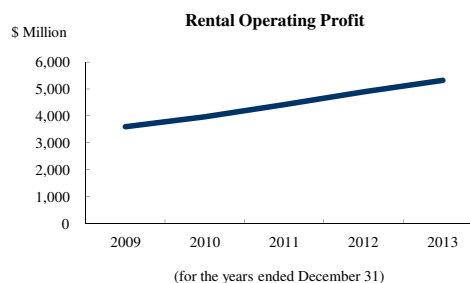
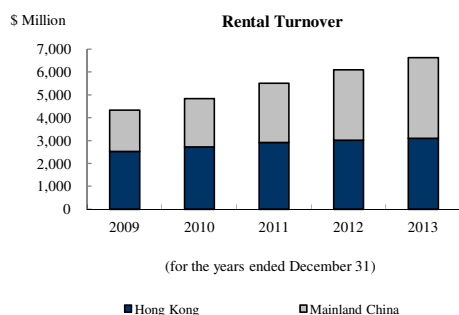


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**恒隆地產有限公司**  
**HANG LUNG PROPERTIES LIMITED**

(Incorporated in Hong Kong with limited liability)

(Stock Code: 101)

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

(Expressed in Hong Kong dollars)

	Note	2013 \$ Million	2012 \$ Million
Turnover	3(a)	9,138	7,372
Direct costs and operating expenses		(2,301)	(1,630)
Gross profit		<u>6,837</u>	<u>5,742</u>
Other income	4	36	2,153
Administrative expenses		(642)	(626)
Operating profit before change in fair value of investment properties		<u>6,231</u>	<u>7,269</u>
Increase in fair value of investment properties		<u>2,482</u>	<u>2,522</u>
Operating profit after change in fair value of investment properties		<u>8,713</u>	<u>9,791</u>
Interest income		<u>793</u>	<u>621</u>
Finance costs		<u>(398)</u>	<u>(348)</u>
Net interest income	5	395	273
Share of profits of joint ventures		96	105
Profit before taxation	3(a) & 6	<u>9,204</u>	<u>10,169</u>
Taxation	7(a)	<u>(1,447)</u>	<u>(1,249)</u>
Profit for the year		<u>7,757</u>	<u>8,920</u>
Attributable to:			
Shareholders		7,212	8,395
Non-controlling interests		545	525
		<u>7,757</u>	<u>8,920</u>
Earnings per share	9(a)		
Basic		\$1.61	\$1.88
Diluted		\$1.61	\$1.87

# HANG LUNG PROPERTIES LIMITED

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

(Expressed in Hong Kong dollars)

	<i>Note</i>	<b>2013</b> \$ Million	2012 \$ Million
<b>Profit for the year</b>		<b>7,757</b>	8,920
<b>Other comprehensive income</b>	<i>7(b)</i>		
Item that may be reclassified subsequently to profit or loss:			
Exchange difference arising from translation of overseas subsidiaries		<b>2,676</b>	150
<b>Total comprehensive income for the year</b>		<b>10,433</b>	9,070
<b>Total comprehensive income attributable to:</b>			
Shareholders		<b>9,712</b>	8,545
Non-controlling interests		<b>721</b>	525
		<b>10,433</b>	9,070

# HANG LUNG PROPERTIES LIMITED

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

(Expressed in Hong Kong dollars)

	<i>Note</i>	2013 \$ Million	2012 \$ Million
<b>Non-current assets</b>			
Fixed assets			
Investment properties	<i>10</i>	107,587	98,223
Investment properties under development	<i>10</i>	30,478	24,482
Other fixed assets		289	250
		<u>138,354</u>	<u>122,955</u>
Interest in joint ventures		1,030	1,041
Other assets		8	-
Deferred tax assets		7	12
		<u>139,399</u>	<u>124,008</u>
<b>Current assets</b>			
Cash and deposits with banks		34,321	36,025
Trade and other receivables	<i>11</i>	2,865	1,270
Other assets		-	452
Properties for sale		5,695	6,109
		<u>42,881</u>	<u>43,856</u>
<b>Current liabilities</b>			
Bank loans and other borrowings		1,657	1,113
Trade and other payables	<i>12</i>	5,977	4,811
Taxation payable		633	392
		<u>8,267</u>	<u>6,316</u>
<b>Net current assets</b>		<u>34,614</u>	<u>37,540</u>
<b>Total assets less current liabilities</b>		<u>174,013</u>	<u>161,548</u>
<b>Non-current liabilities</b>			
Bank loans and other borrowings		33,322	28,623
Deferred tax liabilities		9,524	8,947
		<u>42,846</u>	<u>37,570</u>
<b>NET ASSETS</b>		<u>131,167</u>	<u>123,978</u>
<b>Capital and reserves</b>			
Share capital		4,479	4,477
Reserves		120,055	113,451
Shareholders' equity		<u>124,534</u>	<u>117,928</u>
Non-controlling interests		6,633	6,050
<b>TOTAL EQUITY</b>		<u>131,167</u>	<u>123,978</u>

# HANG LUNG PROPERTIES 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.

# HANG LUNG PROPERTIES LIMITED

## 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 PROPERTIES 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 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 PROPERTIES 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	3,112	3,016	2,643	2,525
- Mainland China	3,526	3,082	2,683	2,371
	<u>6,638</u>	<u>6,098</u>	<u>5,326</u>	<u>4,896</u>
Property sales				
- Hong Kong	2,500	1,274	1,511	846
Segment total	<u>9,138</u>	<u>7,372</u>	<u>6,837</u>	<u>5,742</u>
Other income			36	2,153
Administrative expenses (Note)			(642)	(626)
Operating profit before change in fair value of investment properties			<u>6,231</u>	<u>7,269</u>
Increase in fair value of investment properties			2,482	2,522
- property leasing in Hong Kong			1,607	1,703
- property leasing in mainland China			875	819
Interest income			793	621
Finance costs			(398)	(348)
Net interest income			395	273
Share of profits of joint ventures			96	105
Profit before taxation			<u>9,204</u>	<u>10,169</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	55,009	53,279
- Mainland China	84,417	70,924
	<u>139,426</u>	<u>124,203</u>
Property sales		
- Hong Kong	7,488	6,131
Segment total	<u>146,914</u>	<u>130,334</u>
Interest in joint ventures	1,030	1,041
Other assets	8	452
Deferred tax assets	7	12
Cash and deposits with banks	34,321	36,025
Total assets	<u>182,280</u>	<u>167,864</u>

# HANG LUNG PROPERTIES LIMITED

Notes:

4. Other income

	<b>2013</b>	2012
	<b>\$ Million</b>	\$ Million
Gain on disposal of investment properties	<b>8</b>	2,148
Dividend income on unlisted investments	<b>10</b>	-
Net exchange gain	<b>18</b>	5
	<b><u>36</u></b>	<u>2,153</u>

5. Net interest income

	<b>2013</b>	2012
	<b>\$ Million</b>	\$ Million
Interest income on		
Bank deposits	<b>782</b>	602
Unlisted held-to-maturity investments	<b>11</b>	19
	<b><u>793</u></b>	<u>621</u>
Interest expenses on borrowings	<b>1,056</b>	695
Other borrowing costs	<b>58</b>	46
Total borrowing costs	<b><u>1,114</u></b>	<u>741</u>
Less: Borrowing costs capitalized	<b>(716)</b>	(393)
Finance costs	<b><u>398</u></b>	<u>348</u>
Net interest income	<b><u>395</u></b>	<u>273</u>

6. Profit before taxation

	<b>2013</b>	2012
	<b>\$ Million</b>	\$ Million
Profit before taxation is arrived at after charging:		
Cost of properties sold	<b>786</b>	354
Staff costs, including employee share-based payments of \$164 million (2012: \$233 million)	<b>959</b>	907
Depreciation	<b><u>37</u></b>	<u>35</u>



# HANG LUNG PROPERTIES 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 \$ Million	2012 \$ Million
Current tax		
Hong Kong Profits Tax	576	435
Over-provision in prior years	(3)	(12)
	<u>573</u>	<u>423</u>
China Income Tax	559	550
	<u>1,132</u>	<u>973</u>
Deferred tax		
Change in fair value of investment properties	219	205
Other origination and reversal of temporary differences	96	71
	<u>315</u>	<u>276</u>
Total income tax expense	<u>1,447</u>	<u>1,249</u>

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

## 8. Dividends

- (a) Dividends attributable to the year

	2013 \$ Million	2012 \$ Million
Interim dividend declared and paid of 17 cents (2012: 17 cents) per share	761	761
Final dividend of 58 cents (2012: 57 cents) per share proposed after the end of the reporting period	2,598	2,552
	<u>3,359</u>	<u>3,313</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 \$2,553 million (calculated based on 57 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: \$1,611 million).

# HANG LUNG PROPERTIES LIMITED

Notes:

## 9. Earnings per share

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

	<b>2013</b>	2012
	<b>\$ Million</b>	\$ Million
Earnings for calculation of basic and diluted earnings per share (net profit attributable to shareholders)	<b>7,212</b>	8,395
	<b>Number of shares</b>	
	<b>2013</b>	2012
	<b>(Million)</b>	(Million)
Weighted average number of shares used in calculating basic earnings per share	<b>4,478</b>	4,474
Effect of dilutive potential shares - share options	<b>10</b>	22
Weighted average number of shares used in calculating diluted earnings per share	<b>4,488</b>	4,496

(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:

	<b>2013</b>	2012
	<b>\$ Million</b>	\$ Million
Net profit attributable to shareholders	<b>7,212</b>	8,395
Effect of changes in fair value of investment properties	<b>(2,482)</b>	(2,522)
Effect of corresponding deferred tax	<b>219</b>	205
Effect of change in fair value of investment properties of joint ventures	<b>(43)</b>	(62)
Non-controlling interests	<b>144</b>	162
Underlying net profit attributable to shareholders	<b>5,050</b>	6,178

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

	<b>2013</b>	2012
Basic	<b>\$1.13</b>	\$1.38
Diluted	<b>\$1.13</b>	\$1.37

# HANG LUNG PROPERTIES LIMITED

Notes:

## 10. Investment properties and investment properties under development

### (a) Additions

During the year, additions in investment properties and investment properties under development amounted to \$10,696 million (2012: \$6,017 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:

	<b>2013</b> \$ Million	2012 \$ Million
Current and within 1 month	<b>1,830</b>	46
1 - 3 months	<b>12</b>	3
Over 3 months	<b>9</b>	4
	<b><u>1,851</u></b>	<u>53</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 are deposit of land acquisition in mainland China of \$318 million (2012: \$308 million) and amount recoverable from a joint venture of \$212 million (2012: \$444 million) which is unsecured, interest-free and has no fixed terms of repayment.

## 12. Trade and other payables

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

	<b>2013</b> \$ Million	2012 \$ Million
Due within 1 month	<b>2,633</b>	2,446
Due after 3 months	<b>548</b>	367
	<b><u>3,181</u></b>	<u>2,813</u>

# HANG LUNG PROPERTIES LIMITED

## Highlights

- Turnover of Hang Lung Properties rose 27% to HK\$9,138 million when excluding the impact of investment properties disposed of in the previous year. Overall it advanced by 24% mainly attributable to 9% rental growth to HK\$6,638 million and 96% increase in property sales to HK\$2,500 million compared to 2012.

With fewer disposals of investment properties in 2013, gain amounted to HK\$8 million which was insignificant compared to the one-off gain of HK\$2,148 million recorded in 2012. As a result, underlying net profit attributable to shareholders decreased by 18% to HK\$5,050 million year-on-year.

- Our core business, property leasing in Hong Kong and mainland China, continued to achieve solid results against the backdrop of relatively moderate economic growth on the Mainland. Rental turnover and operating profit both rose 12% to HK\$6,638 million and HK\$5,326 million, respectively, when excluding the impact of the discontinued operations. Overall, both increased by 9% year-on-year.
- Rental turnover and operating profit generated from our Hong Kong investment properties were up 10% and 11% to HK\$3,112 million and HK\$2,643 million, respectively, on a comparable basis. The solid growth was mainly attributable to rental reversions and optimization of tenant mix in the Commercial and Office segments. Occupancy rates of Commercial and Office segments both increased by two points to 98% and 96%, respectively.

Overall, rental turnover and operating profit rose 3% and 5%, respectively, compared to a year ago.

- Rental turnover and operating profit of our mainland China portfolio advanced by 14% and 13% to HK\$3,526 million and HK\$2,683 million, respectively. Contributing to the strong 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 in September 2013.

Rental turnover and operating profit of our mainland China portfolio accounted for 53% and 50% of the Group, compared to 51% and 48%, respectively, in 2012.

- Property sales turnover and operating profit increased by 96% to HK\$2,500 million and 79% to HK\$1,511 million, respectively. In total, we sold 272 residential units in 2013 (2012: 117 units). The sale of The Long Beach flats accounted for 267 units (2012: 108 units) of the total sales. In addition, one unit of The HarbourSide and four units of Aqua Marine were sold during 2013. Average profit margin of property sales was 60%.
- Revaluation gain of investment properties amounted to HK\$2,482 million, compared to HK\$2,522 million in 2012.
- Net profit attributable to shareholders decreased by 14% to HK\$7,212 million year-on-year mainly because of the much fewer disposals of investment properties in 2013.

# HANG LUNG PROPERTIES LIMITED

## Highlights (Continued)

- As at December 31, 2013, the Group had a cash and bank balance of HK\$34,321 million and total borrowings of HK\$34,979 million, resulting in a net debt position of HK\$658 million. The net debt gearing ratio was 0.5%.
- In February 2013, we acquired a prime lot of about 82,650 square meters in Qiaokou District of Wuhan for RMB3.3 billion. The development plan is to build a world-class shopping mall, prime office towers and serviced apartments with a total gross floor area of about 460,000 square meters.
- The new shopping mall Riverside 66 in Tianjin is scheduled for opening in 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 PROPERTIES 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. Nelson W.L. YUEN

*Independent Non-Executive Directors:* Mr. S.S. YIN, Mr. Ronald J. ARCULLI, Dr. H.K. CHENG, Ms. Laura L.Y. CHEN, Prof. P.W. LIU and Mr. Dominic C.F. HO