



For immediate release

Hang Lung Reports Strong Profits Despite Subdued Economic Environment

Mainland Property Portfolio Unleashes Great Growth Potential

(Hong Kong, January 31, 2013) Hang Lung Properties (HKEx stock code: 101) and Hang Lung Group (HKEx stock code: 10) today announced strong financial results for the year ended December 31, 2012.

Solid rental turnover and profits growth in property leasing across Hong Kong and the Mainland, plus the sales of Hong Kong residential units and disposal of some non-core investment properties, fueled an increase of 98% and 83% in underlying net profit for Hang Lung Properties and Hang Lung Group respectively.

"We are particularly pleased, for once again we have presented a terrific set of results to our shareholders as the global situation and prospects continue to be challenging, notwithstanding that mainland China has fared relatively better than most economies in the world," Mr. Ronnie C. Chan, Chairman of Hang Lung Group and Hang Lung Properties said. "In Hong Kong, we shall continuously review and refurbish our domestic assets so as to optimize the value of and returns on our investments."

Mr. Chan added, "On the Mainland, the present competitive landscape has just been favorable to us. While extending our footprint further into mainland China's southwest region with Spring City 66 in Kunming, we have also realized our vision of completing one major world-class commercial project each year in a Mainland city over the years in an eloquent fashion. Subsequent to the grand opening of Forum 66 in Shenyang last September, the next coming into being will be Center 66 in Wuxi. Adhering to our 'We Do it Right' philosophy and as more and more of our developments come on stream, we are quickly expanding into the most admired national commercial property enterprise with a broad rental portfolio."

A strong balance sheet and fiscal prudence have equipped Hang Lung with ample resources to capitalize on the best opportunities that fit the companies' growth strategy, especially those coming our way on the Mainland.

Financial Highlights

For the year ended December 31, 2012 (audited)

(HK\$ Million)	Hang Lung Properties Ltd			Hang Lung Group Ltd		
	Jan-Dec 2012	Jan-Dec 2011 (Note 1)	Change (%)	Jan-Dec 2012	Jan-Dec 2011 (Note 1)	Change (%)
Turnover	7,372	5,712	29%	7,986	6,286	27%
Property Leasing	6,098	5,519	10%	6,711	6,093	10%
Property Sales	1,274	193	560%	1,275	193	561%
Operating Profit						
Property Leasing	4,896	4,423	11%	5,313	4,818	10%
Property Sales	846	150	464%	847	150	465%
Gain on Disposal of Non-core properties	2,148	-	N/A	2,149	-	N/A
Net Profit Attributable to Shareholders	8,395	4,890	72%	5,262	3,206	64%
Earnings per Share (HK\$)	1.88	1.09	72%	3.90	2.38	64%
Dividend per Share (HK\$)						
Interim (already paid)	0.17	N/A	N/A	0.19	N/A	N/A
Final	0.57	0.36 (Note 2)	58%	0.60	0.38 (Note 2)	58%

Underlying Results

(HK\$ Million)	Hang Lung Properties Ltd			Hang Lung Group Ltd		
	Jan-Dec 2012	Jan-Dec 2011 (Note 1)	Change (%)	Jan-Dec 2012	Jan-Dec 2011 (Note 1)	Change (%)
Underlying Net Profit Attributable to Shareholders (Note 3)	6,178	3,116	98%	3,564	1,943	83%
Earnings per Share (HK\$)	1.38	0.70	97%	2.64	1.44	83%

Notes:

1. In 2011, both Hang Lung Properties and Hang Lung Group changed their financial period end date from June 30 to December 31. As a result, both companies had a six-month financial period in previous year from July 1, 2011 to December 31, 2011. In order to facilitate year-on-year comparison, both companies also had their 12-month period results from January 1, 2011 to December 31, 2011 audited and presented herewith.
2. Final dividend for the six-month financial period from July 1, 2011, to December 31, 2011.
3. 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 and underlying net profit attributable to shareholders of Hang Lung Properties increased by 29% and 98% to HK\$7,372 million and HK\$6,178 million, respectively, for the year ended December 31, 2012. The stellar performance was achieved through continuous growth in property leasing income, sales of residential flats and disposal of some non-core investment properties.
- Our core business, property leasing in Hong Kong and mainland China, continued to achieve pleasing results amidst a subdued economic environment. Rental turnover and leasing profit rose 10% and 11% to HK\$6,098 million and HK\$4,896 million, respectively. When excluding the effect of the disposed non-core investment properties, the overall rental growth for Hang Lung Properties grew as much as 14%.
- Rental turnover and profit generated from our Hong Kong investment properties grew 3% and 4% to HK\$3,016 million and HK\$2,525 million, respectively. When excluding the effect of the disposed investment properties such as Star Centre, Park Towers, Laguna Plaza, Park Building and Stanhope House, etc., rental income of Hong Kong investment properties was up 9%.
- Rental turnover and profit of our mainland China operations rose 18% to HK\$3,082 million and HK\$2,371 million, respectively. Rental reversions, continuous optimization of tenant mix, the full year operation of Parc 66 in Jinan and the opening of a new mall, Forum 66 in Shenyang, last September all contributed to the strong results.
- Nine units of The HarbourSide and 108 units of The Long Beach were sold at average unit prices of approximately HK\$32,100 and HK\$10,600 per square foot, respectively. The sales generated turnover and profit of HK\$1,274 million and HK\$846 million, respectively.
- Disposal of non-core investment properties recorded a turnover of HK\$5,303 million. In aggregate, the sale proceeds were 70% higher than book value. The gain on disposal of HK\$2,148 million was recorded as Other Income.
- Increase in fair value of investment properties amounted to HK\$2,522 million, compared to HK\$2,016 million in the previous year.
- Net profit attributable to shareholders increased by 72% to HK\$8,395 million.
- As at December 31, 2012, we had a cash and bank balance of HK\$36,025 million and debts of HK\$29,736 million with a resulting net cash position of HK\$6,289 million. During the year ended December 31, 2012, we issued in total an equivalent of HK\$5,799 million in 10-year fixed rate bonds under the Medium Term Note Program. Proceeds from the bond issue were used to repay bank borrowings. The bond issue is part of our financial management strategy in mitigating the risks of interest rate volatility, etc.
- The shopping mall of Forum 66 in Shenyang, opened on September 28, 2012, is fully leased. Other projects under development on the Mainland have been progressing well.

Hang Lung Group Limited (Stock Code: 10)

- Turnover and underlying net profit attributable to shareholders of Hang Lung Group rose 27% and 83% to HK\$7,986 million and HK\$3,564 million, respectively, for the year ended December 31, 2012. The remarkable performance was achieved through continuous growth in property leasing income, sales of residential flats and disposal of some non-core investment properties.
- Our core business, property leasing in Hong Kong and mainland China, continued to achieve strong results. Both rental turnover and profit grew 10% to HK\$6,711 million and HK\$5,313 million, respectively, in 2012. When excluding the effect of the disposed non-core investment properties, the overall rental growth for Hang Lung Group grew as much as 13%.
- Rental turnover and profit from our Hong Kong investment properties rose 3% and 4% to HK\$3,185 million and HK\$2,645 million, respectively. When excluding the effect of the disposed investment properties such as Star Centre, Park Towers, Laguna Plaza, Park Building and Stanhope House, etc., rental income of Hong Kong investment properties was up 9%.
- Our properties in mainland China achieved 17% growth in both rental turnover and profit to HK\$3,526 million and HK\$2,668 million, respectively. Rental reversions, continuous optimization of tenant mix, the full year operation of Parc 66 in Jinan and the opening of a new mall, Forum 66 in Shenyang, last September all contributed to the strong results.
- Nine units of The HarbourSide and 108 units of The Long Beach were sold at average unit prices of approximately HK\$32,100 and HK\$10,600 per square foot, respectively. The sales generated turnover and profit of HK\$1,275 million and HK\$847 million, respectively.
- Disposal of non-core investment properties recorded a turnover of HK\$5,304 million. In aggregate, the sale proceeds were 70% higher than book value. The gain on disposal of HK\$2,149 million was recorded as Other Income.
- Increase in fair value of investment properties amounted HK\$3,057 million, compared to HK\$2,100 million in the previous year.
- Net profit attributable to shareholders grew 64% to HK\$5,262 million.
- As at December 31, 2012, we had a cash and bank balance of HK\$40,183 million and debts of HK\$37,645 million with a resulting net cash position of HK\$2,538 million. During the year ended December 31, 2012, we issued in total an equivalent of HK\$5,799 million in 10-year fixed rate bonds under the Medium Term Note Program. Proceeds from the bond issue were used to repay bank borrowings. The bond issue is part of our financial management strategy in mitigating the risks of interest rate volatility, etc.
- The shopping mall at Forum 66 in Shenyang, opened on September 28, 2012, and was already fully let. Other projects under development on the Mainland have been progressing well.

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

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