25%; 2010: 25%) and China withholding income tax at the applicable rates. A withholding tax of 5% is levied on the Hong Kong companies in respect of dividend distributions arising from profits of foreign investment enterprises in mainland China earned after January 1, 2008.

	Period ended December 31, 2011 \$Million	Year ended June 30, 2011 \$Million	Period ended December 31, 2010 \$Million
Current tax			
Hong Kong Profits Tax	191	269	111
Over-provision in prior years	(2)	(1)	(1)
	<u>189</u>	<u>268</u>	<u>110</u>
China Income Tax	275	487	271
	<u>464</u>	<u>755</u>	<u>381</u>
Deferred tax			
Change in fair value of investment properties	74	222	120
Other origination and reversal of temporary differences	42	140	51
	<u>116</u>	<u>362</u>	<u>171</u>
Total income tax expense	<u>580</u>	<u>1,117</u>	<u>552</u>

- (b) There is no tax effect relating to the components of the other comprehensive income for the period / year.

8. Dividends

- (a) Dividends attributable to the period / year

	Period ended December 31, 2011 \$Million	Year ended June 30, 2011 \$Million	Period ended December 31, 2010 \$Million
Interim dividend declared and paid of \$Nil cent (2010/11: 19 cents) per share	-	256	256
Final dividend of 38 cents (2010/11: 57 cents) per share proposed after the reporting date	512	769	-
	<u>512</u>	<u>1,025</u>	<u>256</u>

The dividend proposed after the reporting date has not been recognized as a liability at the reporting date.

- (b) The final dividend of \$769 million for the year ended June 30, 2011 was approved and paid in the period ended December 31, 2011 (2010/11: \$767 million).

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Notes:

9. Earnings per share

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

	Period ended December 31, 2011 \$Million	Year ended June 30, 2011 \$Million	Period ended December 31, 2010 \$Million
Earnings for calculation of basic and diluted earnings per share (net profit attributable to shareholders)	1,578	3,529	1,901

	Number of shares		
	Period ended December 31, 2011 (Million)	Year ended June 30, 2011 (Million)	Period ended December 31, 2010 (Million)
Weighted average number of shares used in calculating basic earnings per share	1,348	1,346	1,345
Effect of dilutive potential shares - share options	9	11	10
Weighted average number of shares used in calculating diluted earnings per share	1,357	1,357	1,355

(b) The underlying net profit attributable to shareholders which excluded changes in fair value of investment properties net of related deferred tax and non-controlling interests, is calculated as follows:

	Period ended December 31, 2011 \$Million	Year ended June 30, 2011 \$Million	Period ended December 31, 2010 \$Million
Net profit attributable to shareholders	1,578	3,529	1,901
Effect of changes in fair value of investment properties	(953)	(3,504)	(2,357)
Effect of corresponding deferred tax	74	222	120
Effect of change in fair value of investment properties of jointly controlled entities	(172)	(191)	(40)
	(1,051)	(3,473)	(2,277)
Non-controlling interests	473	1,677	1,166
	(578)	(1,796)	(1,111)
Underlying net profit attributable to shareholders	1,000	1,733	790

The earnings per share based on underlying net profit attributable to shareholders are:

	Period ended December 31, 2011	Year ended June 30, 2011	Period ended December 31, 2010
Basic	\$0.74	\$1.29	\$0.59
Diluted	\$0.74	\$1.28	\$0.58

HANG LUNG GROUP LIMITED

Notes:

10. Investment properties and investment properties under development

(a) Additions

During the period / year, additions in investment properties and investment properties under development amounted to \$7,420 million (2010/11: \$5,573 million; 2010: \$3,360 million).

(b) Valuation

The investment properties and investment properties under development of the Group were revalued as at December 31, 2011 by Mr. Charles C.K. Chan, Registered Professional Surveyor (General Practice), of Savills Valuation and Professional Services Limited, on a market value basis.

During the period / year, an increase in fair value of investment properties and those under development of \$953 million (2010/11: \$3,504 million; 2010: \$2,357 million), including \$8 million (2010/11: \$41 million; 2010: \$35 million) contributed by properties under development in mainland China, is recorded.

11. Trade and other receivables

(a) Included in trade and other receivables are trade receivables with the following terms:

	December 31, 2011 \$Million	June 30, 2011 \$Million	December 31, 2010 \$Million
Current and within 1 month	68	29	39
1 - 3 months	4	11	6
Over 3 months	3	3	2
	<u>75</u>	<u>43</u>	<u>47</u>

The balance of bad and doubtful debts is insignificant.

The Group maintains a defined credit policy including stringent credit evaluation on and payment of a rental deposit from tenants. Proceeds from property sales are receivable pursuant to the terms of the sale and purchase agreements. In addition to the payment of rental deposits, tenants are required to pay monthly rents in respect of leased properties in advance. Except for sale of properties developed by the Group, it does not hold any collateral over the receivables. Receivables are regularly reviewed and closely monitored to minimize any associated credit risk.

(b) Included in other receivables of the Group is deposit of land acquisition in mainland China of \$308 million (June 30, 2011: \$798 million; December 31, 2010: \$Nil).

12. Trade and other payables

Included in trade and other payables are trade creditors with the following aging analysis:

	December 31, 2011 \$Million	June 30, 2011 \$Million	December 31, 2010 \$Million
Due within 1 month	1,759	1,467	1,243
Due after 3 months	287	250	557
	<u>2,046</u>	<u>1,717</u>	<u>1,800</u>

HANG LUNG GROUP LIMITED

Highlights

- For the six-month period ended December 31, 2011, underlying net profit attributable to shareholders of Hang Lung Group increased by 27% to HK\$1,000 million. Total turnover rose by 21% to HK\$3,361 million.
- Property leasing achieved strong results with rental turnover and profits both increased by 14% and 11% to HK\$3,168 million and HK\$2,503 million, respectively.
- Rental turnover and profit generated from our Hong Kong investment properties grew 7% and 8% to HK\$1,564 million and HK\$1,290 million, respectively.
- Our mainland China properties had impressive growth as rental turnover and profits increased by 21% and 14% to HK\$1,604 million and HK\$1,213 million, respectively. The shopping malls at Plaza 66 and Grand Gateway 66 in Shanghai delivered again remarkable performance. Parc 66 in Jinan was opened in August 2011 with 100% occupancy.
- Two flats at The HarbourSide were sold at average unit price of about HK\$44,000 per square foot, posting a profit of HK\$150 million.
- Increase in fair value of investment properties reached HK\$953 million compared to HK\$2,357 million of corresponding period.
- As a result of smaller net revaluation gain recorded in this period, total net profit attributable to shareholders decreased by 17% to HK\$1,578 million.
- In September 2011, we acquired a prime site in Kunming for RMB3,497 million. The plot of land will be developed into world class shopping center, office towers and serviced apartments with total gross floor area of 401,000 square meters for long term investment.
- As of December 31, 2011, we had cash and deposits of HK\$26,149 million. Deducting bank loans of HK\$27,694 million, the gearing ratio stayed at a low level of 1% after full payment of land price of Kunming project.
- The shopping mall at Forum 66 in Shenyang has entered completion phase. Pre-leasing activities are underway for its opening in the fourth quarter of 2012. Other existing projects on the Mainland have been progressing well.

HANG LUNG GROUP LIMITED

Purchase, Sale or Redemption of Listed Securities

During the six-month period ended December 31, 2011, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

Compliance with the Code on Corporate Governance Practices

During the six-month period ended December 31, 2011, the Company has complied with the code provisions set out in the Code on Corporate Governance Practices as stated in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Book Close Dates

For ascertaining shareholders' right to attend and vote at Annual General Meeting ("AGM"):-

Book close dates (both days inclusive)	April 16 to 18, 2012
Latest time to lodge transfers	4:30 pm on April 13, 2012
Record date	April 18, 2012
AGM	April 18, 2012

For ascertaining shareholders' entitlement to the proposed final dividend:-

Book close date	April 24, 2012
Latest time to lodge transfers	4:30 pm on April 23, 2012
Record date	April 24, 2012
Final dividend payment date	May 8, 2012

On Behalf of the Board

Ronnie C. Chan

Chairman

Hong Kong, January 19, 2012

As at the date of this announcement, the board of directors of the Company comprises the following directors:

Executive Directors: Mr. Ronnie C. CHAN, Mr. Philip N.L. CHEN, Mr. William P.Y. KO and Mr. H.C. HO

Non-Executive Director: Mr. Gerald L. CHAN

Independent Non-Executive Directors: Mr. S.S. YIN, Dr. H.K. CHENG, Ms. Laura L.Y. CHEN and Mr. Simon S.O. IP