



For immediate release

Hang Lung Reports Solid Rental Income Growth Amid Prudent Market Sentiment

(Hong Kong, July 31, 2013) Hang Lung Properties (HKEx stock code: 101) and Hang Lung Group (HKEx stock code: 10) today announced solid financial results for the six months ended June 30, 2013.

The core business of property leasing across Hong Kong and the Mainland continued to deliver solid results with sustainable growth in both rental turnover and operating profit in the face of a challenging business climate. Rental turnover and operating profit were both up by 13% for Hang Lung Properties, and by 12%, respectively for Hang Lung Group, when excluding the effect of the disposal of non-core investment properties in 2012. The overall year-on-year growth in both rental turnover and operating profit would be 9% for Hang Lung Properties, and 7% and 8% for Hang Lung Group, respectively. Since the first half of 2013 saw significantly fewer property sales, underlying net profit for Hang Lung Properties and Hang Lung Group amounted to HK\$1,933 million and HK\$1,159 million, respectively.

Mr. Ronnie C. Chan, Chairman of Hang Lung Group and Hang Lung Properties, said, "Tough macro conditions notwithstanding, we have managed to achieve continual growth in our leasing portfolio in Hong Kong and on the Mainland. Rental margins of most of our projects and product types improved further. Through strategic planning, tenant mix optimization and attractive promotional campaigns, we took advantage of the slowing period and bucked the market trend. This recurring and resilient generation of rental income, coupled with our strategy of generating organic growth and maximizing return on our investments, has laid sound foundations that will enable Hang Lung to comfortably drive momentum and future growth."

Mr. Chan added, "This September Hang Lung will see the grand opening of Center 66 (Phase 1) in Wuxi, Jiangsu Province. Located in the heart of Wuxi's commercial area, the 118,000 square meter mall is the top choice for many renowned international luxury and fashion labels seeking a dominant presence in the city. Center 66 is destined to become another iconic commercial landmark in the Yangtze Delta Region, joining our world-class properties of Plaza 66 and Grand Gateway 66 in Shanghai."

Hang Lung's footprint has expanded into Wuhan, the largest and most important city in central China, following the successful acquisition of a prime site at the core of the commercial and business district this February. With 10 major property developments commanding premium locations in eight major cities across mainland China, Hang Lung is evolving into the most admired and leading national commercial property developer.

A healthy and robust balance sheet remains in place, enabling Hang Lung to take full advantage of appropriate opportunities in the market as they arise.

The Board of Directors of Hang Lung Properties and Hang Lung Group have declared an interim dividend of HK17 cents per share and HK19 cents per share, respectively, to be paid on September 26, 2013, to shareholders registered as at September 12, 2013.

Financial Highlights

For the six months ended June 30, 2013 (unaudited)

(HK\$ Million)	Hang Lung Properties Ltd			Hang Lung Group Ltd		
	Jan-Jun 2013	Jan-Jun 2012	Change %	Jan-Jun 2013	Jan-Jun 2012	Change %
Turnover	3,305	4,234	(22%)	3,605	4,539	(21%)
Property Leasing	3,222	2,962	9%	3,508	3,265	7%
Property Sales	83	1,272	(93%)	97	1,274	(92%)
Operating Profit	2,705	3,220	(16%)	2,909	3,432	(15%)
Property Leasing	2,645	2,422	9%	2,842	2,633	8%
Property Sales	60	798	(92%)	67	799	(92%)
Gain on Disposal of Investment Properties	7	220	(97%)	7	220	(97%)
Net Profit Attributable to Shareholders	2,828	3,678	(23%)	1,766	2,101	(16%)
Earnings per Share (HK\$)	0.63	0.82	(23%)	1.31	1.56	(16%)
Dividend per Share (HK\$)	0.17	0.17	-	0.19	0.19	-

Underlying Results

(HK\$ Million)	Hang Lung Properties Ltd			Hang Lung Group Ltd		
	Jan-Jun 2013	Jan-Jun 2012	Change %	Jan-Jun 2013	Jan-Jun 2012	Change %
Underlying Net Profit Attributable to Shareholders (Note)	1,933	2,520	(23%)	1,159	1,435	(19%)
Underlying Earnings per Share (HK\$)	0.43	0.56	(23%)	0.86	1.06	(19%)

Note:

This is presented by excluding the revaluation gains on investment properties and related deferred tax and non-controlling interests from net profit attributable to shareholders.

Hang Lung Properties Limited (Stock Code: 101)

- Turnover and underlying net profit of Hang Lung Properties decreased by 22% and 23% to HK\$3,305 million and HK\$1,933 million, respectively, as we sold substantially fewer residential units and an insignificant amount of non-core investment properties during the period.
- Our core business, property leasing in Hong Kong and mainland China, continued to achieve solid results against the backdrop of a relatively moderate economic growth on the Mainland in recent years. Rental turnover and operating profit both rose 13% to HK\$3,222 million and HK\$2,645 million, respectively, when excluding the effect of the disposal of non-core investment properties in 2012. Overall, both rental turnover and operating profit would increase 9% year-on-year.
- Rental turnover and operating profit generated from our Hong Kong investment properties were up 11% and 12% to HK\$1,521 million and HK\$1,308 million, respectively, when excluding the effect of the disposal of non-core investment properties in 2012. The overall year-on-year increase of rental turnover and operating profit would be 2% and 5% respectively.
- Rental turnover and operating profit of our mainland China operations advanced 15% and 14% to HK\$1,701 million and HK\$1,337 million, respectively. Rental reversions, continuous optimization of tenant mix and the opening of a new mall in September last year, Forum 66 in Shenyang, all contributed to the pleasing performance.
- A unit of The HarbourSide and four units of AquaMarine were sold at average unit prices of approximately HK\$39,000 and HK\$10,600 per square foot, respectively. Property sales generated turnover and profit of HK\$83 million and HK\$60 million, respectively, compared to the sale of 117 flats in the first half of 2012 that recorded a turnover and profit of HK\$1,272 million and HK\$798 million, respectively.
- Increase in fair value of investment properties amounted to HK\$1,014 million, compared to HK\$1,295 million in the last corresponding period.
- Net profit attributable to shareholders decreased by 23% to HK\$2,828 million mainly due to significantly lower property sales during the first half year of 2013.
- As at June 30, 2013, we had a cash and bank balance of HK\$33,559 million and total borrowings amounted to HK\$33,886 million, resulting in a net debt position of HK\$327 million. The gearing ratio was 0.3%.
- In February 2013, we acquired a prime lot of about 82,650 square meters in Qiaokou District of Wuhan for RMB3.3 billion. The site is planned for the development of a world-class shopping mall, office towers and serviced apartments with a total gross floor area of about 460,000 square meters.
- The new shopping mall of Center 66 in Wuxi is scheduled for opening in September 2013. Pre-leasing commitments are over 90% of total leasable area. Other projects under development on the Mainland are progressing as planned.

Hang Lung Group Limited (Stock Code: 10)

- Turnover and underlying net profit of Hang Lung Group decreased by 21% and 19% to HK\$3,605 million and HK\$1,159 million, respectively, as we sold substantially fewer residential units and an insignificant amount of non-core investment properties during the period.
- Our core business, property leasing in Hong Kong and mainland China, continued to achieve solid results against the backdrop of a slowdown in luxury goods spending and moderate economic growth on the Mainland. Rental turnover and operating profit both rose 12% to HK\$3,508 million and HK\$2,842 million, respectively, when excluding the effect of the disposal of non-core investment properties in 2012. The overall year-on-year rental turnover and operating profit would grow 7% and 8%, respectively.
- Rental turnover and operating profit generated from our Hong Kong investment properties grew 11% and 12% to HK\$1,580 million and HK\$1,352 million, respectively, when excluding the effect of the disposal of non-core investment properties in 2012. The overall year-on-year rental turnover and operating profit grew 1% and 4%, respectively.
- Rental turnover and operating profit of our mainland China operations rose 14% and 12% to HK\$1,928 million and HK\$1,490 million, respectively. Rental reversions, continuous optimization of tenant mix and the opening of a new mall in September last year, Forum 66 in Shenyang, all contributed to the pleasing performance.
- A unit of The HarbourSide and four units of AquaMarine were sold at average unit prices of approximately HK\$39,000 and HK\$10,600 per square foot, respectively. Together with other properties sold, property sales generated turnover and profit of HK\$97 million and HK\$67 million, respectively, compared to turnover and profit of HK\$1,274 million and HK\$799 million, respectively, resulting from the sale of 117 flats in the first half of 2012.
- Increase in fair value of investment properties amounted to HK\$1,090 million, compared to HK\$1,381 million in the last corresponding period.
- Net profit attributable to shareholders decreased by 16% to HK\$1,766 million mainly due to significantly lower property sales during the first half year of 2013.
- As at June 30, 2013, we had a cash and bank balance of HK\$38,680 million and total borrowings amounted to HK\$42,896 million, resulting in a net debt position of HK\$4,216 million. The gearing ratio was 3.1%.
- In February 2013, we acquired a prime lot of about 82,650 square meters in Qiaokou District of Wuhan for RMB3.3 billion. The site is planned for the development of a world-class shopping mall, office towers and serviced apartments with a total gross floor area of about 460,000 square meters.
- The shopping mall of Center 66 in Wuxi is on schedule for opening in September 2013. Over 90% of the total leasable area is pre-leased. Other projects under development on the Mainland are progressing as planned.

The press release is available for download from the Hang Lung Website at www.hanglung.com

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