



For immediate release

Solid Rental Income Stream Drives Sustainable Growth

(Hong Kong, January 23, 2014) Hang Lung Properties (HKEx stock code: 101) and Hang Lung Group (HKEx stock code: 10) today announced solid financial results for the year ended December 31, 2013.

The core property leasing business across Hong Kong and the Mainland continued to report resilient and sustainable growth in both rental turnover and operating profit against the backdrop of relatively moderate economic growth. Rental turnover and operating profit were both up by 12% for Hang Lung Properties and Hang Lung Group when comparing like with like by excluding the impact of investment properties disposed of in 2012. The overall year-on-year growth in both rental turnover and operating profit was 9% for Hang Lung Properties, and 8% for Hang Lung Group.

During the year, the Group closely monitored the market and captured several favorable windows of opportunity to launch property sales, including 267 residential units at The Long Beach. Underlying net profit for Hang Lung Properties and Hang Lung Group amounted to HK\$5,050 million and HK\$3,071 million, respectively.

"2013 was a fruitful year for Hang Lung, underlining our pledge of excellence in transforming the Group into the most admired and leading commercial property developer running multi-city operations in the country," Mr. Ronnie C. Chan, Chairman of Hang Lung Group and Hang Lung Properties, said. "The solid rental performance we achieved, particularly amid moderate economic growth in the Chinese economy, coupled with the sales of completed apartments at the right time in Hong Kong confirm the great appeal and vibrancy of our malls as well as our efforts to choose the best course for our business through strategic planning and management."

Mr Chan added, "On the Mainland, we further expanded our footprint into central China by successfully acquiring a prime site at the heart of Wuhan, and are on track for rolling out one major world-class commercial project in a Mainland city in each of the coming years. Following the grand opening of Center 66 in Wuxi last September, Riverside 66 in Tianjin will soon come into being in 2014."

With 10 major projects commanding prime locations in eight economically vibrant Mainland cities, Hang Lung's properties are forming a nationwide portfolio of city landmarks across mainland China.

In Hong Kong, through thoughtful consideration, tenant mix optimization and vigorous asset upgrades, Hang Lung has undertaken an exciting facelift at a number of key projects, which is expected to reap substantial returns to our tenants and customers alike while heightening the overall performance of the Company's Hong Kong portfolio in the longer run.

Hang Lung will continue to adopt a prudent and sound financial management strategy to support its long-term growth. A strong balance sheet and cash generation capability allow the Group to be well placed to best capture the market opportunities lying ahead. As a responsible corporate citizen, the Company is committed to providing quality, sustainable growth by maintaining exacting standards of business management and serving the best interests of its stakeholders over the long term.

The Board of Directors of Hang Lung Properties and Hang Lung Group have recommended a final dividend of HK58 cents per share and HK61 cents per share, respectively, to be paid on May 15, 2014 to shareholders registered as at April 30, 2014.

Financial Highlights

For the year ended December 31, 2013

in HK\$ Million	Hang Lung Properties Ltd			Hang Lung Group Ltd		
	2013	2012	% Change + / (-)	2013	2012	% Change + / (-)
Turnover	9,138	7,372	24%	9,734	7,986	22%
Property Leasing	6,638	6,098	9%	7,216	6,711	8%
Property Sales	2,500	1,274	96%	2,518	1,275	97%
Operating Profit	6,837	5,742	19%	7,252	6,160	18%
Property Leasing	5,326	4,896	9%	5,731	5,313	8%
Property Sales	1,511	846	79%	1,521	847	80%
Gain on Disposal of Investment Properties	8	2,148	(100%)	9	2,149	(100%)
Net Profit Attributable to Shareholders	7,212	8,395	(14%)[#]	4,557	5,262	(13%)[#]
Earnings per Share (HK\$)	1.61	1.88	(14%)[#]	3.38	3.90	(13%)[#]
Dividend per Share (HK\$)						
Interim (paid)	0.17	0.17	-	0.19	0.19	-
Final	0.58	0.57	2%	0.61	0.60	2%

Underlying Results

in HK\$ Million	Hang Lung Properties Ltd			Hang Lung Group Ltd		
	2013	2012	% Change + / (-)	2013	2012	% Change + / (-)
Underlying Net Profit Attributable to Shareholders (Note)	5,050	6,178	(18%)[*]	3,071	3,564	(14%)[*]
Underlying Earnings per Share (HK\$)	1.13	1.38	(18%)[*]	2.27	2.64	(14%)[*]

[#]: % change would be 15% and 9% for Hang Lung Properties and Hang Lung Group, respectively, when excluding the one-off gain on disposal of investment properties in 2012.

^{*}: % change would be 25% and 24% for Hang Lung Properties and Hang Lung Group, respectively, when excluding the one-off gain on disposal of investment properties in 2012.

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

Hang Lung Properties Limited (Stock Code: 101)

- 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.
- 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 Group Limited (Stock Code: 10)

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

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

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

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

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

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

- We sold a total of 274 residential flats in 2013, 157 units more than in the previous year. The sale of The Long Beach flats accounted for 267 units of the total sales. In addition, one unit of The HarbourSide, four units of Aqua Marine and two other flats were sold during 2013. Property sales turnover and operating profit advanced by 97% to HK\$2,518 million and 80% to HK\$1,521 million, respectively. Overall profit margin of property sales was 60%.
- Fair value gain of investment properties amounted to HK\$2,651 million, compared to HK\$3,057 million in 2012.
- Net profit attributable to shareholders decreased by 13% to HK\$4,557 million year-on-year mainly because of the much fewer disposals of investment properties in 2013.
- As at December 31, 2013, cash and bank balances amounted to HK\$39,704 million while total borrowings amounted to HK\$45,024 million, resulting in a net debt of HK\$5,320 million. The net debt gearing ratio was 3.9%.

- We acquired a prime lot of about 82,650 square meters in Qiaokou District of Wuhan in February 2013 for RMB3.3 billion. The plan is to develop a world-class shopping mall, prime office towers and serviced apartments. Total gross floor area of the project is about 460,000 square meters.
- The opening of our new shopping mall in Tianjin, Riverside 66, is scheduled for the second half of 2014. Pre-leasing activities have commenced with pleasing feedback. Other projects under development on the Mainland are progressing as planned.

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

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