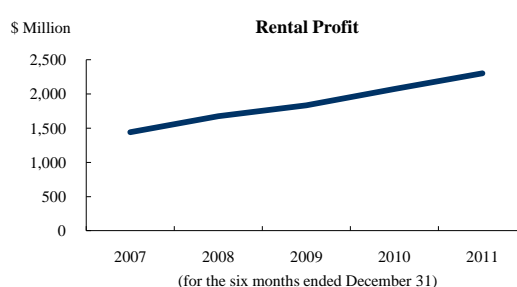
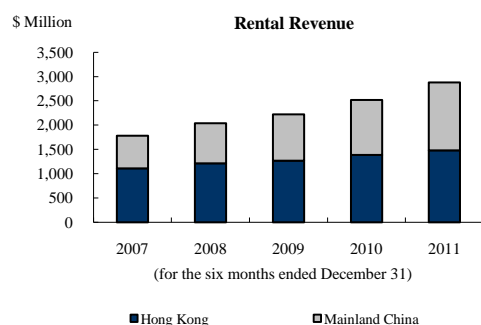


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恒隆地產有限公司
HANG LUNG PROPERTIES LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 101)

CONSOLIDATED INCOME STATEMENT
FOR THE SIX-MONTH PERIOD ENDED DECEMBER 31, 2011 (AUDITED)
(Expressed in Hong Kong dollars)

	Note	Period ended December 31, 2011 \$Million	Year ended June 30, 2011 \$Million	Period ended December 31, 2010 \$Million
Turnover	4	3,069	5,164	2,521
Other income	5	189	231	89
Direct costs and operating expenses		(618)	(968)	(447)
Administrative expenses		(270)	(512)	(327)
Operating profit before change in fair value of investment properties		2,370	3,915	1,836
Increase in fair value of investment properties	10(b)	964	3,349	2,297
Operating profit after change in fair value of investment properties		3,334	7,264	4,133
Finance costs	6	(104)	(93)	(43)
Share of profits of jointly controlled entities		42	98	60
Profit before taxation	4(a) & 6	3,272	7,269	4,150
Taxation	7(a)	(536)	(1,028)	(502)
Profit for the period / year		2,736	6,241	3,648
Attributable to:				
Shareholders		2,516	5,792	3,418
Non-controlling interests		220	449	230
		2,736	6,241	3,648
Earnings per share	9(a)			
Basic		\$0.56	\$1.33	\$0.80
Diluted		\$0.56	\$1.31	\$0.79

HANG LUNG PROPERTIES LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX-MONTH PERIOD ENDED DECEMBER 31, 2011 (AUDITED)

(Expressed in Hong Kong dollars)

	<i>Note</i>	Period ended December 31, 2011 \$Million	Year ended June 30, 2011 \$Million	Period ended December 31, 2010 \$Million
Profit for the period / year		2,736	6,241	3,648
Other comprehensive income	7(b)			
Exchange difference arising from translation of overseas subsidiaries		1,651	2,726	1,352
Total comprehensive income for the period / year		4,387	8,967	5,000
Total comprehensive income attributable to:				
Shareholders		4,036	8,283	4,652
Non-controlling interests		351	684	348
		4,387	8,967	5,000

HANG LUNG PROPERTIES LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT DECEMBER 31, 2011 (AUDITED)

(Expressed in Hong Kong dollars)

	<i>Note</i>	December 31, 2011 \$Million	June 30, 2011 \$Million	December 31, 2010 \$Million
Non-current assets				
Fixed assets				
Investment properties	10	93,610	85,918	84,036
Investment properties under development	10	23,613	21,524	19,056
Other fixed assets		217	204	176
		<u>117,440</u>	<u>107,646</u>	<u>103,268</u>
Interest in jointly controlled entities		1,007	991	968
Other assets		450	865	851
Deferred tax assets		35	32	26
		<u>118,932</u>	<u>109,534</u>	<u>105,113</u>
Current assets				
Cash and deposits with banks		23,732	27,202	24,565
Trade and other receivables	11	1,436	1,983	348
Other assets		449	-	-
Properties for sale		6,114	5,963	5,899
		<u>31,731</u>	<u>35,148</u>	<u>30,812</u>
Current liabilities				
Bank loans		4,700	4,500	5,600
Trade and other payables	12	3,823	3,430	2,926
Taxation payable		392	1,196	1,100
		<u>8,915</u>	<u>9,126</u>	<u>9,626</u>
Net current assets		<u>22,816</u>	<u>26,022</u>	<u>21,186</u>
Total assets less current liabilities		<u>141,748</u>	<u>135,556</u>	<u>126,299</u>
Non-current liabilities				
Bank loans		16,034	12,236	6,484
Finance lease obligations		-	35	104
Deferred tax liabilities		8,696	8,361	8,039
		<u>24,730</u>	<u>20,632</u>	<u>14,627</u>
NET ASSETS		<u>117,018</u>	<u>114,924</u>	<u>111,672</u>
Capital and reserves				
Share capital		4,473	4,472	4,468
Reserves		106,989	105,247	102,281
Shareholders' equity		<u>111,462</u>	<u>109,719</u>	<u>106,749</u>
Non-controlling interests		5,556	5,205	4,923
TOTAL EQUITY		<u>117,018</u>	<u>114,924</u>	<u>111,672</u>

HANG LUNG PROPERTIES LIMITED

Notes:

1. The financial statements have been reviewed by the Audit Committee.
2. Change of financial year end date

Pursuant to a resolution of the Board of Directors of the Company dated November 27, 2011, the Company's financial year end date has been changed from June 30 to December 31. The change is to align with the financial year end date of the Company with that of its subsidiaries established in mainland China, the financial results of which are consolidated in its consolidated financial statements each year, and their financial statements are statutorily required to be closed with the financial year end date of December 31.

As a result of the change in financial year end date, the current financial period covers a six-month period from July 1, 2011 to December 31, 2011 (the "period ended December 31, 2011"), and the comparative figures in these financial statements covers a twelve-month period from July 1, 2010 to June 30, 2011 (the "year ended June 30, 2011"). As the comparative figures are not comparable with those of current period, financial information for the six-month period from July 1, 2010 to December 31, 2010 (the "period ended December 31, 2010"), prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"), has been disclosed for the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of financial position and certain selected notes to enhance comparability.

3. Basis of preparation

These financial statements have been prepared in accordance with all applicable HKFRSs, which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The principal accounting policies adopted are consistent with those followed in the preparation of the Group's annual financial statements for the year ended June 30, 2011.

The HKICPA issued a number of new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. These new and revised HKFRSs have no significant impact on the financial statements of the Group for the period ended December 31, 2011 and the year ended June 30, 2011.

The Group has not applied any new standard, amendments or interpretation that is not yet effective for the current accounting period.

HANG LUNG PROPERTIES LIMITED

Notes:

4. Turnover and segment information

The Group manages its businesses according to the nature of services and products provided. Management has determined three reportable operating segments for the measurement of performance and the allocation of resources. The segments are property leasing in Hong Kong and mainland China and property sales in Hong Kong.

Property leasing segment includes property leasing operation. The Group's investment properties portfolio, which mainly consists of retail, office, residential, serviced apartments and carparks are primarily located in Hong Kong and mainland China. Property sales segment includes development and sale of the Group's trading properties in Hong Kong.

Management evaluates performance primarily based on profit before taxation.

Segment assets principally comprise all non-current assets and current assets directly attributable to each segment with the exception of interest in jointly controlled entities, other assets, deferred tax assets and cash and deposits with banks. The investment properties of the Group are included in segment assets at their fair values whilst the change in fair value of investment properties is not included in segment profits.

(a) Turnover and results by segments

<u>Segment</u>	Turnover			Profit before taxation		
	Period ended December 31, 2011 \$Million	Year ended June 30, 2011 \$Million	Period ended December 31, 2010 \$Million	Period ended December 31, 2011 \$Million	Year ended June 30, 2011 \$Million	Period ended December 31, 2010 \$Million
Property leasing						
- Hong Kong	1,483	2,822	1,387	1,229	2,332	1,143
- Mainland China	1,393	2,339	1,131	1,072	1,862	929
	2,876	5,161	2,518	2,301	4,194	2,072
Property sales						
- Hong Kong	193	3	3	150	2	2
Segment total	3,069	5,164	2,521	2,451	4,196	2,074
Other income				189	231	89
Administrative expenses (Note)				(270)	(512)	(327)
Operating profit before change in fair value of investment properties				2,370	3,915	1,836
Increase in fair value of investment properties				964	3,349	2,297
- property leasing in Hong Kong				688	2,496	1,839
- property leasing in mainland China				276	853	458
Finance costs				(104)	(93)	(43)
Share of profits of jointly controlled entities				42	98	60
Profit before taxation				3,272	7,269	4,150

Note: Administrative expenses included share-based payments of \$106 million (2010/11: \$111 million; 2010: \$66 million) representing the amortization of the fair value of options granted to employees over the vesting period and do not involve any cash outflow for the Group.

HANG LUNG PROPERTIES LIMITED

Notes:

4. Turnover and segment information (Continued)

(b) Total assets by segments

<u>Segment</u>	Total assets		
	December 31, 2011 \$Million	June 30, 2011 \$Million	December 31, 2010 \$Million
Property leasing			
- Hong Kong	54,355	53,633	52,849
- Mainland China	64,476	55,993	50,748
	118,831	109,626	103,597
Property sales			
- Hong Kong	6,159	5,966	5,918
Segment total	124,990	115,592	109,515
Interest in jointly controlled entities	1,007	991	968
Other assets	899	865	851
Deferred tax assets	35	32	26
Cash and deposits with banks	23,732	27,202	24,565
Total assets	150,663	144,682	135,925

5. Other income

	Period ended December 31, 2011 \$Million	Year ended June 30, 2011 \$Million	Period ended December 31, 2010 \$Million
Bank interest income	168	209	77
Interest income from unlisted held-to-maturity investments	10	11	2
Net exchange (loss) / gain	(1)	11	10
Others	12	-	-
	189	231	89

6. Profit before taxation

	Period ended December 31, 2011 \$Million	Year ended June 30, 2011 \$Million	Period ended December 31, 2010 \$Million
Profit before taxation is arrived at after charging:			
Finance costs			
Interest on borrowings	189	213	85
Other borrowing costs	12	32	14
Total borrowing costs	201	245	99
Less: Borrowing costs capitalized	(97)	(152)	(56)
	104	93	43
Cost of properties sold	16	-	-
Staff costs, including employee share-based payments of \$106 million (2010/11: \$111 million; 2010: \$66 million)	404	736	430
Depreciation	15	24	9

HANG LUNG PROPERTIES LIMITED

Notes:

7. Taxation

- (a) Provision for Hong Kong Profits Tax is calculated at 16.5% (2010/11: 16.5%; 2010: 16.5%) of the estimated assessable profits for the period / year. China Income Tax mainly represents China Corporate Income Tax calculated at 25% (2010/11: 25%; 2010: 25%) and China withholding income tax at the applicable rates. A withholding tax of 5% is levied on the Hong Kong companies in respect of dividend distributions arising from profits of foreign investment enterprises in mainland China earned after January 1, 2008.

	Period ended December 31, 2011 \$Million	Year ended June 30, 2011 \$Million	Period ended December 31, 2010 \$Million
Current tax			
Hong Kong Profits Tax	184	257	110
(Over) / Under-provision in prior years	(2)	1	1
	182	258	111
China Income Tax	226	440	230
	408	698	341
Deferred tax			
Change in fair value of investment properties	69	213	115
Other origination and reversal of temporary differences	59	117	46
	128	330	161
Total income tax expense	536	1,028	502

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

8. Dividends

- (a) Dividends attributable to the period / year

	Period ended December 31, 2011 \$Million	Year ended June 30, 2011 \$Million	Period ended December 31, 2010 \$Million
Interim dividend declared and paid of \$Nil cent (2010/11: 17 cents) per share	-	760	760
Final dividend of 36 cents (2010/11: 54 cents) per share proposed after the reporting date	1,610	2,415	-
	1,610	3,175	760

The dividend proposed after the reporting date has not been recognized as a liability at the reporting date.

- (b) The final dividend of \$2,415 million for the year ended June 30, 2011 was approved and paid in the period ended December 31, 2011 (2010/11: \$2,252 million).

HANG LUNG PROPERTIES LIMITED

Notes:

9. Earnings per share

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

	Period ended December 31, 2011 \$Million	Year ended June 30, 2011 \$Million	Period ended December 31, 2010 \$Million
Earnings for calculation of basic and diluted earnings per share (net profit attributable to shareholders)	<u>2,516</u>	<u>5,792</u>	<u>3,418</u>
	Number of shares		
	Period ended December 31, 2011 (Million)	Year ended June 30, 2011 (Million)	Period ended December 31, 2010 (Million)
Weighted average number of shares used in calculating basic earnings per share	<u>4,472</u>	4,360	4,252
Effect of dilutive potential shares - share options	13	63	61
Weighted average number of shares used in calculating diluted earnings per share	<u>4,485</u>	<u>4,423</u>	<u>4,313</u>

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

	Period ended December 31, 2011 \$Million	Year ended June 30, 2011 \$Million	Period ended December 31, 2010 \$Million
Net profit attributable to shareholders	<u>2,516</u>	5,792	3,418
Effect of changes in fair value of investment properties	<u>(964)</u>	(3,349)	(2,297)
Effect of corresponding deferred tax	69	213	115
Effect of change in fair value of investment properties of jointly controlled entities	<u>(20)</u>	(58)	(40)
	<u>(915)</u>	(3,194)	(2,222)
Non-controlling interests	<u>49</u>	143	79
	<u>(866)</u>	(3,051)	(2,143)
Underlying net profit attributable to shareholders	<u>1,650</u>	<u>2,741</u>	<u>1,275</u>

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

	Period ended December 31, 2011	Year ended June 30, 2011	Period ended December 31, 2010
Basic	<u>\$0.37</u>	\$0.63	\$0.30
Diluted	<u>\$0.37</u>	\$0.62	\$0.30

HANG LUNG PROPERTIES LIMITED

Notes:

10. Investment properties and investment properties under development

(a) Additions

During the period / year, additions in investment properties and investment properties under development amounted to \$7,414 million (2010/11: \$5,568 million; 2010: \$3,355 million).

(b) Valuation

The investment properties and investment properties under development of the Group were revalued as at December 31, 2011 by Mr. Charles C.K. Chan, Registered Professional Surveyor (General Practice), of Savills Valuation and Professional Services Limited, on a market value basis.

During the period / year, an increase in fair value of investment properties and those under development of \$964 million (2010/11: \$3,349 million; 2010: \$2,297 million), including \$8 million (2010/11: \$41 million; 2010: \$35 million) contributed by properties under development in mainland China, is recorded.

11. Trade and other receivables

(a) Included in trade and other receivables are trade receivables with the following terms:

	December 31, 2011 \$Million	June 30, 2011 \$Million	December 31, 2010 \$Million
Current and within 1 month	66	25	37
1 - 3 months	3	9	5
Over 3 months	3	2	1
	<u>72</u>	<u>36</u>	<u>43</u>

The balance of bad and doubtful debts is insignificant.

The Group maintains a defined credit policy including stringent credit evaluation on and payment of a rental deposit from tenants. Proceeds from property sales are receivable pursuant to the terms of the sale and purchase agreements. In addition to the payment of rental deposits, tenants are required to pay monthly rents in respect of leased properties in advance. Except for sale of properties developed by the Group, it does not hold any collateral over the receivables. Receivables are regularly reviewed and closely monitored to minimize any associated credit risk.

(b) Included in other receivables of the Group are deposit of land acquisition in mainland China of \$308 million (June 30, 2011: \$798 million; December 31, 2010: \$Nil) and amount recoverable from a jointly controlled entity of \$693 million (June 30, 2011: \$809 million; December 31, 2010: \$Nil) which is unsecured and expected to be recoverable within one year.

12. Trade and other payables

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

	December 31, 2011 \$Million	June 30, 2011 \$Million	December 31, 2010 \$Million
Due within 1 month	1,752	1,446	1,233
Due after 3 months	287	250	557
	<u>2,039</u>	<u>1,696</u>	<u>1,790</u>

HANG LUNG PROPERTIES LIMITED

Highlights

- For the six-month period ended December 31, 2011, underlying net profit attributable to shareholders of Hang Lung Properties increased by 29% to HK\$1,650 million. Total turnover rose by 22% to HK\$3,069 million.
- Property leasing achieved strong results with rental turnover and profits both increased by 14% and 11% to HK\$2,876 million and HK\$2,301 million, respectively.
- Rental turnover and profit generated from our Hong Kong investment properties grew 7% and 8% to HK\$1,483 million and HK\$1,229 million, respectively.
- Our mainland China properties had impressive performance as rental turnover and profits increased by 23% and 15% to HK\$1,393 million and HK\$1,072 million, respectively. The shopping malls at Plaza 66 and Grand Gateway 66 in Shanghai delivered again remarkable results. Parc 66 in Jinan was opened in August 2011 with 100% occupancy.
- Two flats at The HarbourSide were sold at average unit price of approximately HK\$44,000 per square foot, recording a profit of HK\$150 million.
- Increase in fair value of investment properties amounted to HK\$964 million compared to HK\$2,297 million of corresponding period.
- As a smaller net revaluation gain was recognized this period, total net profit attributable to shareholders decreased by 26% to HK\$2,516 million.
- In September 2011, we acquired a prime site in Kunming for RMB3,497 million. The plot of land will be developed into world class shopping center, office towers and serviced apartments with total gross floor area of 401,000 square meters for long term investment.
- As of December 31, 2011, we maintained a strong balance sheet with cash and deposits amounting to HK\$23,732 million. Deducting bank borrowings of HK\$20,734 million, we had net cash of HK\$2,998 million after full payment of land price of Kunming project.
- The shopping mall at Forum 66 in Shenyang has entered completion phase. Pre-leasing activities are underway for its opening in the fourth quarter of 2012. Other existing projects on the Mainland have been progressing well.

HANG LUNG PROPERTIES LIMITED

Purchase, Sale or Redemption of Listed Securities

During the six-month period ended December 31, 2011, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

Compliance with the Code on Corporate Governance Practices

During the six-month period ended December 31, 2011, the Company has complied with the code provisions set out in the Code on Corporate Governance Practices as stated in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Book Close Dates

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

Book close dates (both days inclusive)	April 16 to 18, 2012
Latest time to lodge transfers	4:30 pm on April 13, 2012
Record date	April 18, 2012
AGM	April 18, 2012

For ascertaining shareholders' entitlement to the proposed final dividend:-

Book close date	April 24, 2012
Latest time to lodge transfers	4:30 pm on April 23, 2012
Record date	April 24, 2012
Final dividend payment date	May 8, 2012

On Behalf of the Board

Ronnie C. Chan

Chairman

Hong Kong, January 19, 2012

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. William P.Y. KO, Mr. Henry T.Y. YIU and Mr. H.C. HO

Non-Executive Director: Mr. Nelson W.L. YUEN

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