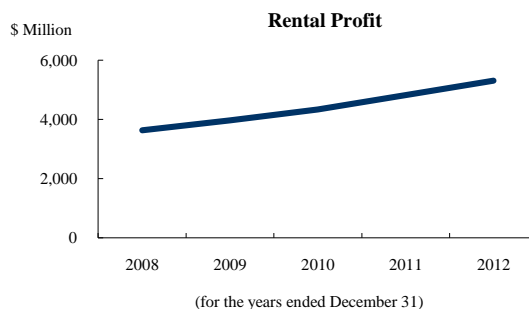
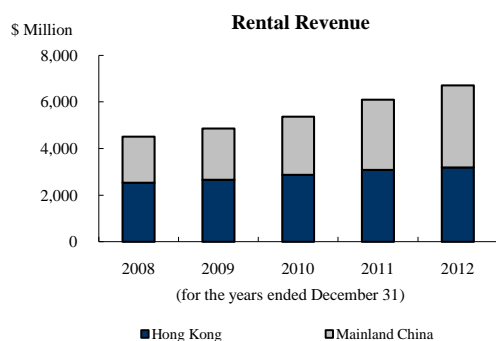


Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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 YEAR ENDED DECEMBER 31, 2012 (AUDITED)
(Expressed in Hong Kong dollars)

	<i>Note</i>	Year ended December 31, 2012	Period ended December 31, 2011	Year ended December 31, 2011
		\$Million	\$Million	\$Million
Turnover	4	7,986	3,361	6,286
Other income	5	2,969	219	378
Direct costs and operating expenses		(1,826)	(708)	(1,318)
Administrative expenses		(695)	(300)	(439)
Operating profit before change in fair value of investment properties		8,434	2,572	4,907
Increase in fair value of investment properties		3,057	953	2,100
Operating profit after change in fair value of investment properties		11,491	3,525	7,007
Finance costs	6	(458)	(149)	(222)
Share of profits of jointly controlled entities		276	241	443
Profit before taxation	4(a) & 6	11,309	3,617	7,228
Taxation	7(a)	(1,379)	(580)	(1,145)
Profit for the year / period		9,930	3,037	6,083
Attributable to:				
Shareholders		5,262	1,578	3,206
Non-controlling interests		4,668	1,459	2,877
		9,930	3,037	6,083
Earnings per share	9(a)			
Basic		\$3.90	\$1.17	\$2.38
Diluted		\$3.87	\$1.16	\$2.36

HANG LUNG GROUP LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2012 (AUDITED)

(Expressed in Hong Kong dollars)

	<i>Note</i>	Year ended December 31, 2012 \$Million	Period ended December 31, 2011 \$Million	Year ended December 31, 2011 \$Million
Profit for the year / period		9,930	3,037	6,083
Other comprehensive income	7(b)			
Decrease of share of capital reserves of jointly controlled entities		-	(1)	(1)
Net movement in investment revaluation reserve		11	(16)	(19)
Exchange difference arising from translation of overseas subsidiaries		171	1,825	3,297
		182	1,808	3,277
Total comprehensive income for the year / period		10,112	4,845	9,360
Total comprehensive income attributable to:				
Shareholders		5,371	2,561	4,908
Non-controlling interests		4,741	2,284	4,452
		10,112	4,845	9,360

HANG LUNG GROUP LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT DECEMBER 31, 2012 (AUDITED)

(Expressed in Hong Kong dollars)

	<i>Note</i>	2012 \$Million	2011 \$Million
Non-current assets			
Fixed assets			
Investment properties	10	106,102	101,833
Investment properties under development	10	24,482	23,613
Other fixed assets		255	226
		<u>130,839</u>	<u>125,672</u>
Interest in jointly controlled entities		2,247	2,152
Other assets		1,258	1,697
Deferred tax assets		19	45
		<u>134,363</u>	<u>129,566</u>
Current assets			
Cash and deposits with banks		40,183	26,149
Trade and other receivables	11	860	779
Other assets		452	449
Properties for sale		6,139	6,145
Assets held for sale	12	906	-
		<u>48,540</u>	<u>33,522</u>
Current liabilities			
Bank loans and other borrowings		1,113	5,400
Trade and other payables	13	5,240	4,134
Taxation payable		446	455
Liabilities held for sale	12	13	-
		<u>6,812</u>	<u>9,989</u>
Net current assets		<u>41,728</u>	<u>23,533</u>
Total assets less current liabilities		<u>176,091</u>	<u>153,099</u>
Non-current liabilities			
Bank loans and other borrowings		36,532	22,294
Deferred tax liabilities		9,944	9,637
		<u>46,476</u>	<u>31,931</u>
NET ASSETS		<u>129,615</u>	<u>121,168</u>
Capital and reserves			
Share capital		1,350	1,348
Reserves		63,874	59,162
Shareholders' equity		<u>65,224</u>	<u>60,510</u>
Non-controlling interests		64,391	60,658
TOTAL EQUITY		<u>129,615</u>	<u>121,168</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 twelve-month period from January 1, 2012 to December 31, 2012 (the "year ended December 31, 2012"), and the comparative figures in these financial statements covers a six-month period from July 1, 2011 to December 31, 2011 (the "period ended December 31, 2011" or "P.E. 12/2011"). As the comparative figures are not comparable with those of current financial period, financial information for the twelve-month period from January 1, 2011 to December 31, 2011 (the "year ended December 31, 2011" or "Y.E. 12/2011"), prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"), has been disclosed for the consolidated income statement, the consolidated statement of comprehensive income 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 period ended December 31, 2011.

The HKICPA has issued several amendments to HKFRSs that are first effective for the current accounting period of the Group and the Company. These new and revised HKFRSs have no significant impact on the financial statements of the Group for the year ended December 31, 2012 and the period ended December 31, 2011.

The Group has not applied any new standard, amendment 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 car parks 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, assets held for sale 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		
	Year ended December 31, 2012 \$Million	Period ended December 31, 2011 \$Million	Year ended December 31, 2011 \$Million	Year ended December 31, 2012 \$Million	Period ended December 31, 2011 \$Million	Year ended December 31, 2011 \$Million
Property leasing						
- Hong Kong	3,185	1,564	3,079	2,645	1,290	2,533
- Mainland China	3,526	1,604	3,014	2,668	1,213	2,285
	6,711	3,168	6,093	5,313	2,503	4,818
Property sales						
- Hong Kong	1,275	193	193	847	150	150
Segment total	7,986	3,361	6,286	6,160	2,653	4,968
Other income				2,969	219	378
Administrative expenses (Note)				(695)	(300)	(439)
Operating profit before change in fair value of investment properties				8,434	2,572	4,907
Increase in fair value of investment properties				3,057	953	2,100
- property leasing in Hong Kong				2,112	655	1,387
- property leasing in mainland China				945	298	713
Finance costs				(458)	(149)	(222)
Share of profits of jointly controlled entities				276	241	443
Profit before taxation				11,309	3,617	7,228

Note: Administrative expenses included share-based payments of \$233 million (P.E. 12/2011: \$106 million; Y.E. 12/2011: \$152 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	
	2012 \$Million	2011 \$Million
Property leasing		
- Hong Kong	55,282	56,857
- Mainland China	76,394	69,554
	131,676	126,411
Property sales		
- Hong Kong	6,162	6,185
	137,838	132,596
Segment total	137,838	132,596
Interest in jointly controlled entities	2,247	2,152
Other assets	1,710	2,146
Deferred tax assets	19	45
Assets held for sale	906	-
Cash and deposits with banks	40,183	26,149
Total assets	182,903	163,088

5. Other income

	Year ended December 31, 2012 \$Million	Period ended December 31, 2011 \$Million	Year ended December 31, 2011 \$Million
Gain on disposal of investment properties	2,149	-	-
Bank interest income	703	188	323
Interest income from unlisted held-to-maturity investments	19	10	19
Other interest income	18	-	1
Dividend income from listed investments	3	-	3
Dividend income from unlisted investments	3	11	11
Net exchange gain / (loss)	10	(2)	9
Others	64	12	12
	2,969	219	378

6. Profit before taxation

	Year ended December 31, 2012 \$Million	Period ended December 31, 2011 \$Million	Year ended December 31, 2011 \$Million
Profit before taxation is arrived at after charging:			
Finance costs			
Interest on borrowings	784	224	365
Other borrowing costs	67	22	50
	851	246	415
Total borrowing costs	851	246	415
Less: Borrowing costs capitalized	(393)	(97)	(193)
	458	149	222
Cost of properties sold	355	16	16
Staff costs, including employee share-based payments of \$233 million (P.E. 12/2011: \$106 million; Y.E. 12/2011: \$152 million)	935	419	740
Depreciation	38	16	32

HANG LUNG GROUP LIMITED

Notes:

7. Taxation

- (a) Provision for Hong Kong Profits Tax is calculated at 16.5% (P.E. 12/2011: 16.5%; Y.E. 12/2011: 16.5%) of the estimated assessable profits for the year / period. China Income Tax mainly represents China Corporate Income Tax calculated at 25% (P.E. 12/2011: 25%; Y.E. 12/2011: 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.

	Year ended December 31, 2012 \$Million	Period ended December 31, 2011 \$Million	Year ended December 31, 2011 \$Million
Current tax			
Hong Kong Profits Tax	448	191	349
Over-provision in prior years	(14)	(2)	(2)
	<u>434</u>	<u>189</u>	<u>347</u>
China Income Tax	608	275	491
	<u>1,042</u>	<u>464</u>	<u>838</u>
Deferred tax			
Change in fair value of investment properties	236	74	176
Other origination and reversal of temporary differences	101	42	131
	<u>337</u>	<u>116</u>	<u>307</u>
Total income tax expense	<u>1,379</u>	<u>580</u>	<u>1,145</u>

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

8. Dividends

- (a) Dividends attributable to the year / period

	Year ended December 31, 2012 \$Million	Period ended December 31, 2011 \$Million	Year ended December 31, 2011 \$Million
Interim dividend declared and paid of 19 cents per share	256	-	-
Final dividend declared and paid of Nil cent (P.E. 12/2011: Nil cent; Y.E. 12/2011: 57 cents) per share	-	-	769
Final dividend of 60 cents (P.E. 12/2011: 38 cents; Y.E. 12/2011: 38 cents) per share proposed after the end of the reporting period	810	512	512
	<u>1,066</u>	<u>512</u>	<u>1,281</u>

The dividend proposed after the end of the reporting period has not been recognized as a liability at the end of the reporting period.

- (b) The final dividend of \$513 million for the period ended December 31, 2011 was approved and paid in the year ended December 31, 2012 (P.E. 12/2011: \$769 million).

HANG LUNG GROUP LIMITED

Notes:

9. Earnings per share

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

	Year ended December 31, 2012 \$Million	Period ended December 31, 2011 \$Million	Year ended December 31, 2011 \$Million
Earnings for calculation of basic and diluted earnings per share (net profit attributable to shareholders)	<u>5,262</u>	<u>1,578</u>	<u>3,206</u>

	Number of shares		
	Year ended December 31, 2012 (Million)	Period ended December 31, 2011 (Million)	Year ended December 31, 2011 (Million)
Weighted average number of shares used in calculating basic earnings per share	<u>1,349</u>	1,348	1,348
Effect of dilutive potential shares - share options	<u>9</u>	<u>9</u>	<u>9</u>
Weighted average number of shares used in calculating diluted earnings per share	<u>1,358</u>	<u>1,357</u>	<u>1,357</u>

(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:

	Year ended December 31, 2012 \$Million	Period ended December 31, 2011 \$Million	Year ended December 31, 2011 \$Million
Net profit attributable to shareholders	<u>5,262</u>	<u>1,578</u>	<u>3,206</u>
Effect of changes in fair value of investment properties	(3,057)	(953)	(2,100)
Effect of corresponding deferred tax	236	74	176
Effect of change in fair value of investment properties of jointly controlled entities	(145)	(172)	(323)
	<u>(2,966)</u>	<u>(1,051)</u>	<u>(2,247)</u>
Non-controlling interests	1,268	473	984
	<u>(1,698)</u>	<u>(578)</u>	<u>(1,263)</u>
Underlying net profit attributable to shareholders	<u>3,564</u>	<u>1,000</u>	<u>1,943</u>

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

	Year ended December 31, 2012	Period ended December 31, 2011	Year ended December 31, 2011
Basic	\$2.64	\$0.74	\$1.44
Diluted	\$2.62	\$0.74	\$1.43

HANG LUNG GROUP LIMITED

Notes:

10. Investment properties and investment properties under development

(a) Additions

During the year / period, additions in investment properties and investment properties under development amounted to \$6,023 million (P.E. 12/2011: \$7,420 million).

(b) Valuation

The investment properties and investment properties under development of the Group were revalued as at December 31, 2012 by Mr. Charles C.K. Chan, Registered Professional Surveyor (General Practice), of Savills Valuation and Professional Services Limited, on a market value basis.

11. Trade and other receivables

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

	2012	2011
	\$Million	\$Million
Current and within 1 month	47	68
1 - 3 months	4	4
Over 3 months	4	3
	<u>55</u>	<u>75</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 (2011: \$308 million).

HANG LUNG GROUP LIMITED

Notes:

12. Assets / Liabilities held for sale

On October 19, 2012, the Group entered into a sales and purchase agreement with an independent third party to dispose of subsidiaries ("disposal subsidiaries") with an investment property being the principal asset. In accordance with HKFRS 5, the disposal subsidiaries' assets of \$906 million and liabilities of \$13 million were reclassified as assets and liabilities held for sale respectively. Completion of the disposal is scheduled to take place on January 31, 2013.

13. Trade and other payables

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

	2012	2011
	\$Million	\$Million
Due within 1 month	2,509	1,759
Due after 3 months	366	287
	<u>2,875</u>	<u>2,046</u>

HANG LUNG GROUP LIMITED

Highlights

- Turnover and underlying net profit attributable to shareholders of Hang Lung Group rose 27% and 83% to HK\$7,986 million and HK\$3,564 million, respectively, for the year ended December 31, 2012. The remarkable performance was achieved through continuous growth in property leasing income, sales of residential flats and disposal of some non-core investment properties.
- Our core business, property leasing in Hong Kong and mainland China, continued to achieve strong results. Both rental turnover and profit grew 10% to HK\$6,711 million and HK\$5,313 million, respectively, in 2012. When excluding the effect of the disposed non-core investment properties, the overall rental growth for Hang Lung Group grew as much as 13%.
- Rental turnover and profit from our Hong Kong investment properties rose 3% and 4% to HK\$3,185 million and HK\$2,645 million, respectively. When excluding the effect of the disposed investment properties such as Star Centre, Park Towers, Laguna Plaza, Park Building and Stanhope House, etc., rental income of Hong Kong investment properties was up 9%.
- Our properties in mainland China achieved 17% growth in both rental turnover and profit to HK\$3,526 million and HK\$2,668 million, respectively. Rental reversions, continuous optimization of tenant mix, the full year operation of Parc 66 in Jinan and the opening of a new mall, Forum 66 in Shenyang, last September all contributed to the strong results.
- Nine units of The HarbourSide and 108 units of The Long Beach were sold at average unit prices of approximately HK\$32,100 and HK\$10,600 per square foot, respectively. The sales generated turnover and profit of HK\$1,275 million and HK\$847 million, respectively.
- Disposal of non-core investment properties recorded a turnover of HK\$5,304 million. In aggregate, the sale proceeds were 70% higher than book value. The gain on disposal of HK\$2,149 million was recorded as Other Income.
- Increase in fair value of investment properties amounted HK\$3,057 million, compared to HK\$2,100 million in the previous year.
- Net profit attributable to shareholders grew 64% to HK\$5,262 million.
- As at December 31, 2012, we had a cash and bank balance of HK\$40,183 million and debts of HK\$37,645 million with a resulting net cash position of HK\$2,538 million. During the year ended December 31, 2012, we issued in total an equivalent of HK\$5,799 million in 10-year fixed rate bonds under the Medium Term Note Program. Proceeds from the bond issue were used to repay bank borrowings. The bond issue is part of our financial management strategy in mitigating the risks of interest rate volatility, etc.
- The shopping mall at Forum 66 in Shenyang, opened on September 28, 2012, and was already fully let. Other projects under development on the Mainland have been progressing well.

HANG LUNG GROUP LIMITED

Purchase, Sale or Redemption of Listed Securities

During the year, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of its listed securities.

Compliance with Corporate Governance Code

During the year, the Company has complied with the code provisions set out in the Code on Corporate Governance Practices (effective until March 31, 2012) and Corporate Governance Code (effective from April 1, 2012) as stated in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited save that the Non-Executive Director, Mr. Gerald L. Chan and an Independent Non-Executive Director, Ms. Laura L.Y. Chen, were unable to attend the annual general meeting of the Company held on April 18, 2012 as provided for in code provision A.6.7 as they had overseas engagements.

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, 2013
Latest time to lodge transfers	4:30 pm on April 15, 2013
Record date	April 18, 2013
AGM	April 18, 2013

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

Book close date	April 24, 2013
Latest time to lodge transfers	4:30 pm on April 23, 2013
Record date	April 24, 2013
Final dividend payment date	May 8, 2013

On Behalf of the Board

Ronnie C. Chan

Chairman

Hong Kong, January 31, 2013

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 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