



For immediate release

Hang Lung Enjoys Solid Growth in Core Leasing Business

(Hong Kong, July 31, 2014) Hang Lung Properties Limited (HKSE stock code: 101) and Hang Lung Group Limited (HKSE stock code: 10) today announced solid financial results for the six months ended June 30, 2014.

First Half of 2014 Performance at a Glance:

in HK\$ Million	Hang Lung Properties		Hang Lung Group	
Turnover	+35%	to \$4,457	+32%	to \$4,746
Rental Income	+10%	to \$3,556	+10%	to \$3,845
- Hong Kong	+7%	to \$1,623	+7%	to \$1,690
- Mainland China	+14%	to \$1,933	+12%	to \$2,155
Property Sales Turnover	+9.86 times	to \$901	+8.29 times	to \$901
Underlying Net Profit Attributable to Shareholders	+29%	to \$2,484	+31%	to \$1,516
Underlying Earnings Per Share (HK\$)	+28%	to \$0.55	+30%	to \$1.12
Net Profit Attributable to Shareholders	+14%	to \$3,217	+17%	to \$2,060
Earnings Per Share (HK\$)	+14%	to \$0.72	+16%	to \$1.52

Commenting on the performance, Mr. Ronnie C. Chan, Chairman of Hang Lung Group and Hang Lung Properties, said, "In the midst of an ever-evolving market landscape and a wave of slowdowns in retail sales in both Hong Kong and mainland China, Hang Lung has continued to deliver pleasing results thanks to steadfast management efforts. By closely monitoring market trends and the business environment, coupled with progressive tenant remixing, asset upgrades as well as creative marketing campaigns, we have built an outstanding portfolio of properties providing us with strong momentum for future growth."

Mr. Chan added, "On September 26 we will open Riverside 66 in Tianjin, our new iconic commercial development in northeast China. Strategically located in the heart of Tianjin's Central Business District with a provision of 152,800 square meters of top quality retail facilities, Riverside 66 is joining our landmark projects in the northeast, namely Palace 66 and Forum 66 in Shenyang, in creating exciting synergies and augmenting our array of world-class developments in the region and enabling us to capture fully the market opportunities facing us."

The grade A office tower of Center 66 in Wuxi, which is Hang Lung's first office project to be completed outside Shanghai, will come on stream in the fourth quarter of 2014.

In Hong Kong, the luxury residential development in Happy Valley, 23-39 Blue Pool Road, is expected to obtain its occupation permit later this year and be ready for release if the market environment works in Hang Lung's favor. Major asset enhancement programs are also planned to further heighten the attractiveness of the malls in the territory with an aim to bring customers an all-new and dynamic shopping experience.

A prudent and sound financial management strategy remains in place to best support Hang Lung's long-term growth. With a healthy balance sheet and strong cash flow generation capability, ample capacity is available not only to fund current development projects, but also to capitalize on any future investment opportunities that may arise.

The Boards of Directors of Hang Lung Properties and Hang Lung Group have declared an interim dividend of HK17 cents per share and HK19 cents per share, respectively, to be paid on September 30, 2014, to shareholders registered as at September 17, 2014.

Financial Highlights

For the Six Months Ended June 30, 2014 (Unaudited)

Results

in HK\$ Million	Hang Lung Properties Ltd			Hang Lung Group Ltd		
	Jan - Jun		Change	Jan - Jun		Change
	2014	2013		2014	2013	
Turnover	4,457	3,305	+35%	4,746	3,605	+32%
Property Leasing	3,556	3,222	+10%	3,845	3,508	+10%
Property Sales	901	83	+986%	901	97	+829%
Operating Profit	3,408	2,705	+26%	3,613	2,909	+24%
Property Leasing	2,868	2,645	+8%	3,073	2,842	+8%
Property Sales	540	60	+800%	540	67	+706%
Net Profit Attributable to Shareholders	3,217	2,828	+14%	2,060	1,766	+17%
Earnings per Share (HK\$)	0.72	0.63	+14%	1.52	1.31	+16%
Dividend per Share (HK\$)						
Interim	0.17	0.17	-	0.19	0.19	-

Underlying Results

in HK\$ Million	Hang Lung Properties Ltd			Hang Lung Group Ltd		
	Jan - Jun		Change	Jan - Jun		Change
	2014	2013		2014	2013	
Underlying Net Profit Attributable to Shareholders ^(Note)	2,484	1,933	+29%	1,516	1,159	+31%
Underlying Earnings per Share (HK\$)	0.55	0.43	+28%	1.12	0.86	+30%

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

Hang Lung Properties Limited (Stock Code: 101)

Key Highlights on 2014 Interim Results

Group Turnover

1. Compared to the corresponding period in 2013, turnover of Hang Lung Properties surged 35% to HK\$4,457 million mainly attributable to a solid leasing performance and significantly higher property sales.

Property Leasing

2. Our core business, property leasing in Hong Kong and mainland China, continued to achieve solid results amidst a challenging market environment. Rental turnover and operating profit rose 10% to HK\$3,556 million and 8% to HK\$2,868 million, respectively.

Hong Kong Portfolio

- a. Rental turnover and operating profit generated from Hong Kong investment properties were both up by 7% to HK\$1,623 million and HK\$1,398 million, respectively. Profit margin stayed at 86%. The growth was mainly driven by positive rental reversions from the Kowloon commercial portfolio and offices in Central.

Our malls in Hong Kong were close to 100% occupancy, while the occupancy rate of the office segment stood at 95%.

Mainland China Portfolio

- b. Against the backdrop of a slowdown in economic growth and retail sales of luxury goods, rental turnover and operating profit of our mainland China investment properties advanced by 14% and 10% to HK\$1,933 million and HK\$1,470 million, respectively. Profit margin was at 76%. The mainland China portfolio now accounted for 54% and 51% of the Group's rental turnover and operating profit, respectively.
- c. The Shanghai portfolio generated 7% more rents to HK\$1,395 million, mainly benefitting from positive rental reversions. The young malls outside Shanghai contributed HK\$538 million in rents collectively in the first half of 2014.

Property Sales

3. Turnover boosted 9.9 times to HK\$901 million and profit surged 8.0 times to HK\$540 million. Average profit margin was 60%.

During the first half of 2014, 110 units of The Long Beach apartments were sold, of which 88 units were recognized as sales upon the signing of formal sales and purchase agreements. In the same period last year, only five apartments from other developments were sold.

Revaluation Gain

4. Revaluation gain of investment properties amounted to HK\$748 million, representing a 0.5% gain over valuation as at December 31, 2013, compared to HK\$1,014 million revaluation gain recorded in the first half of 2013.

Profit Attributable to Shareholders

5. Underlying net profit attributable to shareholders surged 29% to HK\$2,484 million. After including revaluation gain, net profit attributable to shareholders increased by 14% to HK\$3,217 million period-on-period.

Hang Lung Properties Limited (Stock Code: 101)

Key Highlights on 2014 Interim Results (Con't)

Projects under Development

6. The new iconic shopping mall, Riverside 66 in Tianjin, is scheduled for opening on September 26, 2014. The complex offers 152,800 square meters of retail and 800 car parking spaces. The grade A Office Tower 1 of Center 66 in Wuxi will come on stream as well in the fourth quarter of 2014.

Other Mainland projects under development are progressing as planned, including the projects in Dalian, Kunming, Wuhan and remaining phases of Forum 66 in Shenyang and Center 66 in Wuxi.

7. In Hong Kong, the luxury residential development in Happy Valley, 23-39 Blue Pool Road, is expected to obtain its occupation permit shortly. The 18 residential units, together with other completed residential apartments, are ready for release later this year if market conditions are favorable.

Financial Position

8. As at June 30, 2014, the Group had a cash and bank balance of HK\$36,119 million and total borrowings of HK\$38,042 million, resulting in a net debt balance of HK\$1,923 million. The net debt to equity ratio was maintained at a low level of 1.5%.

Hang Lung Group Limited (Stock Code: 10)

Key Highlights on 2014 Interim Results

Group Turnover

1. For the six months ended June 30, 2014, total turnover of Hang Lung Group jumped 32% to HK\$4,746 million against a year ago as a result of a solid leasing performance and significantly higher property sales.

Property Leasing

2. Benefitting from a solid performance of our existing properties and contribution from the new shopping mall, Center 66 in Wuxi, which opened in September 2013, rental turnover rose 10% to HK\$3,845 million and leasing profit grew 8% to HK\$3,073 million, period-on-period.

Hong Kong Portfolio

- a. Both rental turnover and operating profit of the Hong Kong portfolio grew 7% to HK\$1,690 million and HK\$1,452 million, respectively. Profit margin maintained at 86%. The solid growth was mainly attributable to positive rental reversions from the Kowloon commercial portfolio and offices in Central.

Occupancy rate of the malls was close to 100%, while that of the office segment stood at 95% at the end of June 2014.

Mainland China Portfolio

- b. With a slowdown in retail sales and economic growth, rental turnover and operating profit of our mainland China investment properties rose 12% to HK\$2,155 million and 9% to HK\$1,621 million, respectively. Profit margin was at 75%. The mainland China portfolio now accounted for 56% and 53% of the Group's rental turnover and profit, respectively.
- c. Rental income contributed by the Shanghai portfolio, Plaza 66 and Grand Gateway 66, reached HK\$1,617 million, representing a 6% growth period-on-period. The young malls outside Shanghai collectively contributed HK\$538 million in rents in the first half of 2014.

Property Sales

3. Out of the 110 units of The Long Beach apartments sold in the first half of 2014, 88 units were recognized as sales upon the signing of formal sales and purchase agreements. In the same period last year, only seven apartments were sold. Correspondingly, turnover and operating profit boosted 8.3 times and 7.1 times to HK\$901 million and HK\$540 million.

Revaluation Gain

4. Revaluation gain of investment properties amounted to HK\$763 million, compared to HK\$1,561 million gain recorded for 2013 interim results. It represented a 0.5% revaluation gain over valuation as at December 31, 2013.

Profit Attributable to Shareholders

5. Underlying net profit attributable to shareholders surged 31% to HK\$1,516 million mainly due to higher property sales and continued rental growth. Net profit attributable to shareholders increased by 17% to HK\$2,060 million period-on-period, after including the net impact of revaluation gain.

Hang Lung Group Limited (Stock Code: 10)

Key Highlights on 2014 Interim Results (Con't)

Projects under Development

6. The shopping mall in Tianjin, Riverside 66, is scheduled to open on September 26, 2014. The complex offers 152,800 square meters of retail and 800 car parking spaces. In addition, the grade A Office Tower 1 of Center 66 in Wuxi will commence operation in the fourth quarter of 2014.

Other Mainland projects under development are progressing as planned, including the projects in Dalian, Kunming, Wuhan and remaining phases of Shenyang Forum 66 and Wuxi Center 66.

7. In Hong Kong, the luxury residential development in Happy Valley, 23-39 Blue Pool Road, is expected to obtain its occupation permit shortly. The 18 residential units, together with other completed residential apartments, are ready for release later this year if market conditions are favorable.

Financial Position

8. As at June 30, 2014, the Group had a cash and bank balance of HK\$38,981 million. After deducting total borrowings of HK\$45,708 million, the Group had a net debt position of HK\$6,727 million. The resulting net debt to equity ratio was 4.9%.

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

For any inquiries, please contact:

Betty Law

Senior Manager – Corporate Communications

Tel: (852) 2879 0282

Email: BettyLaw@hanglung.com