恒隆地產有限公司
HANG LUNG PROPERTIES LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 00101)

2017 ANNUAL RESULTS

CONTENTS

FINANCIAL HIGHLIGHTS

in HK$ Million (unless otherwise stated)

RESULTS

	2017	2016	Change
Revenue	**11,199**	13,059	-14%
Property Leasing	**7,779**	7,737	1%
Property Sales	**3,420**	5,322	-36%
Operating Profit	**7,910**	8,919	-11%
Property Leasing	**5,672**	5,710	-1%
Property Sales	**2,238**	3,209	-30%
Net Profit Attributable to Shareholders	**8,124**	6,195	31%
Earnings Per Share (HK$)	**$1.81**	$1.38	31%
Dividends Per Share (HK$)	**$0.75**	$0.75	-
Interim (Paid)	**$0.17**	$0.17	-
Final (Proposed)	**$0.58**	$0.58	-

UNDERLYING RESULTS

	2017	2016	Change
Underlying Net Profit Attributable to Shareholders	**5,530**	6,341	-13%
Underlying Earnings Per Share (HK$)	**$1.23**	$1.41	-13%

FINANCIAL POSITION

	At December 31		
	2017	2016	Change
Shareholders' Equity	**136,158**	126,565	8%
Net Assets	**142,245**	132,145	8%
Net Debt	**2,714**	2,757	-2%
Financial Ratio			
Net Debt to Equity Ratio	**1.9%**	2.1%	-0.2pt
Debt to Equity Ratio	**17.4%**	20.5%	-3.1pts
Shareholders' Equity Per Share (HK$)	**$30.3**	$28.1	8%
Net Assets Per Share (HK$)	**$31.6**	$29.4	7%

REVIEW OF OPERATIONS

CONSOLIDATED RESULTS

For the financial year ended December 31, 2017, total revenue of Hang Lung Properties Limited and its subsidiaries (collectively known as "Hang Lung Properties") decreased 14% to HK$11,199 million because fewer residential units were sold this year, thus resulting in lower property sales. Revenue of property leasing increased 1% to HK$7,779 million, or was up 4% when excluding areas closed for asset upgrading. Income from property sales dropped 36% to HK$3,420 million. Total operating profit decreased 11% to HK$7,910 million.

Underlying net profit attributable to shareholders fell 13% to HK$5,530 million. Net profit attributable to shareholders increased 31% to HK$8,124 million, after including a revaluation gain on investment properties. Earnings per share increased similarly to HK$1.81.

Revenue and Operating Profit

	Revenue			**Operating Profit**		
	2017	2016	Change	**2017**	2016	Change
	HK$ Million	HK$ Million		**HK$ Million**	HK$ Million	
Property Leasing	**7,779**	7,737	1%	**5,672**	5,710	-1%
Mainland China	**3,958**	3,995	-1%	**2,454**	2,514	-2%
Hong Kong	**3,821**	3,742	2%	**3,218**	3,196	1%
Property Sales	**3,420**	5,322	-36%	**2,238**	3,209	-30%
Total	**11,199**	13,059	-14%	**7,910**	8,919	-11%

DIVIDEND

The Board of Directors has recommended a final dividend of HK58 cents per share for 2017 (2016: HK58 cents) to be paid by cash on May 16, 2018, to shareholders whose names appeared on the register of members on May 3, 2018. Together with an interim dividend of HK17 cents per share (2016: HK17 cents), the full year dividends for 2017 amounted to HK75 cents per share (2016: HK75 cents).

PROPERTY LEASING

In 2017, both Hong Kong and the Mainland witnessed signs of recovery in retail sales, despite pressure on rents from leases that were entered into during the peak period and a negative reversion as a result of trade diversification necessitated by the shrinkage in fashion retail.

In mainland China, gross domestic product (GDP) growth for 2017 was 6.9%. The market has started to recover particularly in the luxury sector in tier-one cities. The recovery, which usually begins in tier-one cities, will spill over to other cities. Some brands are beginning to expand again. The government's continued stimulation of private consumption in general has given rise to diversification and expansion in "new retail" sectors such as online to offline (O2O) concept stores, children's learning, wellness, fitness, entertainment and food & beverage. In addition, the growing number of younger consumers buying high-end items for their own use rather than for gifting has fueled the demand for lifestyle luxury and fashion-forward street wear brands.

In Hong Kong, GDP growth for 2017 was 3.7%. Retail sales have shown positive growths over nine months since March 2017 after a continuous drop for 24 months. Mainland tourists are returning although their places of origin and spending patterns are noticeably different from previously, leading to less demand for trades such as jewelry & watches and high-end fashion.

Our retail properties in Hong Kong held their ground while other segments were growing moderately. Despite a rental interruption due to asset enhancement programs for Kingston in Causeway Bay and The Peak Galleria, rental income of our Hong Kong leasing portfolio recorded a mild growth year-on-year.

For the financial year ended December 31, 2017, total revenue of our leasing properties increased 1% to HK$7,779 million. Revenue of the Mainland properties stayed flat in RMB terms and that of the Hong Kong leasing portfolio grew 2% year-on-year.

Mainland China

Revenue of the entire mainland China leasing portfolio was flat at RMB3,430 million, but was up 5% when excluding areas closed for renovation. Operating profit dropped 1% to RMB2,130 million. Average margin was 62%.

Our eight malls in mainland China collected 1% more in rents to RMB2,672 million. Both rental income and retail sales at Shanghai Plaza 66 mall showed a strong growth after the completion of the asset enhancement program, which the rental increase could more than cover the rental interruption due to the asset upgrading works at the Shanghai Grand Gateway 66 mall. As a result of a vigilant tenant remix and marketing measures, the performance of our six malls outside of Shanghai improved in terms of retail sales and occupancy. A solid foundation has been laid down for a sustainable rental growth in future.

Income from our four office towers at Shanghai Plaza 66, Shenyang Forum 66 and Wuxi Center 66 decreased 3% to RMB758 million. At Plaza 66, transitional voids were associated with a major tenant relocation between the office towers which was completed in October 2017. The office towers at Forum 66 and Center 66 both collected more in rents with increased occupancy.

Mainland China Property Leasing Portfolio

Name and City of the Property	**Revenue** (RMB Million)			**Occupancy Rate at Year-end 2017**	
	2017	2016	Change	Mall	Office
Shanghai Plaza 66	**1,409**	1,305	8%	96%	89%
Shanghai Grand Gateway 66	**883**	974	-9%	77% #	N/A
Shenyang Palace 66	**155**	142	9%	90%	N/A
Shenyang Forum 66	**213**	230	-7%	83%	80%
Jinan Parc 66	**271**	262	3%	94%	N/A
Wuxi Center 66	**219**	224	-2%	87%	87%
Tianjin Riverside 66	**181**	191	-5%	89%	N/A
Dalian Olympia 66 *	**99**	88	13%	71%	N/A
Total	**3,430**	3,416	-		
Total in HK$ Million equivalent	***3,958***	*3,995*	*-1%*		

About 23% of leasable area was temporarily void for major asset upgrading.
* Grand opening on September 9, 2016.

- *Shanghai Plaza 66*

Total revenue of Plaza 66 increased 8% to RMB1,409 million mainly driven by a higher contribution from the mall.

The entire basement of Plaza 66 mall was closed for upgrading in March 2016 and re-opened in phases from January 2017. The basement now houses about 30 brands with most of them making their first presence at the mall. More than 2,000 esteemed guests, including senior executives from international brands, business partners and investors, as well as local and overseas media attended the star-studded party on September 8, 2017, held to celebrate the successful completion of the asset enhancement program for the mall. The Very Important Customer (VIC) Lounge designed by a world-acclaimed interior designer also opened in September 2017. Apart from patronage by high spending customers, the Lounge would also generate revenue through commissioning by brands for their product launches and member exclusive events. The expansion of Dior into Dior Maison, a 3-story flagship store, and the opening of new Loro Piana and LOEWE stores in 2017 further strengthened the Plaza 66 mall's positioning as the home to luxury. Retail sales at the mall grew strongly by 26% year-on-year.

The performance of Plaza 66 mall in the year under review was strong, with a 22% growth in revenue. Plaza 66 is poised for continued growth after strengthening its position as the premier mall of luxury brands in Shanghai and in mainland China. Occupancy of the mall increased three points to 96% by the end of 2017.

Income of the two office towers at Plaza 66 decreased by 8% due to transitional voids associated with the relocation of a major tenant between the two office towers during the year and the phased re-letting of some recent lease expiries towards year end. Occupancy rate decreased six points to 89% by the end of 2017 but is expected to rebound.

Following the successful execution of the enhancement works for Office Tower One, a similar program for Office Tower Two commenced in the fourth quarter of 2016 and is expected to complete by mid-2018. The remaining enhancement work will have a minimal adverse impact on the revenue of Plaza 66.

- *Shanghai Grand Gateway 66 (Mall only)*

Revenue of Grand Gateway 66 mall decreased 9% to RMB883 million due to the disruptions caused by the asset upgrading program. If excluding the affected areas, rental revenue advanced 7%. Occupancy rate retreated 19 points to 77% because of the renovation. Some of the affected areas will re-open in phases starting from mid-2018 to minimize the adverse impact on income and profit.

Grand Gateway 66 mall commenced its 3-year major upgrading program in January 2017. The whole program, including a new main entrance for the mall, a new subway link to Metro Line 9, and a major layout re-configuration at Level 1 and the basement of the mall, will be carried out in phases until mid-2019. This carefully planned asset enhancement program will strengthen the mall's long-term competitiveness and profitability.

- *Shenyang Palace 66*

Palace 66 mall collected 9% more in rents to RMB155 million. Occupancy rate decreased three points to 90% by the end of 2017 due to some recent lease expiries. With occupancy staying at a high level, renewals and new leasing are being negotiated at higher rental rates. Retails sales also increased by 8% against a year ago because of an improved tenant mix.

- *Shenyang Forum 66*

Total revenue of Forum 66 decreased 7% to RMB213 million.

Forum 66 mall maintained its high-end positioning but was hit by the sluggish luxury goods spending in Shenyang. The mall had to make downward adjustments in rents to optimize tenant mix and occupancy. Correspondingly, rental income of the mall decreased by 25%. Occupancy rate decreased one point to 83% by the end of 2017. During the year, the mall renewed leases with some key high-end tenants, building a good foundation for future rental growth. Retail sales at the mall increased by 1% year-on-year.

Revenue of the office tower grew 24% to RMB102 million due to higher occupancy. Occupancy rate increased 22 points to 80% by the end of 2017. The remaining area available for leasing at year-end was only 6% as the six floors in the high zone of the tower, representing 14% of occupancy, will only be ready for leasing from mid-2018. The top 19 floors of the office tower are being converted into a prestigious Conrad hotel.

- *Jinan Parc 66*

Revenue of Parc 66 mall increased 3% to RMB271 million. Occupancy rose three points to 94% by the end of 2017. More contemporary luxury brands and quality food & beverage tenants were introduced during the year. Benefitting from an enhanced tenant mix and high occupancy, retail sales increased by 12% year-on-year.

- *Wuxi Center 66*

Total rental income of Center 66 slipped 2% to RMB219 million, but was up 1% when excluding 9% of the mall's leasable area which was temporarily closed for the construction of the second office tower.

The performance of Center 66 mall has rebounded. The tenant mix was enhanced during the year with new trades and more food & beverage tenants introduced to enrich the offerings of the mall. Retail sales increased by 16% year-on-year mainly driven by sales growth of various trade categories. Occupancy rate increased seven points to 87% by the end of 2017. The remaining area available for leasing at year-end was only 4% after taking out 9% temporary void area of the mall for the reason stated above. While revenue of the mall was flat in 2017 on a comparable basis, a solid foundation has been built for growth.

The office tower recorded a rental growth of 4% to RMB77 million. This Grade A tower has established a leading position in Wuxi. More than 50% of the tenants are well known corporations. Occupancy rate increased from 65% to 87% by the end of 2017 compared to a year ago driven by new lettings and tenant expansions.

- *Tianjin Riverside 66*

During the course of reshuffling tenants, income of Riverside 66 mall decreased by 5% year-on-year. The ambience of Level 1 of the mall was enhanced with the arrival of more contemporary luxury brands. Also, more lifestyle and entertainment tenants were introduced to enrich the offerings, including a new cinema with 570 seats in seven houses in December 2017. Occupancy rate was up seven points to 89% by the end of 2017. Retails sales also increased by 8% year-on-year.

- *Dalian Olympia 66*

Olympia 66 mall, which had its grand opening in September 2016, collected 13% more in rents in 2017. Retail sales also showed a consistent upward trend. Occupancy rate increased by five points to 71%.

Hong Kong

Total revenue and operating profit of our Hong Kong leasing portfolio grew 2% and 1% to HK$3,821 million and HK$3,218 million, respectively. Overall rental margin was 84%. When excluding areas closed for asset upgrading, revenue increased 4% year-on-year. The performance was satisfactory after taking into account the years of sustainable growth that raised our rental to a high level.

Rental income of the commercial portfolio was stable as the renovation programs in Causeway Bay and The Peak Galleria caused short-term rental interruption as expected. Our retail portfolio recorded sales growth of 8% on a comparable basis when excluding the affected areas. Both offices and residential posted stable rental growth during the year.

Hong Kong Property Leasing Portfolio

	Revenue (HK$ Million)			**Occupancy Rate at Year-end 2017**
	2017	2016	Change	
Commercial	**2,261**	2,255	-	96%
Office and Industrial / Offices	**1,257**	1,199	5%	95%
Residential & Serviced Apartments	**303**	288	5%	80%
Total	**3,821**	3,742	2%	

- *Commercial*

Revenue of the Hong Kong commercial portfolio was flat at HK$2,261 million mainly because of major renovation at Kingston in Causeway Bay and The Peak Galleria since early 2017. Rental income was up 3% when excluding the affected areas. Overall occupancy by the end of 2017 was up one point to 96%.

Rental revenue of the **Causeway Bay portfolio** decreased by 3% due to 23% of leasable area was closed for asset upgrading, but was up 1% on a comparable basis. The final phase of the asset enhancement program of the Causeway Bay retail portfolio, covering Kingston, commenced in early 2017. This 100,000 square feet of rejuvenated retail space was re-opened during the last quarter of 2017. The enhanced areas have become a hub of 16 special concepts that offer an eccentric mix of sports fashion, lifestyle and food & beverage tenants with strong social experience and entertainment elements.

Retail sales of our tenants in Causeway Bay recorded a 7% growth on a comparable basis.

Kornhill Plaza in Hong Kong East collected 9% more in rents because of positive rental reversions and tenant upgrades. Kornhill Plaza was fully let by the end of 2017. The ambience of the mall was enhanced with the refurbished AEON STYLE, the upgraded Grand Kornhill Cinema which launched Hong Kong's first MX4D technology-enabled movie offerings, and more quality food & beverage tenants. Retail sales at the mall increased by 11%.

Revenue of our leasing properties in **Mongkok**, mainly comprising Grand Plaza and Gala Place, was stable year-on-year. The retail spaces were virtually fully leased. The "Where Trends Meet" program was launched to enhance the profile of our malls. The sport element of Grand Plaza is strengthened with the opening of the flagship store of Decathlon, a world-famous French sports brand, and Goji Studio, a unique fitness and wellness center. With the number of tourists from mainland China on an upward trend again, the sales of our jewelry & watches tenants in Mongkok recorded double digit growth. Total retail sales of Mongkok properties increased by 10% year-on-year.

Income of **Amoy Plaza in Kowloon East** rose 4% mainly because the mall benefited from positive rental reversions and tenant upgrade. A major tenant mix reshuffle was undertaken in 2016 to enhance its position as an attractive one-stop shopping, dining, entertainment and lifestyle hub. To promote the sustainability of the community, the mall launched its "Food Waste Recycling Service" program to all its food & beverage tenants and also undertook a variety of environmental protection measures.

The Peak Galleria commenced a 3-year renovation program in March 2017. Upon full completion in 2019, the mall will have a new façade and enhanced internal layout reconfigurations, strengthening its position as a unique iconic destination on the Peak. The Phase 1 renovation, representing closure of 60% of the leasable area, is targeted for completion by mid-2018. It is expected that the renovated area will re-open before the end of 2018. Pre-leasing of the area under renovation was pleasing, with the introduction of new concepts of trade and excitements. While the renovation was in progress, new additions were introduced to maintain the attractiveness of the mall, including two first-in-Hong Kong pop-up entertainments: The Peak Adventure 5D Theatre and The Art of Chocolate.

- *Offices*

The Hong Kong office portfolio recorded a 5% rental growth to HK$1,257 million, attributable to both positive rental reversions and higher occupancy rate. Overall occupancy rate increased four points to 95% by the end of 2017. Our offices in Central and Causeway Bay posted a 7% and 4% rental growth, respectively. Revenue of the Mongkok offices rose 5% year-on-year.

- *Residential and Serviced Apartments*

Revenue of residential and serviced apartments increased 5% to HK$303 million mainly driven by higher occupancy at Kornhill Apartments.

PROPERTY SALES

Taking advantage of the continued strong residential market in Hong Kong, we further sold down our inventory at good profit. Revenue from property sales amounted to HK$3,420 million, down 36% year-on-year because fewer residential units were sold in 2017. The sales comprised 226 units of The Long Beach (2016: 436 units), one semi-detached house at 23-39 Blue Pool Road (2016: two houses) and the last unit (duplex) of The HarbourSide (2016: one duplex unit). Profit from property sales decreased 30% to HK$2,238 million. Overall profit margin realized was 65%.

As at December 31, 2017, the book cost of the residential properties available for sale was HK$1,612 million. The inventory included 15 semi-detached houses at 23-39 Blue Pool Road and 10 residential apartments at The Long Beach.

During the year, we also parted with 257 car parking spaces at The Long Beach. Total gain on disposal of HK$464 million was recorded as part of other income of the statement of profit or loss.

In November 2017, we reached an agreement with a third party to sell our entire interest of the retail arcade and car parking spaces at Carmel-on-the-Hill in Hong Kong. The transaction was completed in January 2018. The profit from sale shall not be recognized until the transaction is completed. Accordingly, the retail arcade was revalued up with reference to the contracted selling price and the resulting gain was recorded as part of the fair value gain of the year. The properties were reclassified as assets held for sale as at December 31, 2017.

PROPERTY REVALUATION

The total value of our investment properties amounted to HK$134,444 million as of December 31, 2017, which comprised the value of the Hong Kong portfolio and the mainland China portfolio of HK$61,881 million and HK$72,563 million, respectively. Our investment properties were revalued by Savills, an independent valuer, as at December 31, 2017.

An overall revaluation gain of HK$2,599 million was recorded in 2017 (2016: loss of HK$286 million), representing a 2% year-on-year growth. The Hong Kong portfolio recorded a revaluation gain of HK$2,855 million. The value of our properties in mainland China decreased by HK$256 million during the year mainly because of lower valuation at Forum 66 in Shenyang and Olympia 66 in Dalian.

On November 20, 2017, a wholly owned subsidiary of Hang Lung Properties completed the acquisition of the entire interest in four units at Amoycan Industrial Centre (AIC) in Ngau Tau Kok, Kowloon held by a wholly-owned subsidiary of Hang Lung Group Limited at a total consideration of HK$225 million. After the acquisition, our interests in AIC reached 84.85%. This was an important step to prepare for the re-development of AIC. In December 2017, an application for a Land Compulsory Sale for redevelopment for the remaining 15.15% interests in AIC was submitted to the Lands Tribunal. A total revaluation gain of HK$605 million resulted in respect of Hang Lung Properties' own interests in AIC based on the re-development valuation approach.

PROPERTY DEVELOPMENT AND CAPITAL COMMITMENT

The aggregated value of investment properties under development was HK$21,592 million. They comprised mainland China projects in Kunming, Wuhan, and the remaining phases of the developments in Shenyang and Wuxi. The portfolio consists of malls, office towers, hotel and serviced apartments.

The construction work for Kunming Spring City 66 is progressing as planned. Total gross floor area of the entire mixed-use development is 432,000 square meters, comprising a world-class mall, a Grade A office tower, serviced apartments and car parking spaces. The mall is expected to be opened in mid-2019. Leasing activities for the mall have commenced and progress is satisfactory.

Wuhan Heartland 66 covers a total gross floor area of 460,000 square meters. This prestigious commercial project will house a 177,000-square-meter mall, a Grade A office tower, serviced apartments and car parking spaces. The project is planned for completion in stages from 2019 onwards. Leasing activities for the mall have commenced.

The conversion of the top 19 floors of the office tower at Shenyang Forum 66 into a Conrad hotel is in progress. This five-star hotel will have 315 keys and is expected to open in 2019. The addition of this five-star hotel will complement our vision of the Forum 66 as the destination of choice for customers seeking a high-end shopping, entertainment, business and hospitality experiences.

The construction work for the second office tower at Wuxi Center 66 is progressing as planned. This 30-story Grade A office tower is being built above the southeastern part of the Center 66 mall. A total gross floor area of 52,000 square meters will be available for leasing when the construction of the new office tower is scheduled for completion in mid-2019. About 9% of the leasable area of Center 66 mall has been vacated while the office tower is under construction. It is planned that the vacated area of the mall will re-open in the fourth quarter of 2018.

In May 2017, we took possession of a piece of land of 16,700 square meters for the Wuxi Phase 2 development. It is planned to build mainly serviced apartments on this site. The master layout plan is being finalized. The testing piling works were started in November 2017.

The projects mentioned above represented the majority of Hang Lung Properties' capital commitments at the reporting date, amounting to HK$36 billion. They will be completed in phases over a number of years. With a solid base of recurrent income and ample financial resources, we are able to meet the funding requirements of those projects and are well positioned to seize new investment opportunities as they arise.

LIQUIDITY AND FINANCIAL RESOURCES

Hang Lung Properties centrally manages its liquidity and financial resources at the corporate level. The aims are to maintain an appropriate degree of liquidity and ample financial resources to support business growth and capture new investment opportunities. Multiple channels of debt finance have also been established to mitigate financial risks.

- *Liquidity Management*

The cash flow position and funding needs are closely reviewed and monitored to ensure that Hang Lung Properties has a good degree of financial flexibility and liquidity. This is achieved by keeping sufficient cash resources, having adequate undrawn committed banking facilities available, and maintaining the Medium Term Note (MTN) Program for bond issuance if and when needed.

As at December 31, 2017, Hang Lung Properties had total cash and bank balances of HK$22,106 million (December 31, 2016: HK$24,325 million). All the deposits are placed with banks with strong credit ratings and the counterparty risk is monitored on a regular basis.

The currencies of cash and bank balances at the reporting date were as follows:

	At December 31, 2017		At December 31, 2016	
	HK$ Million	*% of Total*	HK$ Million	*% of Total*
Denominated in:				
HKD	**12,761**	*57.7%*	2,821	*11.6%*
RMB	**9,341**	*42.3%*	21,499	*88.4%*
USD	**4**	-	5	-
Total cash and bank balances	**22,106**	*100%*	24,325	*100%*

As at December 31, 2017, the amount of undrawn committed banking facilities was HK$9,969 million. The available balance of the USD3 billion MTN Program was equivalent to HK$10,645 million.

- *Financing Management*

Hang Lung Properties manages the debt portfolio with a focus on mitigating the re-financing and interest rate risks. These risks are well managed by maintaining an appropriate mix of fixed / floating rate borrowings, a staggered debt repayment profile and a diversified source of funding.

In September 2017, an application was submitted to the National Association of Financial Market Institutional Investors (NAFMII) in mainland China to establish an on-shore RMB10 billion bond issuance platform. This RMB bond issuance platform when approved will enable us to further diversify the source of debt financing in mainland China.

As at December 31, 2017, total borrowings of Hang Lung Properties amounted to HK$24,820 million. The lower debt balance against a year ago was due to prepayments of some bank borrowings. More RMB bank loans were raised, as part of the hedging strategy, for financing the construction projects on the Mainland. The following table shows the mix of floating rate bank borrowings and fixed rate bonds:

	At December 31, 2017		At December 31, 2016	
	HK$ Million	*% of Total*	HK$ Million	*% of Total*
Floating rate HKD bank loans	**296**	*1.2%*	4,108	*15.2%*
Floating rate RMB bank loans	**11,814**	*47.6%*	10,345	*38.2%*
Fixed rate bonds	**12,710**	*51.2%*	12,629	*46.6%*
Denominated in USD	***7,816***	*31.5%*	*7,756*	*28.6%*
Denominated in HKD	***4,894***	*19.7%*	*4,873*	*18.0%*
Total borrowings	**24,820**	*100%*	27,082	*100%*

At the reporting date, the average tenor of the entire loan portfolio was 3.4 years (December 31, 2016: 3.9 years). The maturity profile was well staggered and spread over a period of 7 years. Around 77% of the loans were repayable after 2 years.

	At December 31, 2017		At December 31, 2016	
	HK$ Million	*% of Total*	HK$ Million	*% of Total*
Repayable:				
Within 1 year	**2,112**	*8.5%*	568	*2.1%*
After 1 but within 2 years	**3,605**	*14.5%*	3,106	*11.4%*
After 2 but within 5 years	**15,981**	*64.4%*	14,997	*55.4%*
Over 5 years	**3,122**	*12.6%*	8,411	*31.1%*
Total borrowings	**24,820**	*100%*	27,082	*100%*

- *Gearing Ratios and Interest Cover*

As at December 31, 2017, Hang Lung Properties had a net debt balance of HK$2,714 million (December 31, 2016: HK$2,757 million). Net debt to equity ratio was 1.9% (December 31, 2016: 2.1%) and debt to equity ratio was 17.4% (December 31, 2016: 20.5%).

For the financial year ended December 31, 2017, the amount of total gross interest expense incurred was HK$1,258 million (2016: HK$1,334 million). The decrease in gross interest expense was mainly due to a lower average bank borrowings balance in Hong Kong. However, the amount of finance costs charged to the statement of profit or loss for 2017 increased HK$91 million to HK$1,202 million because of a smaller amount of interest capitalization.

Interest income for the year was HK$548 million (2016: HK$794 million). The decrease in interest income was mainly due to a lower average balance of RMB deposits which had higher yields.

With lower interest income and a higher amount of finance costs, the amount of net interest expense in 2017, i.e. the excess of finance costs over interest income, increased to HK$654 million.

As part of the foreign exchange risk management strategy, more RMB debts were used to finance development projects in mainland China. Consequently, the average effective cost of borrowings during the year increased to 5.1% (2016: 4.3%).

Interest cover, a key indicator for debt servicing capability, for 2017 was 11 times (2016: 16 times).

- *Foreign Exchange Management*

The activities of Hang Lung Properties are exposed to foreign currency risks which mainly arise from its operations in mainland China and certain bank deposits denominated in RMB held in and relating to mainland China entities. In addition, it has exposure to USD arising from the two USD500 million bonds issued. Appropriate measures have been taken to mitigate the foreign exchange risk exposure.

(a) RMB Exposure

The RMB exposure of Hang Lung Properties is mainly derived from two respects of the operations. These are, firstly, the currency translation risk arising from the net assets of our Mainland subsidiaries. Secondly, they are the RMB deposits held in and relating to mainland China entities which are primarily for the purposes of settling future construction payments in RMB.

At December 31, 2017, the amount of net assets on the Mainland amounted to RMB60 billion. The re-translation of these net assets denominated in RMB into HKD using the exchange rate as at the reporting date resulted in a re-translation gain of HK$4,789 million, as RMB appreciated by about 7% against HKD compared to December 31, 2016. By the same token, the RMB3,885 million deposits held in Hong Kong had to be re-translated into HKD as well and they accounted for HK$417 million of the re-translation gain for the financial year of 2017. The total re-translation gain of HK$5,206 million for 2017 (2016: total re-translation loss of HK$5,762 million) was recognized in other comprehensive income / exchange reserve.

RMB bank deposits were held as a natural hedge for meeting funding needs for projects under development in mainland China. We have adopted an enterprise risk management approach to mitigate the currency risks rather than forming a view on which side the currency will move. Regular business reviews are conducted to assess the level of funding needs for the Mainland projects under development, after taking account of various factors such as regulatory constraints, project development timelines and the business environment. Appropriate modifications to the currency hedging program will be conducted in light of the outcome of the periodic reviews.

(b) USD Exposure

The USD foreign exchange exposure is related to the two USD500 million fixed rate bonds issued, equivalent to HK$7,816 million at the reporting date. The related currency exchange risk was covered back-to-back by two USD/HKD cross currency swap contracts. The swap contracts were entered into in order to effectively fix the exchange rate between USD and HKD for future interest payments and principal repayments.

The changes in the fair value of both swap contracts did not impact the cash flows and the profit or loss materially as they qualified for cash flow hedge accounting.

- *Charge of Assets*

Assets of Hang Lung Properties were not charged to any third parties as at December 31, 2017.

- *Contingent Liabilities*

Hang Lung Properties did not have any material contingent liabilities as at December 31, 2017.

OUTLOOK

After several years of excess supply and macro policy changes in mainland China, the market has started to recover particularly in the luxury sector in tier-one cities. Our world-class facilities are well positioned to benefit from the recovery. We have strengthened our management and streamlined the operations to meet the needs of the expanding business. A solid foundation has been laid down for a sustainable rental growth through assets and tenant/trade upgrades.

Our focus for 2018 is to drive retail sales and rental growth in Hong Kong and Shanghai, while raising the level of occupancy and tenant quality in cities outside Shanghai. There are also plans to further improve cost efficiency as it is vital to improve rental margins.

The malls are now social places for entertainment, services and food & beverage. We will continue to watch over this consumer trend and add experiential tenants such as cinemas and online to offline (O2O) concept stores, where appropriate, in order to generate footfall and retail sales. We have also invested in new technologies such as mobile applications, mobile payment and smart parking on top of excellent customer service delivery.

Backed by our financial strength, asset enhancement programs will continue in both Hong Kong and Shanghai. Projects under development in mainland China will continue to proceed as planned.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED DECEMBER 31, 2017 (AUDITED)

				For information purpose only	
	Note	**2017 HK$ Million**	2016 HK$ Million	**2017 RMB Million**	2016 RMB Million
Revenue	*2(a)*	**11,199**	13,059	**9,735**	11,239
Direct costs and operating expenses		**(3,289)**	(4,140)	**(2,856)**	(3,563)
Gross profit		**7,910**	8,919	**6,879**	7,676
Other net income	*3*	**549**	208	**471**	179
Administrative expenses		**(580)**	(607)	**(503)**	(522)
Operating profit before changes in fair value of properties		**7,879**	8,520	**6,847**	7,333
Net increase / (decrease) in fair value of properties		**2,599**	(286)	**2,194**	(254)
Operating profit after changes in fair value of properties		**10,478**	8,234	**9,041**	7,079
Interest income		**548**	794	**477**	679
Finance costs		**(1,202)**	(1,111)	**(1,043)**	(952)
Net interest expense	*4*	**(654)**	(317)	**(566)**	(273)
Share of profits of joint ventures		**78**	62	**68**	53
Profit before taxation	*2(a) & 5*	**9,902**	7,979	**8,543**	6,859
Taxation	*6(a)*	**(1,352)**	(1,372)	**(1,176)**	(1,175)
Profit for the year		**8,550**	6,607	**7,367**	5,684
Attributable to:					
Shareholders		**8,124**	6,195	**6,998**	5,331
Non-controlling interests		**426**	412	**369**	353
		8,550	6,607	**7,367**	5,684
Earnings per share	*8(a)*				
Basic		**HK$1.81**	HK$1.38	**RMB1.56**	RMB1.19
Diluted		**HK$1.81**	HK$1.38	**RMB1.56**	RMB1.19

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2017 (AUDITED)

				For information purpose only	
	Note	**2017 HK$ Million**	2016 HK$ Million	**2017 RMB Million**	2016 RMB Million
Profit for the year		**8,550**	6,607	**7,367**	5,684
Other comprehensive income	*6(b)*				
Items that are or may be reclassified subsequently to profit or loss:					
Exchange difference arising from translation of foreign subsidiaries / to presentation currency		**5,206**	(5,762)	**(3,718)**	2,216
Movement in hedging reserve:					
Effective portion of changes in fair value		**(86)**	-	**(77)**	-
Net amount transferred to profit or loss		**(48)**	-	**(42)**	-
		5,072	(5,762)	**(3,837)**	2,216
Total comprehensive income for the year		**13,622**	845	**3,530**	7,900
Total comprehensive income attributable to:					
Shareholders		**12,803**	839	**3,162**	7,572
Non-controlling interests		**819**	6	**368**	328
		13,622	845	**3,530**	7,900

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT DECEMBER 31, 2017 (AUDITED)

				For information purpose only	
	Note	**2017 HK$ Million**	2016 HK$ Million	**2017 RMB Million**	2016 RMB Million
Non-current assets					
Property, plant and equipment					
Investment properties	*9*	**134,444**	125,421	**112,374**	112,419
Investment properties under development	*9*	**21,592**	17,282	**18,049**	15,459
Other property, plant and equipment		**220**	327	**184**	293
		156,256	143,030	**130,607**	128,171
Interest in joint ventures		**1,277**	1,249	**1,067**	1,122
Other assets		**85**	2	**71**	2
Deposits with banks		**3,705**	-	**3,097**	-
Deferred tax assets		**-**	10	**-**	9
		161,323	144,291	**134,842**	129,304
Current assets					
Cash and deposits with banks		**18,401**	24,325	**15,379**	21,832
Trade and other receivables	*10*	**2,036**	3,939	**1,702**	3,535
Properties for sale		**1,612**	2,352	**1,347**	2,113
Assets held for sale	*12*	**214**	-	**179**	-
		22,263	30,616	**18,607**	27,480
Current liabilities					
Bank loans and other borrowings		**2,112**	568	**1,765**	508
Trade and other payables	*11*	**6,673**	6,327	**5,579**	5,669
Finance lease obligations		**19**	-	**16**	-
Taxation payable		**483**	932	**404**	836
Liabilities directly associated with the assets held for sale	*12*	**2**	-	**2**	-
		9,289	7,827	**7,766**	7,013
Net current assets		**12,974**	22,789	**10,841**	20,467
Total assets less current liabilities		**174,297**	167,080	**145,683**	149,771
Non-current liabilities					
Bank loans and other borrowings		**22,708**	26,514	**18,980**	23,783
Finance lease obligations		**319**	-	**267**	-
Deferred tax liabilities		**9,025**	8,421	**7,527**	7,534
		32,052	34,935	**26,774**	31,317
NET ASSETS		**142,245**	132,145	**118,909**	118,454
Capital and reserves					
Share capital		**39,912**	39,912	**37,431**	37,431
Reserves		**96,246**	86,653	**76,390**	76,032
Shareholders' equity		**136,158**	126,565	**113,821**	113,463
Non-controlling interests		**6,087**	5,580	**5,088**	4,991
TOTAL EQUITY		**142,245**	132,145	**118,909**	118,454

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of preparation

The financial information relating to the years ended December 31, 2017 and 2016 included in this announcement of annual results does not constitute the statutory annual consolidated financial statements of Hang Lung Properties Limited (the "Company") and its subsidiaries (collectively the "Group") for those years but is derived from those consolidated financial statements in accordance with section 436 of the Hong Kong Companies Ordinance (Cap.622). The Company has delivered the consolidated financial statements for the year ended December 31, 2016 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance and will deliver the consolidated financial statements for the year ended December 31, 2017 in due course. The Company's auditor has reported on the consolidated financial statements for both years. The auditor's reports were unqualified and they did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its reports, and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

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 HKICPA has issued certain amendments to HKFRSs that are first effective for the current accounting period of the Group. The adoption of these amendments to HKFRSs does not have significant impact on the Group's annual financial statements.

The significant accounting policies adopted are consistent with those followed in the preparation of the Group's annual financial statements for the year ended December 31, 2016, except for the changes summarized below.

1. Basis of preparation (Continued)

Impact of early adoption of HKFRS 9, Financial Instruments

The Group's equity investments of HK$100 which were previously classified as available-for-sale investments and measured at cost less impairment under HKAS 39, *Financial Instruments: Recognition and Measurement*, have been designated as at fair value through other comprehensive income. The estimated fair value of these equity investments was HK$85 million as of January 1, 2017. Consequently, the opening balance of the Group's other reserves as of January 1, 2017 was impacted.

Initial application of hedge accounting

The Group uses USD/HKD cross currency swaps (entered into in 2015) to hedge the variability in cash flows arising from changes in foreign exchange rates relating to the USD-denominated Medium Term Notes. Starting from January 1, 2017, the Group has designated the cross currency swaps in their entirety as the hedging instruments of the foreign currency risk arising from the USD denominated bonds. The effective portion of changes in fair value of the hedging instruments is recognized in other comprehensive income and accumulated in a hedging reserve as a separate component of equity. Any ineffective portion of changes in fair value is recognized immediately in profit or loss. The associated gain or loss is reclassified from equity to profit or loss in the same period or periods during which the hedged forecast transaction affects profit or loss.

The presentation currency of these consolidated financial statements is Hong Kong dollar. In view of the Group's significant business operations in mainland China, management has included additional financial information prepared in Renminbi in the consolidated financial statements. Such supplementary information is prepared on the same basis as 2016.

2. Revenue 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, cash and deposits with banks and assets held for sale. The investment properties of the Group are included in segment assets at their fair values whilst the changes in fair value of investment properties are not included in segment profits. No segment liabilities analysis is presented as the Group monitors and manages its liabilities on a group basis.

2. Revenue and segment information (Continued)

(a) Revenue and results by segments

	Revenue		Profit before taxation	
	2017	2016	**2017**	2016
	HK$ Million	HK$ Million	**HK$ Million**	HK$ Million
Segment				
Property leasing				
- Mainland China	**3,958**	3,995	**2,454**	2,514
- Hong Kong	**3,821**	3,742	**3,218**	3,196
	7,779	7,737	**5,672**	5,710
Property sales				
- Hong Kong	**3,420**	5,322	**2,238**	3,209
Segment total	**11,199**	13,059	**7,910**	8,919
Other net income			**549**	208
Administrative expenses			**(580)**	(607)
Operating profit before changes in fair value of properties			**7,879**	8,520
Net increase / (decrease) in fair value of properties			**2,599**	(286)
- Property leasing in Hong Kong			**2,855**	183
- Property leasing in mainland China			**(256)**	(809)
- Upon transfer from completed properties for sale to investment properties			**-**	340
Net interest expense			**(654)**	(317)
- Interest income			**548**	794
- Finance costs			**(1,202)**	(1,111)
Share of profits of joint ventures			**78**	62
Profit before taxation			**9,902**	7,979

2. Revenue and segment information (Continued)

(b) Total assets by segments

	Total assets	
	2017	2016
	HK$ Million	HK$ Million
Segment		
Property leasing		
- Mainland China	**95,414**	85,542
- Hong Kong	**62,361**	58,830
	157,775	144,372
Property sales		
- Hong Kong	**2,129**	4,949
Segment total	**159,904**	149,321
Interest in joint ventures	**1,277**	1,249
Other assets	**85**	2
Deferred tax assets	-	10
Cash and deposits with banks	**22,106**	24,325
Assets held for sale	**214**	-
Total assets	**183,586**	174,907

3. Other net income

	2017	2016
	HK$ Million	HK$ Million
Gain on disposal of investment properties	**464**	8
Fair value gain on derivative financial instruments (Note)	-	203
Ineffectiveness on cash flow hedge (Note)	**(5)**	-
Net exchange gain / (loss)	**89**	(3)
Others	**1**	-
	549	208

Note: The Group entered into USD/HKD cross currency swaps for the purpose of fixing the exchange rate for the USD-denominated Medium Term Notes. Starting from January 1, 2017, the Group has designated the cross currency swaps as the hedging instruments in cash flow hedges.

4. Net interest expense

	2017 HK$ Million	2016 HK$ Million
Interest income on bank deposits	**548**	794
Interest expense on bank loans and other borrowings	**1,164**	1,262
Finance charges on finance lease obligations	**8**	-
Other borrowing costs	**86**	72
Total borrowing costs	**1,258**	1,334
Less: Borrowing costs capitalized	**(56)**	(223)
Finance costs	**1,202**	1,111
Net interest expense	**(654)**	(317)

5. Profit before taxation

	2017 HK$ Million	2016 HK$ Million
Profit before taxation is arrived at after charging:		
Cost of properties sold	**938**	1,815
Staff costs, including employee share-based payments of HK$78 million (2016: HK$103 million)	**1,427**	1,374
Depreciation	**43**	53

6. Taxation

(a) Provision for Hong Kong Profits Tax is calculated at 16.5% (2016: 16.5%) of the estimated assessable profits for the year. Mainland China Income Tax mainly represents mainland China Corporate Income Tax calculated at 25% (2016: 25%) and mainland 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.

	2017 HK$ Million	2016 HK$ Million
Current tax		
Hong Kong Profits Tax	**715**	860
Under / (Over)-provision in prior years	**1**	(10)
	716	850
Mainland China Income Tax	**588**	602
	1,304	1,452
Deferred tax		
Changes in fair value of properties	**(1)**	(148)
Other origination and reversal of temporary differences	**49**	68
	48	(80)
Total income tax expense	**1,352**	1,372

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

7. Dividends

(a) Dividends attributable to the year

	2017	2016
	HK$ Million	HK$ Million
Interim dividend declared and paid of HK17 cents (2016: HK17 cents) per share	**765**	765
Final dividend of HK58 cents (2016: HK58 cents) per share proposed after the end of the reporting period	**2,608**	2,608
Total dividends attributable to the year	**3,373**	3,373

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 HK$2,608 million (calculated based on HK58 cents per share and the total number of issued shares as at the dividend pay-out date) for the year ended December 31, 2016 was approved and paid in the year ended December 31, 2017 (2016: HK$2,608 million).

8. Earnings per share

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

	2017	2016
	HK$ Million	HK$ Million
Earnings for calculation of basic and diluted earnings per share (net profit attributable to shareholders)	**8,124**	6,195

8. Earnings per share (Continued)

(a) (Continued)

	Number of shares	
	2017	2016
	Million	Million
Weighted average number of shares used in calculating basic earnings per share	**4,498**	4,497
Effect of dilutive potential shares – share options	**1**	-
Weighted average number of shares used in calculating diluted earnings per share	**4,499**	4,497

(b) The underlying net profit attributable to shareholders which excluded changes in fair value of properties net of related deferred tax and non-controlling interests, is calculated as follows:

	2017	2016
	HK$ Million	HK$ Million
Net profit attributable to shareholders	**8,124**	6,195
Effect of changes in fair value of properties	**(2,599)**	286
Effect of corresponding deferred tax	**(1)**	(148)
Effect of changes in fair value of investment properties of joint ventures	**(25)**	(1)
	(2,625)	137
Non-controlling interests	**31**	9
	(2,594)	146
Underlying net profit attributable to shareholders	**5,530**	6,341

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

	2017	2016
Basic	**HK$1.23**	HK$1.41
Diluted	**HK$1.23**	HK$1.41

9. Investment properties and investment properties under development

(a) Addition

During the year, additions to investment properties and investment properties under development amounted to HK$4,429 million (2016: HK$2,470 million).

(b) Valuation

The investment properties and investment properties under development of the Group were revalued as of December 31, 2017 by Mr. Charles C.K. Chan, Registered Professional Surveyor (General Practice), of Savills Valuation and Professional Services Limited, on a market value basis.

10. Trade and other receivables

(a) Included in trade and other receivables are trade receivables (based on the due date) with the following aging analysis:

	2017	2016
	HK$ Million	HK$ Million
Not past due or less than 1 month past due (Note)	**510**	2,621
1 - 3 months past due	**6**	21
More than 3 months past due	**3**	12
	519	2,654

Note: Not past due or less than one month past due receivables mainly represented property sales receivables for residential units sold in the second half of the years. Most of the sales receivables would be settled over the next few months upon sales completion.

The allowance for expected credit losses 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.

10. Trade and other receivables (Continued)

(b) Included in other receivables of the Group is deposit of land acquisition in mainland China of HK$299 million (2016: HK$279 million).

11. Trade and other payables

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

	2017	2016
	HK$ Million	HK$ Million
Due within 3 months	**1,759**	1,492
Due after 3 months	**1,768**	1,813
	3,527	3,305

12. Assets held for sale

On November 22, 2017, the Group entered into a sale and purchase agreement with an independent third party to dispose of its indirect wholly owned subsidiaries and the shareholder's loan. The assets held by the subsidiaries were the retail arcade and some car parking spaces at Carmel-on-the-Hill in Hong Kong. Accordingly, the following assets and liabilities are presented as a disposal group held for sale.

	2017
	HK$ Million
Investment properties	**213**
Properties for sale	**1**
Assets held for sale	**214**
Deposits received	**2**
Liabilities directly associated with the assets held for sale	**2**

12. Assets held for sale (Continued)

After the end of the reporting period, the completion of the transaction took place on January 22, 2018.

The fair value of investment properties was determined by reference to the selling price on the sale and purchase agreement signed with an independent third party.

OTHER INFORMATION

Employees

As at December 31, 2017, the number of employees was 4,643 (comprising 1,253 Hong Kong employees and 3,390 mainland China employees). The total employee costs for the year ended December 31, 2017 amounted to HK$1,427 million. We provide competitive remuneration packages for all employees including discretionary bonuses payable based on individual performance. We regularly review the remuneration packages to ensure that they comply with relevant regulatory requirements and market conditions. The Company has share option schemes for the executives and provides professional and high-quality training for all employees.

Purchase, Sale or Redemption of Listed Securities

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

Compliance with Corporate Governance Code

During the year, the Company 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.

Audit Committee

The annual results for the year ended December 31, 2017, have been reviewed by the Audit Committee of the Company. Hang Lung Properties' consolidated financial statements have been audited by the Company's auditor, KPMG, and it has issued an unmodified opinion.

Book Close Dates

For ascertaining shareholders' right to attend and vote at the Annual General Meeting (AGM)

Book close dates (both days inclusive)	April 23 to 26, 2018
Latest time to lodge transfers	4:30 pm on April 20, 2018
Record date	April 26, 2018
AGM	April 26, 2018

For ascertaining shareholders' entitlement to the proposed final dividend

Book close date	May 3, 2018
Latest time to lodge transfers	4:30 pm on May 2, 2018
Record date	May 3, 2018
Final dividend payment date	May 16, 2018

On Behalf of the Board
Ronnie C. Chan
Chairman

Hong Kong, January 30, 2018

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, Mr. H.C. HO and Mr. Adriel W. CHAN
Independent Non-Executive Directors: Mr. Ronald J. ARCULLI, Mr. Dominic C.F. HO, Mr. Nelson W.L. YUEN, Dr. Andrew K.C. CHAN, Prof. H.K. CHANG and Ms. Anita Y.M. FUNG

GLOSSARY

Financial Terms

Finance costs: Total of interest expense on total borrowings and other borrowing costs, net of amount capitalized

Total borrowings: Total of bank loans & other borrowings, net of unamortized other borrowing costs

Net debt: Total borrowings net of cash and deposits with banks

Net profit attributable to shareholders: Profit for the year (after tax) less amounts attributable to non-controlling interests

Underlying net profit attributable to shareholders: Net profit attributable to shareholders excluded changes in fair value of properties net of related deferred tax and non-controlling interests

Financial Ratios

$$\text{Basic earnings per share} = \frac{\text{Profit attributable to shareholders}}{\text{Weighted average number of shares in issue during the year}}$$

$$\text{Debt to equity} = \frac{\text{Total borrowings}}{\text{Total equity}}$$

$$\text{Net assets per share} = \frac{\text{Net assets}}{\text{Weighted average number of shares in issue during the year}}$$

$$\text{Net debt to equity} = \frac{\text{Net debt}}{\text{Total equity}}$$

$$\text{Interest cover} = \frac{\text{Operating profit before changes in fair value of properties}}{\text{Finance costs before capitalization less interest income}}$$