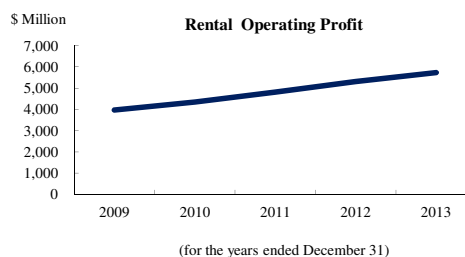
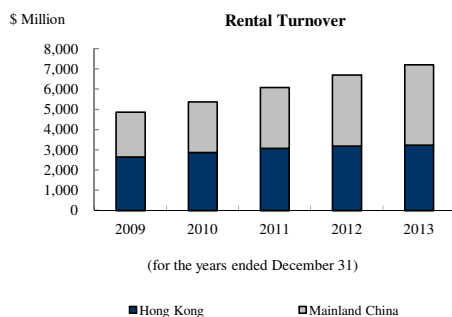


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恒隆集團有限公司
HANG LUNG GROUP LIMITED
(Incorporated in Hong Kong with limited liability)
(Stock Code: 10)

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2013 (AUDITED)
(Expressed in Hong Kong dollars)

	Note	2013 \$ Million	2012 \$ Million
Turnover	3(a)	9,734	7,986
Direct costs and operating expenses		(2,482)	(1,826)
Gross profit		7,252	6,160
Other income	4	63	2,247
Administrative expenses		(698)	(695)
Operating profit before change in fair value of investment properties		6,617	7,712
Increase in fair value of investment properties		2,651	3,057
Operating profit after change in fair value of investment properties		9,268	10,769
Interest income		978	722
Finance costs		(549)	(458)
Net interest income	5	429	264
Share of profits of joint ventures		431	276
Profit before taxation	3(a) & 6	10,128	11,309
Taxation	7(a)	(1,567)	(1,379)
Profit for the year		8,561	9,930
Attributable to:			
Shareholders		4,557	5,262
Non-controlling interests		4,004	4,668
		8,561	9,930
Earnings per share	9(a)		
Basic		\$3.38	\$3.90
Diluted		\$3.36	\$3.87

HANG LUNG GROUP LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2013 (AUDITED)

(Expressed in Hong Kong dollars)

	<i>Note</i>	2013 \$ Million	2012 \$ Million
Profit for the year		8,561	9,930
Other comprehensive income	<i>7(b)</i>		
Items that may be reclassified subsequently to profit or loss:			
Net movement in investment revaluation reserve		13	11
Exchange difference arising from translation of overseas subsidiaries		2,989	171
		<u>3,002</u>	<u>182</u>
Total comprehensive income for the year		<u>11,563</u>	<u>10,112</u>
Total comprehensive income attributable to:			
Shareholders		6,289	5,371
Non-controlling interests		5,274	4,741
		<u>11,563</u>	<u>10,112</u>

HANG LUNG GROUP LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT DECEMBER 31, 2013 (AUDITED)

(Expressed in Hong Kong dollars)

	<i>Note</i>	2013 \$ Million	2012 \$ Million
Non-current assets			
Fixed assets			
Investment properties	<i>10</i>	115,818	106,102
Investment properties under development	<i>10</i>	30,478	24,482
Other fixed assets		295	255
		<u>146,591</u>	<u>130,839</u>
Interest in joint ventures		2,991	2,247
Other assets		1,282	1,258
Deferred tax assets		19	19
		<u>150,883</u>	<u>134,363</u>
Current assets			
Cash and deposits with banks		39,704	40,183
Trade and other receivables	<i>11</i>	2,661	860
Other assets		-	452
Properties for sale		5,717	6,139
Assets held for sale		-	906
		<u>48,082</u>	<u>48,540</u>
Current liabilities			
Bank loans and other borrowings		1,657	1,113
Trade and other payables	<i>12</i>	6,250	5,240
Taxation payable		646	446
Liabilities held for sale		-	13
		<u>8,553</u>	<u>6,812</u>
Net current assets		<u>39,529</u>	<u>41,728</u>
Total assets less current liabilities		<u>190,412</u>	<u>176,091</u>
Non-current liabilities			
Bank loans and other borrowings		43,367	36,532
Deferred tax liabilities		10,637	9,944
		<u>54,004</u>	<u>46,476</u>
NET ASSETS		<u>136,408</u>	<u>129,615</u>
Capital and reserves			
Share capital		1,350	1,350
Reserves		69,222	63,874
Shareholders' equity		<u>70,572</u>	<u>65,224</u>
Non-controlling interests		65,836	64,391
TOTAL EQUITY		<u>136,408</u>	<u>129,615</u>

HANG LUNG GROUP LIMITED

Notes:

1. The financial statements have been reviewed by the Audit Committee.
2. Basis of preparation

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("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 December 31, 2012 except for the changes stated as below.

The HKICPA has issued a number of new HKFRSs and amendments to HKFRSs that are first effective for the current accounting period of the Group. Of these, the following developments are relevant to the Group's financial statements:

- Amendments to HKAS 1, Presentation of financial statements - Presentation of items of other comprehensive income
- HKFRS 10, Consolidated financial statements
- HKFRS 11, Joint arrangements
- HKFRS 12, Disclosure of interests in other entities
- HKFRS 13, Fair value measurement
- Annual Improvements to HKFRSs 2009-2011 Cycle
- Amendments to HKFRS 7 - Disclosures - Offsetting financial assets and financial liabilities

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

- (a) Amendments to HKAS 1, Presentation of financial statements - Presentation of items of other comprehensive income

The amendments to HKAS 1 require entities to present the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met separately from those that would never be reclassified to profit or loss. The Group's presentation of other comprehensive income in these financial statements has been modified accordingly.

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Notes:

2. Basis of preparation (Continued)

(b) HKFRS 10, Consolidated financial statements

HKFRS 10 replaces the requirements in HKAS 27 "Consolidated and separate financial statements" relating to the preparation of consolidated financial statements and HK(SIC) - Int 12 "Consolidation - Special purpose entities". It introduces a single control model to determine whether an investee should be consolidated, by focusing on whether the entity has power over the investee, exposure or rights to variable returns from its involvement with the investee and the ability to use its power to affect the amount of those returns.

As a result of the adoption of HKFRS 10, the Group has changed its accounting policy with respect to determining whether it has control over an investee. The adoption does not change any of the control conclusions reached by the Group in respect of its involvement with other entities as at January 1, 2013.

(c) HKFRS 11, Joint arrangements

HKFRS 11, which replaces HKAS 31 "Interests in joint ventures" divides joint arrangements into joint operations and joint ventures. Entities are required to determine the type of an arrangement by considering the structure, legal form, contractual terms and other facts and circumstances relevant to their rights and obligations under the arrangement. Joint arrangements which are classified as joint operations under HKFRS 11 are recognized on a line-by-line basis to the extent of the joint operator's interest in the joint operation. All other joint arrangements are classified as joint ventures under HKFRS 11 and are required to be accounted for using the equity method in the Group's consolidated financial statements. Proportionate consolidation is no longer allowed as an accounting policy choice.

As a result of the adoption of HKFRS 11, the Group has changed its accounting policy with respect to its interests in joint arrangements and re-evaluated its involvement in its joint arrangements. The adoption of HKFRS 11 does not have any material impact on the financial position and the financial result of the Group.

(d) HKFRS 12, Disclosure of interests in other entities

HKFRS 12 brings together into a single standard all the disclosure requirements relevant to an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. The disclosures required by HKFRS 12 are generally more extensive than those previously required by the respective standards. To the extent that the requirements are applicable to the Group, the Group has provided those disclosures in the annual report.

(e) HKFRS 13, Fair value measurement

HKFRS 13 replaces existing guidance in individual HKFRSs with a single source of fair value measurement guidance. HKFRS 13 also contains extensive disclosure requirements about fair value measurements for both financial instruments and non-financial instruments. To the extent that the requirements are applicable to the Group, the Group has provided those disclosures in the annual report.

HANG LUNG GROUP LIMITED

Notes:

2. Basis of preparation (Continued)

(f) Annual Improvements to HKFRSs 2009-2011 Cycle

This cycle of annual improvements contains amendments to five standards with consequential amendments to other standards and interpretations. The adoption of these amendments does not have significant impact on the financial statements of the Group.

(g) Amendments to HKFRS 7 - Disclosures - Offsetting financial assets and financial liabilities

The amendments introduce new disclosures in respect of offsetting financial assets and financial liabilities. Those new disclosures are required for all recognized financial instruments that are set off in accordance with HKAS 32 "Financial instruments: Presentation" and those that are subject to an enforceable master netting arrangement or similar agreement that covers similar financial instruments and transactions, irrespective of whether the financial instruments are set off in accordance with HKAS 32.

The adoption of the amendments does not have an impact on the financial statements because the Group has not offset financial instruments, nor has it entered into master netting arrangement or similar agreement which is subject to the disclosures of HKFRS 7 during the periods presented.

3. 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 joint ventures, 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.

HANG LUNG GROUP LIMITED

Notes:

3. Turnover and segment information (Continued)

(a) Turnover and results by segments

<u>Segment</u>	Turnover		Profit before taxation	
	2013 \$ Million	2012 \$ Million	2013 \$ Million	2012 \$ Million
Property leasing				
- Hong Kong	3,232	3,185	2,736	2,645
- Mainland China	3,984	3,526	2,995	2,668
	<u>7,216</u>	<u>6,711</u>	<u>5,731</u>	<u>5,313</u>
Property sales				
- Hong Kong	2,518	1,275	1,521	847
Segment total	<u>9,734</u>	<u>7,986</u>	<u>7,252</u>	<u>6,160</u>
Other income			63	2,247
Administrative expenses (Note)			(698)	(695)
Operating profit before change in fair value of investment properties			<u>6,617</u>	7,712
Increase in fair value of investment properties			2,651	3,057
- property leasing in Hong Kong			1,660	2,112
- property leasing in mainland China			991	945
Interest income			978	722
Finance costs			(549)	(458)
Net interest income			429	264
Share of profits of joint ventures			431	276
Profit before taxation			<u>10,128</u>	<u>11,309</u>

Note: Administrative expenses included share-based payments of \$164 million (2012: \$233 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.

(b) Total assets by segments

<u>Segment</u>	Total assets	
	2013 \$ Million	2012 \$ Million
Property leasing		
- Hong Kong	57,042	55,282
- Mainland China	90,417	76,394
	<u>147,459</u>	<u>131,676</u>
Property sales		
- Hong Kong	7,510	6,162
Segment total	<u>154,969</u>	<u>137,838</u>
Interest in joint ventures	2,991	2,247
Other assets	1,282	1,710
Deferred tax assets	19	19
Assets held for sale	-	906
Cash and deposits with banks	39,704	40,183
Total assets	<u>198,965</u>	<u>182,903</u>

HANG LUNG GROUP LIMITED

Notes:

4. Other income

	2013	2012
	\$ Million	\$ Million
Gain on disposal of investment properties	9	2,149
Dividend income from listed investments	4	3
Dividend income from unlisted investments	11	3
Net exchange gain	38	10
Others	1	82
	63	2,247

5. Net interest income

	2013	2012
	\$ Million	\$ Million
Interest income on		
Bank deposits	967	703
Unlisted held-to-maturity investments	11	19
	978	722
Interest expenses on borrowings	1,180	784
Other borrowing costs	85	67
Total borrowing costs	1,265	851
Less: Borrowing costs capitalized	(716)	(393)
Finance costs	549	458
Net interest income	429	264

6. Profit before taxation

	2013	2012
	\$ Million	\$ Million
Profit before taxation is arrived at after charging:		
Cost of properties sold	794	355
Staff costs, including employee share-based payments of \$164 million (2012: \$233 million)	1,002	935
Depreciation	40	38

HANG LUNG GROUP LIMITED

Notes:

7. Taxation

- (a) Provision for Hong Kong Profits Tax is calculated at 16.5% (2012: 16.5%) of the estimated assessable profits for the year. China Income Tax mainly represents China Corporate Income Tax calculated at 25% (2012: 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.

	2013	2012
	\$ Million	\$ Million
Current tax		
Hong Kong Profits Tax	582	448
Over-provision in prior years	(13)	(14)
	569	434
China Income Tax	601	608
	1,170	1,042
Deferred tax		
Change in fair value of investment properties	248	236
Other origination and reversal of temporary differences	149	101
	397	337
Total income tax expense	1,567	1,379

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

8. Dividends

- (a) Dividends attributable to the year

	2013	2012
	\$ Million	\$ Million
Interim dividend declared and paid of 19 cents (2012: 19 cents) per share	256	256
Final dividend of 61 cents (2012: 60 cents) per share proposed after the end of the reporting period	823	810
	1,079	1,066

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 \$810 million (calculated based on 60 cents per share with issued share capital as at dividend pay-out date) for the year ended December 31, 2012 was approved and paid in the year ended December 31, 2013 (2012: \$513 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:

	2013	2012
	\$ Million	\$ Million
Earnings for calculation of basic and diluted earnings per share (net profit attributable to shareholders)	<u>4,557</u>	<u>5,262</u>
	Number of shares	
	2013	2012
	(Million)	(Million)
Weighted average number of shares used in calculating basic earnings per share	1,350	1,349
Effect of dilutive potential shares - share options	7	9
Weighted average number of shares used in calculating diluted earnings per share	<u>1,357</u>	<u>1,358</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:

	2013	2012
	\$ Million	\$ Million
Net profit attributable to shareholders	<u>4,557</u>	<u>5,262</u>
Effect of changes in fair value of investment properties	(2,651)	(3,057)
Effect of corresponding deferred tax	248	236
Effect of changes in fair value of investment properties of joint ventures	(243)	(145)
Non-controlling interests	1,160	1,268
	<u>(1,486)</u>	<u>(1,698)</u>
Underlying net profit attributable to shareholders	<u>3,071</u>	<u>3,564</u>
The earnings per share based on underlying net profit attributable to shareholders are:		
	2013	2012
Basic	\$2.27	\$2.64
Diluted	<u>\$2.26</u>	<u>\$2.62</u>

HANG LUNG GROUP LIMITED

Notes:

10. Investment properties and investment properties under development

(a) Additions

During the year, additions to investment properties and investment properties under development amounted to \$10,703 million (2012: \$6,023 million).

(b) Valuation

The investment properties and investment properties under development of the Group were revalued as at December 31, 2013 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 (based on the due date) with the following terms:

	2013 \$ Million	2012 \$ Million
Current and within 1 month	1,834	47
1 - 3 months	14	4
Over 3 months	9	4
	<u>1,857</u>	<u>55</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 \$318 million (2012: \$308 million).

12. Trade and other payables

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

	2013 \$ Million	2012 \$ Million
Due within 1 month	2,693	2,509
Due after 3 months	548	367
	<u>3,241</u>	<u>2,876</u>

HANG LUNG GROUP LIMITED

Highlights

- Turnover of Hang Lung Group was up 26% to HK\$9,734 million if excluding the impact of investment properties disposed of during 2012. Overall it advanced by 22% mainly attributable to 8% rental growth to HK\$7,216 million and 97% increase in property sales turnover to HK\$2,518 million compared to 2012.

With fewer investment properties sold during 2013, gain on disposal amounted to \$9 million which was significantly less than the one-off gain of HK\$2,149 million recorded in 2012. As a result, underlying net profit attributable to shareholders decreased by 14% to HK\$3,071 million year-on-year.

- The core property leasing business in Hong Kong and mainland China continued to achieve solid growth against the backdrop of relatively moderate economic growth in recent years. Excluding the impact of those discontinued operations, both rental turnover and operating profit increased by 12% to HK\$7,216 million and HK\$5,731 million, respectively. Overall, year-on-year growth in both rental turnover and operating profit was 8%.
- Compared to 2012, our Hong Kong investment properties generated a 10% growth in rental turnover to HK\$3,232 million and an 11% growth in operating profit to HK\$2,736 million on a comparable basis. Overall rental turnover and operating profit were up 1% and 3%, respectively, compared to a year ago.

The growth was mainly achieved through optimizing the tenant mix in the Commercial and Office segments. Occupancy rates of the Commercial segment increased two points to 98% and the Office segment was up one point to 94%.

- Rental turnover and operating profit of our mainland China operations rose 13% to HK\$3,984 million and 12% to HK\$2,995 million, respectively. Contributing to the robust growth were the steady performance of the existing portfolio, the full year impact of Forum 66 in Shenyang which commenced operation in September 2012, and the new mall, Wuxi Center 66, which opened on September 16, 2013.

Rental turnover and operating profit of our mainland China portfolio accounted for 55% and 52% of the total Group, compared to 53% and 50%, respectively, in 2012.

- We sold a total of 274 residential flats in 2013, 157 units more than in the previous year. The sale of The Long Beach flats accounted for 267 units of the total sales. In addition, one unit of The HarbourSide, four units of Aqua Marine and two other flats were sold during 2013. Property sales turnover and operating profit advanced by 97% to HK\$2,518 million and 80% to HK\$1,521 million, respectively. Overall profit margin of property sales was 60%.
- Fair value gain of investment properties amounted to HK\$2,651 million, compared to HK\$3,057 million in 2012.
- Net profit attributable to shareholders decreased by 13% to HK\$4,557 million year-on-year mainly because of the much fewer disposal of investment properties in 2013.

HANG LUNG GROUP LIMITED

Highlights (Continued)

- As at December 31, 2013, cash and bank balances amounted to HK\$39,704 million while total borrowings amounted to HK\$45,024 million, resulting in a net debt of HK\$5,320 million. The net debt gearing ratio was 3.9%.
- We acquired a prime lot of about 82,650 square meters in Qiaokou District of Wuhan in February 2013 for RMB3.3 billion. The plan is to develop a world-class shopping mall, prime office towers and serviced apartments. Total gross floor area of the project is about 460,000 square meters.
- The opening of our new shopping mall in Tianjin, Riverside 66, is scheduled for the second half of 2014. Pre-leasing activities have commenced with pleasing feedback. Other projects under development on the Mainland are progressing as planned.

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 Corporate Governance Code as stated in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Proposed Amendments to the Memorandum and Articles of Association

The board of directors proposes to make certain amendments (the "Proposed Amendments") to the Company's existing memorandum and articles of association to align them with the new Companies Ordinance (Chapter 622 of the Laws of Hong Kong) which will come into effect on March 3, 2014.

The Proposed Amendments will be subject to the approval of the shareholders of the Company by way of special resolution at the 2014 annual general meeting (the "AGM"). A circular containing, among other things, the notice of AGM which contains the full text of the Proposed Amendments will be despatched to the shareholders together with 2013 Annual Report.

Book Close Dates

For ascertaining shareholders' right to attend and vote at AGM

Book close dates (both days inclusive)	April 22 to 24, 2014
Latest time to lodge transfers	4:30 pm on April 17, 2014
Record date	April 24, 2014
AGM	April 24, 2014

For ascertaining shareholders' entitlement to the proposed final dividend

Book close date	April 30, 2014
Latest time to lodge transfers	4:30 pm on April 29, 2014
Record date	April 30, 2014
Final dividend payment date	May 15, 2014

On Behalf of the Board

Ronnie C. Chan

Chairman

Hong Kong, January 23, 2014

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