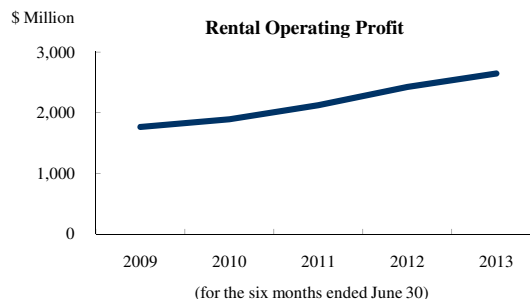
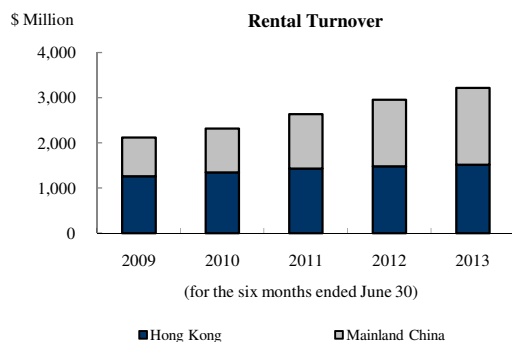


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恒隆地產有限公司
HANG LUNG PROPERTIES LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 101)

CONSOLIDATED INCOME STATEMENT
FOR THE SIX MONTHS ENDED JUNE 30, 2013

(Expressed in Hong Kong dollars)

	Note	(Unaudited) 2013 \$ Million	(Audited) 2012 \$ Million
Turnover	3	3,305	4,234
Other income	4	410	479
Direct costs and operating expenses		(600)	(1,014)
Administrative expenses		(282)	(295)
Operating profit before change in fair value of investment properties		2,833	3,404
Increase in fair value of investment properties		1,014	1,295
Operating profit after change in fair value of investment properties		3,847	4,699
Finance costs	5	(213)	(134)
Share of profits of joint ventures		45	43
Profit before taxation	3(a) & 5	3,679	4,608
Taxation	6(a)	(600)	(679)
Profit for the period		3,079	3,929
Attributable to:			
Shareholders		2,828	3,678
Non-controlling interests		251	251
		3,079	3,929
Earnings per share	8(a)		
Basic		\$0.63	\$0.82
Diluted		\$0.63	\$0.82

HANG LUNG PROPERTIES LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED JUNE 30, 2013

(Expressed in Hong Kong dollars)

		(Unaudited) 2013 \$ Million	(Audited) 2012 \$ Million
Profit for the period		3,079	3,929
Other comprehensive income	<i>6(b)</i>		
Item that may be reclassified subsequently to profit or loss:			
Exchange difference arising from translation of overseas subsidiaries		1,471	(495)
Total comprehensive income for the period		<u>4,550</u>	<u>3,434</u>
Total comprehensive income attributable to:			
Shareholders		4,199	3,213
Non-controlling interests		351	221
		<u>4,550</u>	<u>3,434</u>

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT JUNE 30, 2013

(Expressed in Hong Kong dollars)

	<i>Note</i>	(Unaudited) 30/6/2013 \$ Million	(Audited) 31/12/2012 \$ Million
Non-current assets			
Fixed assets			
Investment properties	9	100,258	98,223
Investment properties under development	9	31,349	24,482
Other fixed assets		248	250
		<u>131,855</u>	<u>122,955</u>
Interest in joint ventures		1,036	1,041
Deferred tax assets		9	12
		<u>132,900</u>	<u>124,008</u>
Current assets			
Cash and deposits with banks		33,559	36,025
Trade and other receivables	10	1,204	1,270
Other assets		459	452
Properties for sale		6,312	6,109
		<u>41,534</u>	<u>43,856</u>
Current liabilities			
Bank loans and other borrowings		285	1,113
Trade and other payables	11	4,854	4,811
Taxation payable		428	392
		<u>5,567</u>	<u>6,316</u>
Net current assets		<u>35,967</u>	<u>37,540</u>
Total assets less current liabilities		<u>168,867</u>	<u>161,548</u>
Non-current liabilities			
Bank loans and other borrowings		33,601	28,623
Deferred tax liabilities		9,238	8,947
		<u>42,839</u>	<u>37,570</u>
NET ASSETS		<u>126,028</u>	<u>123,978</u>
Capital and reserves			
Share capital		4,479	4,477
Reserves		115,197	113,451
		<u>119,676</u>	<u>117,928</u>
Shareholders' equity		119,676	117,928
Non-controlling interests		6,352	6,050
TOTAL EQUITY		<u>126,028</u>	<u>123,978</u>

HANG LUNG PROPERTIES LIMITED

Notes:

1. The financial statements have been reviewed by the Audit Committee.
2. Basis of preparation

The unaudited interim financial report has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the applicable disclosure provisions of Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The preparation of interim financial report in conformity with HKAS 34 requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The accounting policies and methods of computation used in the interim financial statements are consistent with those applied in the consolidated financial statements for the year ended December 31, 2012 except for the changes stated as below.

The HKICPA has issued a number of new Hong Kong Financial Reporting Standards ("HKFRSs") and amendments to HKFRSs that are first effective for the current accounting period of the Group. Of these, the following developments are relevant to the Group's financial statements:

- Amendments to HKAS 1, Presentation of financial statements - Presentation of items of other comprehensive income
- HKFRS 10, Consolidated financial statements
- HKFRS 11, Joint arrangements
- HKFRS 12, Disclosure of interests in other entities
- HKFRS 13, Fair value measurement
- Annual Improvements to HKFRSs 2009-2011 Cycle
- Amendments to HKFRS 7 - Disclosures - Offsetting financial assets and financial liabilities

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

- (a) Amendments to HKAS 1, Presentation of financial statements - Presentation of items of other comprehensive income

The amendments to HKAS 1 require entities to present the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met separately from those that would never be reclassified to profit or loss. The Group's presentation of other comprehensive income in these financial statements has been modified accordingly.

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Notes

2. Basis of preparation (Continued)

(b) HKFRS 10, Consolidated financial statements

HKFRS 10 replaces the requirements in HKAS 27 "Consolidated and separate financial statements" relating to the preparation of consolidated financial statements and HK(SIC) - Int 12 "Consolidation - Special purpose entities". It introduces a single control model to determine whether an investee should be consolidated, by focusing on whether the entity has power over the investee, exposure or rights to variable returns from its involvement with the investee and the ability to use its power to affect the amount of those returns.

As a result of the adoption of HKFRS 10, the Group has changed its accounting policy with respect to determining whether it has control over an investee. The adoption does not change any of the control conclusions reached by the Group in respect of its involvement with other entities as at January 1, 2013.

(c) HKFRS 11, Joint arrangements

HKFRS 11, which replaces HKAS 31 "Interests in joint ventures" divides joint arrangements into joint operations and joint ventures. Entities are required to determine the type of an arrangement by considering the structure, legal form, contractual terms and other facts and circumstances relevant to their rights and obligations under the arrangement. Joint arrangements which are classified as joint operations under HKFRS 11 are recognized on a line-by-line basis to the extent of the joint operator's interest in the joint operation. All other joint arrangements are classified as joint ventures under HKFRS 11 and are required to be accounted for using the equity method in the Group's consolidated financial statements. Proportionate consolidation is no longer allowed as an accounting policy choice.

As a result of the adoption of HKFRS 11, the Group has changed its accounting policy with respect to its interests in joint arrangements and re-evaluated its involvement in its joint arrangements. The adoption of HKFRS 11 does not have any material impact on the financial position and the financial result of the Group.

(d) HKFRS 12, Disclosure of interests in other entities

HKFRS 12 brings together into a single standard all the disclosure requirements relevant to an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. The disclosures required by HKFRS 12 are generally more extensive than those previously required by the respective standards. Since those disclosure requirements only apply to a full set of financial statements, the Group has not made additional disclosures in these interim financial statements as a result of adopting HKFRS 12.

(e) HKFRS 13, Fair value measurement

HKFRS 13 replaces existing guidance in individual HKFRSs with a single source of fair value measurement guidance. HKFRS 13 also contains extensive disclosure requirements about fair value measurements for both financial instruments and non-financial instruments. Some of the disclosures are specifically required for financial instruments in the interim financial reports. The adoption of HKFRS 13 does not have any material impact on the interim financial report of the Group except for additional disclosures made in the interim financial report.

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Notes

2. Basis of preparation (Continued)

(f) Annual Improvements to HKFRSs 2009-2011 Cycle

This cycle of annual improvements contains amendments to five standards with consequential amendments to other standards and interpretations. Among them, HKAS 34 has been amended to clarify that total assets for a particular reportable segment are required to be disclosed only if the amounts are regularly provided to the chief operating decision maker ("CODM") and only if there has been a material change in the total assets for that segment from the amount disclosed in the last annual financial statements. The amendment also requires the disclosure of segment liabilities if the amounts are regularly provided to the CODM and there has been a material change in the amounts compared with the last annual financial statements. The amendment does not have any impact on the segment disclosure of the Group.

(g) Amendments to HKFRS 7 - Disclosures - Offsetting financial assets and financial liabilities

The amendments introduce new disclosures in respect of offsetting financial assets and financial liabilities. Those new disclosures are required for all recognized financial instruments that are set off in accordance with HKAS 32 "Financial instruments: Presentation" and those that are subject to an enforceable master netting arrangement or similar agreement that covers similar financial instruments and transactions, irrespective of whether the financial instruments are set off in accordance with HKAS 32.

The adoption of the amendments does not have an impact on the Group's interim financial statements because the Group has not offset financial instruments, nor has it entered into master netting arrangement or similar agreement which is subject to the disclosures of HKFRS 7.

3. 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 joint ventures, 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.

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Notes:

3. Turnover and segment information (Continued)

(a) Turnover and results by segments

<u>Segment</u>	Turnover		Profit before taxation	
	2013 \$ Million	2012 \$ Million	2013 \$ Million	2012 \$ Million
Property leasing				
- Hong Kong	1,521	1,487	1,308	1,251
- Mainland China	1,701	1,475	1,337	1,171
	<u>3,222</u>	<u>2,962</u>	<u>2,645</u>	<u>2,422</u>
Property sales				
- Hong Kong	83	1,272	60	798
Segment total	<u>3,305</u>	<u>4,234</u>	<u>2,705</u>	<u>3,220</u>
Other income			410	479
Administrative expenses			(282)	(295)
Operating profit before change in fair value of investment properties			<u>2,833</u>	<u>3,404</u>
Increase in fair value of investment properties			1,014	1,295
- property leasing in Hong Kong			687	943
- property leasing in mainland China			327	352
Finance costs			(213)	(134)
Share of profits of joint ventures			45	43
Profit before taxation			<u>3,679</u>	<u>4,608</u>

(b) Total assets by segments

<u>Segment</u>	Total assets	
	30/6/2013 \$ Million	31/12/2012 \$ Million
Property leasing		
- Hong Kong	54,037	53,279
- Mainland China	78,974	70,924
	<u>133,011</u>	<u>124,203</u>
Property sales		
- Hong Kong	6,360	6,131
Segment total	<u>139,371</u>	<u>130,334</u>
Interest in joint ventures	1,036	1,041
Other assets	459	452
Deferred tax assets	9	12
Cash and deposits with banks	33,559	36,025
Total assets	<u>174,434</u>	<u>167,864</u>

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Notes:

4. Other income

	2013	2012
	\$ Million	\$ Million
Gain on disposal of investment properties	7	220
Bank interest income	389	249
Interest income from unlisted held-to-maturity investments	6	10
Net exchange gain	8	-
	410	479

5. Profit before taxation

	2013	2012
	\$ Million	\$ Million
Profit before taxation is arrived at after charging:		
Finance costs		
Interest on borrowings	503	262
Other borrowing costs	26	20
Total borrowing costs	529	282
Less: Borrowing costs capitalized	(316)	(148)
	213	134
Cost of properties sold	15	354
Staff costs, including employee share-based payments of \$65 million (2012: \$95 million)	402	422
Depreciation	19	17

6. Taxation

(a) Provision for Hong Kong Profits Tax is calculated at 16.5% (2012: 16.5%) of the estimated assessable profits for the period. China Income Tax mainly represents China Corporate Income Tax calculated at 25% (2012: 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.

	2013	2012
	\$ Million	\$ Million
Current tax		
Hong Kong Profits Tax	181	254
China Income Tax	278	252
	459	506
Deferred tax		
Change in fair value of investment properties	82	89
Other origination and reversal of temporary differences	59	84
	141	173
Total income tax expense	600	679

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

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Notes:

7. Dividends

(a) Dividends attributable to the period

	2013	2012
	\$ Million	\$ Million
Proposed after the end of the reporting period: 17 cents (2012: 17 cents) per share	761	761

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) Dividends attributable to the previous financial year, approved and paid during the period

	2013	2012
	\$ Million	\$ Million
Final dividend in respect of the previous financial year of 57 cents (2012: 36 cents) per share	2,553	1,611

8. Earnings per share

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

	2013	2012
	\$ Million	\$ Million
Earnings for calculation of basic and diluted earnings per share (net profit attributable to shareholders)	2,828	3,678
	Number of shares	
	2013	2012
	(Million)	(Million)
Weighted average number of shares used in calculating basic earnings per share	4,478	4,473
Effect of dilutive potential shares - share options	17	14
Weighted average number of shares used in calculating diluted earnings per share	4,495	4,487

(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:

	2013	2012
	\$ Million	\$ Million
Net profit attributable to shareholders	2,828	3,678
Effect of changes in fair value of investment properties	(1,014)	(1,295)
Effect of corresponding deferred tax	82	89
Effect of change in fair value of investment properties of joint ventures	(18)	(22)
Non-controlling interests	55	70
Underlying net profit attributable to shareholders	1,933	2,520

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

	2013	2012
Basic	\$0.43	\$0.56
Diluted	\$0.43	\$0.56

HANG LUNG PROPERTIES LIMITED

Notes:

9. Investment properties and investment properties under development

(a) Additions

During the period, additions in investment properties and investment properties under development amounted to \$6,639 million (2012: \$2,492 million).

(b) Valuation

The investment properties and investment properties under development of the Group were revalued as at June 30, 2013 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 with the following terms:

	30/6/2013	31/12/2012
	\$ Million	\$ Million
Current and within 1 month	83	46
1 - 3 months	11	3
Over 3 months	9	4
	103	53

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 \$314 million (December 31, 2012: \$308 million) and amount recoverable from a joint venture of \$269 million (December 31, 2012: \$444 million) which is unsecured and has no fixed terms of repayment.

11. Trade and other payables

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

	30/6/2013	31/12/2012
	\$ Million	\$ Million
Due within 1 month	2,308	2,446
Due after 3 months	448	367
	2,756	2,813

HANG LUNG PROPERTIES LIMITED

Highlights

- Turnover and underlying net profit of Hang Lung Properties decreased by 22% and 23% to HK\$3,305 million and HK\$1,933 million, respectively, as we sold substantially fewer residential units and an insignificant amount of non-core investment properties during the period.
- Our core business, property leasing in Hong Kong and mainland China, continued to achieve solid results against the backdrop of a relatively moderate economic growth on the Mainland in recent years. Rental turnover and operating profit both rose 13% to HK\$3,222 million and HK\$2,645 million, respectively, when excluding the effect of the disposal of non-core investment properties in 2012. Overall, both rental turnover and operating profit would increase 9% year-on-year.
- Rental turnover and operating profit generated from our Hong Kong investment properties were up 11% and 12% to HK\$1,521 million and HK\$1,308 million, respectively, when excluding the effect of the disposal of non-core investment properties in 2012. The overall year-on-year increase of rental turnover and operating profit would be 2% and 5% respectively.
- Rental turnover and operating profit of our mainland China operations advanced 15% and 14% to HK\$1,701 million and HK\$1,337 million, respectively. Rental reversions, continuous optimization of tenant mix and the opening of a new mall in September last year, Forum 66 in Shenyang, all contributed to the pleasing performance.
- A unit of The HarbourSide and four units of AquaMarine were sold at average unit prices of approximately HK\$39,000 and HK\$10,600 per square foot, respectively. Property sales generated turnover and profit of HK\$83 million and HK\$60 million, respectively, compared to the sale of 117 flats in the first half of 2012 that recorded a turnover and profit of HK\$1,272 million and HK\$798 million, respectively.
- Increase in fair value of investment properties amounted to HK\$1,014 million, compared to HK\$1,295 million in the last corresponding period.
- Net profit attributable to shareholders decreased by 23% to HK\$2,828 million mainly due to significantly lower property sales during the first half year of 2013.
- As at June 30, 2013, we had a cash and bank balance of HK\$33,559 million and total borrowings amounted to HK\$33,886 million, resulting in a net debt position of HK\$327 million. The gearing ratio was 0.3%.
- In February 2013, we acquired a prime lot of about 82,650 square meters in Qiaokou District of Wuhan for RMB3.3 billion. The site is planned for the development of a world-class shopping mall, office towers and serviced apartments with a total gross floor area of about 460,000 square meters.
- The new shopping mall of Center 66 in Wuxi is scheduled for opening in September 2013. Pre-leasing commitments are over 90% of total leasable area. Other projects under development on the Mainland are progressing as planned.

HANG LUNG PROPERTIES LIMITED

Purchase, Sale or Redemption of Listed Securities

During the six months ended June 30, 2013, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of its listed securities.

Compliance with Corporate Governance Code

During the six months ended June 30, 2013, the Company has 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.

Book Close Dates

Book close dates (both days inclusive)	September 10 to 12, 2013
Latest time to lodge transfers	4:30 pm on September 9, 2013
Record date for interim dividend	September 12, 2013
Interim dividend payment date	September 26, 2013

On Behalf of the Board

Ronnie C. Chan

Chairman

Hong Kong, July 31, 2013

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 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