



For immediate release

Hang Lung Reports Strong Financial Results with Solid Rental Turnover and Operating Profits

(Hong Kong, January 26, 2015) Hang Lung Properties (HKSE stock code: 101) and Hang Lung Group (HKSE stock code: 10) today announced pleasing financial results for the year ended December 31, 2014.

2014 Annual Performance at a Glance:

in HK\$ Million	Hang Lung Properties Ltd			Hang Lung Group Ltd		
Turnover	+86%	to	17,030	+81%	to	17,606
Rental Income	+9%	to	7,216	+8%	to	7,792
- Mainland China	+11%	to	3,916	+9%	to	4,354
- Hong Kong	+6%	to	3,300	+6%	to	3,438
Property Sales Turnover	+2.9 times	to	9,814	+2.9 times	to	9,814
Underlying Net Profit Attributable to Shareholders	+98%	to	10,022	+87%	to	5,730
Net Profit Attributable to Shareholders	+62%	to	11,704	+50%	to	6,825
Final Dividend per Share (HK\$)	+2%	to	0.59	+2%	to	0.62
Full Year Dividend per Share (HK\$)	+1%	to	0.76	+1%	to	0.81

The Group reported strong results in both turnover and operating profit to HK\$17,030 million and HK\$13,008 million for Hang Lung Properties, and HK\$17,606 million and HK\$13,406 million for Hang Lung Group, respectively, benefitting from the solid growth in core property leasing and strong property sales businesses.

During the year, the Group took advantage of improved sentiments in the Hong Kong residential market by selling a total of 412 residential units and some car parking spaces. Turnover from property sales jumped 2.9 times to HK\$9,814 million for both Hang Lung Properties and Hang Lung Group.

Commenting on the performance, Mr. Ronnie C. Chan, Chairman of Hang Lung Group and Hang Lung Properties, said, "2014 was a challenging year for Hang Lung against the backdrop of anti-opulence campaign which has continued to affect luxury consumption in mainland China, resulting in a sales drop for some of our luxury tenants. Nevertheless, we achieved pleasant results which are attributable to the various initiatives our professional management team have taken to maintain business growth."

Mr. Chan added, "On the Mainland, we further expanded our footprint following the openings of Riverside 66 in Tianjin last September and Center 66 office tower in Wuxi last October. Olympia 66 in Dalian, the eighth project of Hang Lung in mainland China, will come into being in the third quarter of 2015. With the positive progress made by other projects under development in Shenyang, Wuxi, Kunming and Wuhan, Hang Lung is forming an even stronger nationwide portfolio of city landmarks across mainland China."

In Hong Kong, Hang Lung's portfolio was resilient in the face of the challenging market environment. Rental turnover and operating profit generated from Hong Kong investment properties were both higher. The Company is confident that the overall performance in the long run will further excel after the completion of core asset enhancement initiatives in the Causeway Bay, The Peak and the Mongkok portfolios.

Hang Lung continued to maintain a strong balance sheet. With HK\$40 billion cash and bank balance and sufficient undrawn banking facilities, the Group has ample financial resources to seize new investment opportunities and to meet the funding needs of any capital commitments. Hang Lung will continue to adopt a prudent and sound financial management strategy as well as high standards of corporate governance in order to support its sustainable growth and to serve the best interests of its stakeholders over the long term.

The Boards of Directors of Hang Lung Properties and Hang Lung Group have recommended a final dividend of HK59 cents per share and HK62 cents per share, respectively, to be paid on May 19, 2015, to shareholders registered as at May 6, 2015.

Financial Highlights

For the Year Ended December 31, 2014

Results

in HK\$ Million	Hang Lung Properties Ltd			Hang Lung Group Ltd		
	2014	2013	Change	2014	2013	Change
Turnover	17,030	9,138	+86%	17,606	9,734	+81%
Property Leasing	7,216	6,638	+9%	7,792	7,216	+8%
Property Sales	9,814	2,500	+293%	9,814	2,518	+290%
Operating Profit	13,008	6,837	+90%	13,406	7,252	+85%
Property Leasing	5,589	5,326	+5%	5,987	5,731	+4%
Property Sales	7,419	1,511	+391%	7,419	1,521	+388%
Net Profit Attributable to Shareholders	11,704	7,212	+62%	6,825	4,557	+50%
Earnings per Share (HK\$)	2.61	1.61	+62%	5.04	3.38	+49%
Dividends per Share (HK\$)						
Full Year	0.76	0.75	+1%	0.81	0.80	+1%
Interim	0.17	0.17	-	0.19	0.19	-
Final	0.59	0.58	+2%	0.62	0.61	+2%

Underlying Results

in HK\$ Million	Hang Lung Properties Ltd			Hang Lung Group Ltd		
	2014	2013	Change	2014	2013	Change
Underlying Net Profit Attributable to Shareholders ^(Note)	10,022	5,050	+98%	5,730	3,071	+87%
Underlying Earnings per Share (HK\$)	2.24	1.13	+98%	4.23	2.27	+86%

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

Hang Lung Properties Limited (Stock Code: 101)

Key Highlights on 2014 Annual Results

Group Turnover & Operating Profit

1. Turnover soared by 86% to HK\$17,030 million, and operating profit jumped 90% to HK\$13,008 million, when compared to 2013. The results were boosted by the sales of 412 residential flats, stable growth of our existing investment property portfolio in mainland China and Hong Kong, full year contribution of Center 66 mall in Wuxi and the opening of Riverside 66 in Tianjin in September 2014.

Property Leasing

2. Our core business, property leasing in Hong Kong and mainland China, continued to achieve solid growth in a challenging business environment. Rental turnover of the Group expanded by 9% to HK\$7,216 million, while operating profit was up by 5% to HK\$5,589 million.

Mainland China Portfolio

- a. Rental turnover of mainland China portfolio advanced by 11% to HK\$3,916 million principally benefitting from the stable performance of Shanghai portfolio, and the full year contribution of Center 66 mall in Wuxi which debuted in September 2013. The mainland China portfolio accounted for 54% of the Group's rental turnover.
- b. Shanghai portfolio generated 5% more rents to HK\$2,775 million. The young investment properties outside Shanghai contributed HK\$1,141 million in rents collectively, an increase of HK\$255 million against 2013.
- c. Riverside 66 in Tianjin and Center 66 office tower in Wuxi made the first rental contribution since September 2014 and October 2014, respectively.

Hong Kong Portfolio

- a. Hong Kong portfolio achieved a solid rental growth of 6% to HK\$3,300 million. Commercial portfolio (including car park) generated 6% more rents to HK\$1,957 million mainly driven by positive rental reversions of Mongkok portfolio. Occupancy rate stood at 98%.
- b. Rental turnover of office portfolio increased by 7% to HK\$1,048 million benefitting from positive rental reversions. The performance of residential and serviced apartments improved by 3% to HK\$295 million, with serviced apartments recorded a rebound of 14% after effective promotion campaigns.

Property Sales

3. Riding on improved sentiments in Hong Kong residential markets, a total of 412 residential units (2013: 272 units) and some car parking spaces were sold in 2014, including 261 units of The HarbourSide (2013: 1 unit) and 151 units of The Long Beach apartments (2013: 267 units).

Correspondingly, turnover soared by 2.9 times to HK\$9,814 million and profit jumped 3.9 times to HK\$7,419 million. Overall profit margin was 76%.

Hang Lung Properties Limited (Stock Code: 101)

Key Highlights on 2014 Annual Results (Con't)

Revaluation Gain

4. Revaluation gain of investment properties was HK\$1,705 million, including gains of Hong Kong portfolio of HK\$1,595 million and mainland China properties of HK\$110 million, compared to a gain of HK\$2,482 million recognized in 2013.

Profit Attributable to Shareholders

5. Underlying net profit attributable to shareholders reached HK\$10,022 million, +98% year-on-year. After including revaluation gain, net profit attributable to shareholders increased by 62% to HK\$11,704 million, year-on-year.

Projects under Development

6. Construction work of Forum 66 office tower in Shenyang was almost completed. The low to mid zones comprising 40 floors are ready for release in the first quarter of 2015.

The award winning shopping mall Olympia 66 in Dalian, is scheduled for opening in the third quarter of 2015. The complex comprises almost 222,000 square meters of retail area and 1,200 car parking spaces.

Pre-leasing activities of these two new assets have commenced with favorable response.

Other mainland China projects under development are progressing as planned, including Spring City 66 in Kunming, Heartland 66 in Wuhan and the remaining phases of Forum 66 in Shenyang and Center 66 in Wuxi.

23-39 Blue Pool Road, the luxury residential development in Happy Valley, Hong Kong, obtained the Occupation Permit in September 2014. The 18 residential units will be ready for release in 2015 if market conditions are favorable.

Financial Position

7. As at December 31, 2014, the Group had a cash and bank balance of HK\$39,946 million and total borrowings of HK\$35,098 million, resulting in a net cash position of HK\$4,848 million (2013: a net debt position of HK\$658 million). The debt to equity ratio was 25.2% (2013: 26.7%).

Hang Lung Group Limited (Stock Code: 10)

Key Highlights on 2014 Annual Results

Group Turnover & Operating Profit

1. Turnover soared by 81% to HK\$17,606 million, and operating profit jumped 85% to HK\$13,406 million, when compared to 2013. The results were boosted by the sales of 412 residential flats, stable growth of our existing investment property portfolio in mainland China and Hong Kong, full year contribution of Wuxi Center 66 mall and the opening of Tianjin Riverside 66 mall in September 2014.

Property Leasing

2. Our core business, property leasing in Hong Kong and mainland China, continued to achieve solid growth in a challenging business environment. Rental turnover and operating profit of the Group increased by 8% to HK\$7,792 million and 4% to HK\$5,987 million, respectively.

Mainland China Portfolio

- a. Benefitting from the pleasing performance of Shanghai portfolio and the full year contribution of Center 66 mall in Wuxi which debuted in September 2013, rental turnover of mainland China portfolio rose 9% to HK\$4,354 million. The mainland China portfolio accounted for 56% of the Group's rental turnover.
- b. Rental income contributed by the Shanghai portfolio, Plaza 66 and Grand Gateway 66, reached HK\$3,213 million, representing a 4% growth. The young investment properties outside Shanghai collectively contributed HK\$1,141 million in rents, an increase of HK\$255 million over a year ago.
- c. Riverside 66 in Tianjin and Center 66 office tower in Wuxi made the first rental contribution since September 2014 and October 2014, respectively.

Hong Kong Portfolio

- a. Both rental turnover and operating profit of the Hong Kong portfolio grew 6% to HK\$3,438 million and HK\$2,897 million, respectively. Commercial portfolio (including car park) generated 6% more rents to HK\$1,982 million mainly driven by positive rental reversions of Mongkok portfolio. Occupancy rate stood at 98%.
- b. Benefitting from positive rental reversions, rental turnover of the Hong Kong office portfolio rose 8% to HK\$1,161 million. The performance of residential and serviced apartments improved by 2% to HK\$295 million, with serviced apartments recorded a rebound of 14% after effective promotion campaigns.

Property Sales

3. The Group took advantage of improved sentiments in Hong Kong residential market by selling a total of 412 residential units (2013: 274 units) and some car parking spaces in 2014, including 261 units of The HarbourSide (2013: 1 unit) and 151 units of The Long Beach apartments (2013: 267 units).

Property sales turnover soared by 2.9 times to HK\$9,814 million and profit jumped 3.9 times to HK\$7,419 million. Average profit margin was 76%.

Hang Lung Group Limited (Stock Code: 10)

Key Highlights on 2014 Annual Results (Con't)

Revaluation Gain

4. Revaluation gain of investment properties amounted to HK\$1,712 million, representing a 1.2% gain over valuation as at December 31, 2013, compared to HK\$2,651 million revaluation gain recognized in 2013.

Profit Attributable to Shareholders

5. Underlying net profit attributable to shareholders reached HK\$5,730 million, surged 87% over last year. After including revaluation gain, net profit attributable to shareholders increased by 50% to HK\$6,825 million, year-on-year.

Projects under Development

6. Construction work of Forum 66 office tower in Shenyang was almost completed. The low to mid zones comprising 40 floors are ready for release in the first quarter of 2015.

The award winning shopping mall Olympia 66 in Dalian is scheduled for opening in the third quarter of 2015. The complex comprises almost 222,000 square meters of retail area and 1,200 car parking spaces.

Pre-leasing activities of these two new assets have commenced with favorable response.

Other mainland China projects under development are progressing as planned, including Spring City 66 in Kunming, Heartland 66 in Wuhan and the remaining phases of Forum 66 in Shenyang and Center 66 in Wuxi.

23-39 Blue Pool Road, the luxury residential development in Happy Valley, Hong Kong, obtained the Occupation Permit in September 2014. The 18 residential units will be ready for release in 2015 if market conditions are favorable.

Financial Position

7. As at December 31, 2014, the Group had a cash and bank balance of HK\$40,323 million and total borrowings of HK\$40,095 million, resulting in a net cash position of HK\$228 million (2013: a net debt position of HK\$5.3 billion). The debt to equity ratio was 27.7% (2013: 33.0%).

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

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