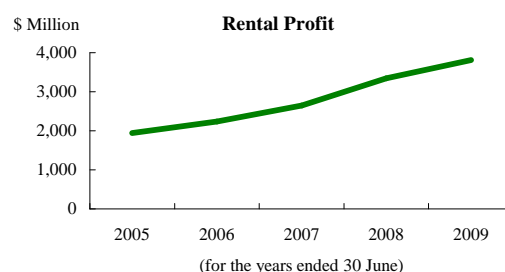
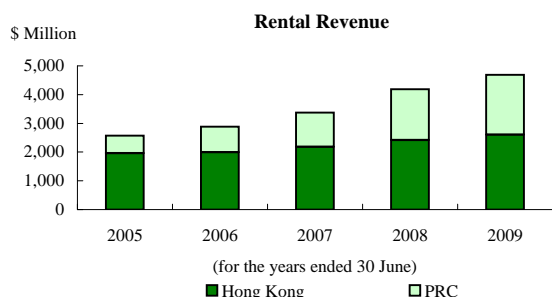


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**恒隆集團有限公司**  
**HANG LUNG GROUP LIMITED**  
(Incorporated in Hong Kong with limited liability)  
**(Stock Code: 10)**

**CONSOLIDATED INCOME STATEMENT**  
**FOR THE YEAR ENDED 30 JUNE 2009 (AUDITED)**  
*(Expressed in Hong Kong dollars)*

	<i>Note</i>	<b>2009</b> \$Million	2008 \$Million
Turnover	3	<b>4,696.0</b>	10,553.1
Other income	4	<b>164.4</b>	287.9
Direct costs and operating expenses		<b>(880.4)</b>	(3,780.1)
Administrative expenses		<b>(448.8)</b>	(450.1)
Operating profit before change in fair value of investment properties		<b>3,531.2</b>	6,610.8
Increase in fair value of investment properties	9	<b>3,644.0</b>	11,164.2
Operating profit after change in fair value of investment properties		<b>7,175.2</b>	17,775.0
Finance costs	5	<b>(172.1)</b>	(306.6)
Share of profits of jointly controlled entities		<b>181.1</b>	222.6
Profit before taxation	3(a) & 5	<b>7,184.2</b>	17,691.0
Taxation	6	<b>(1,615.6)</b>	(3,033.7)
Profit for the year		<b>5,568.6</b>	14,657.3
Attributable to:			
Shareholders		<b>2,637.9</b>	7,516.3
Minority interests		<b>2,930.7</b>	7,141.0
		<b>5,568.6</b>	14,657.3
Dividends	7(a)	<b>940.7</b>	940.5
Earnings per share	8(a)		
Basic		<b>\$1.98</b>	\$5.64
Diluted		<b>\$1.96</b>	\$5.56

**HANG LUNG GROUP LIMITED**

**CONSOLIDATED BALANCE SHEET**

**AT 30 JUNE 2009 (AUDITED)**

*(Expressed in Hong Kong dollars)*

	<i>Note</i>	<b>2009</b> <b>\$Million</b>	2008 \$Million
<b>Non-current assets</b>			
Fixed assets			
Investment properties	9	<b>69,958.2</b>	66,136.3
Investment properties under development		<b>7,570.1</b>	5,658.1
Other fixed assets		<b>124.6</b>	105.6
		<u><b>77,652.9</b></u>	<u>71,900.0</u>
Interest in jointly controlled entities		<b>1,499.8</b>	1,421.9
Other assets		<b>1,274.3</b>	1,163.5
Deferred tax assets		<b>61.4</b>	33.8
		<u><b>80,488.4</b></u>	<u>74,519.2</u>
<b>Current assets</b>			
Cash and deposits with banks		<b>9,631.7</b>	10,738.1
Trade and other receivables	10	<b>699.4</b>	1,383.0
Properties for sale		<b>7,714.0</b>	6,848.4
		<u><b>18,045.1</b></u>	<u>18,969.5</u>
<b>Current liabilities</b>			
Bank loans		<b>800.0</b>	1,000.0
Floating rate notes due 2009		<b>1,500.0</b>	-
Trade and other payables	11	<b>2,387.5</b>	2,183.7
Taxation payable		<b>888.7</b>	881.8
		<u><b>5,576.2</b></u>	<u>4,065.5</u>
<b>Net current assets</b>		<u><b>12,468.9</b></u>	<u>14,904.0</u>
<b>Total assets less current liabilities</b>		<u><b>92,957.3</b></u>	<u>89,423.2</u>
<b>Non-current liabilities</b>			
Bank loans		<b>9,166.4</b>	8,039.6
Finance lease obligations		<b>287.2</b>	393.0
Deferred tax liabilities		<b>8,561.9</b>	7,434.2
Floating rate notes due 2009		<b>-</b>	1,500.0
		<u><b>18,015.5</b></u>	<u>17,366.8</u>
<b>NET ASSETS</b>		<u><b>74,941.8</b></u>	<u>72,056.4</u>
<b>Capital and reserves</b>			
Share capital		<b>1,334.3</b>	1,334.0
Reserves		<b>37,297.7</b>	35,447.6
Shareholders' equity		<u><b>38,632.0</b></u>	<u>36,781.6</u>
Minority interests		<b>36,309.8</b>	35,274.8
<b>TOTAL EQUITY</b>		<u><b>74,941.8</b></u>	<u>72,056.4</u>

# HANG LUNG GROUP LIMITED

Notes:

1. The financial statements have been reviewed by the Audit Committee.

2. Basis of preparation

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("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 30 June 2008. The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group and the Company. These new and revised HKFRSs have no significant impact on the financial statements of the Group for the years ended 30 June 2009 and 30 June 2008.

3. Turnover and segment information

(a) Business segment

(i) Segment revenue and results

	Segment revenue		Segment results	
	2009	2008	2009	2008
	\$ Million	\$ Million	\$ Million	\$ Million
Property leasing	4,684.8	4,185.7	3,812.6	3,346.8
Property sales	11.2	6,367.4	3.0	3,426.2
	<u>4,696.0</u>	<u>10,553.1</u>	<u>3,815.6</u>	<u>6,773.0</u>
Other income			164.4	287.9
Administrative expenses (Note)			(448.8)	(450.1)
Operating profit before change in fair value of investment properties			3,531.2	6,610.8
Increase in fair value of investment properties				
- property leasing			3,644.0	11,164.2
Finance costs			(172.1)	(306.6)
Share of profits of jointly controlled entities				
- property leasing			181.1	222.6
Profit before taxation			<u>7,184.2</u>	<u>17,691.0</u>

Note: Administrative expenses included share-based payment expenses of \$133.5 million (2008: \$132.5 million) representing the amortisation of the fair value of options granted to employees over the vesting period and which do not involve any cash outflow for the Company.

(ii) Segment assets and liabilities

	Assets		Liabilities	
	2009	2008	2009	2008
	\$ Million	\$ Million	\$ Million	\$ Million
Property leasing	77,907.1	72,243.5	2,068.4	1,595.6
Property sales	8,166.6	7,906.7	300.2	504.2
	<u>86,073.7</u>	<u>80,150.2</u>	<u>2,368.6</u>	<u>2,099.8</u>
Interest in jointly controlled entities				
Property leasing	1,324.9	1,174.3	-	-
Property sales	174.9	247.6	-	-
Unallocated (Note)	10,960.0	11,916.6	21,223.1	19,332.5
	<u>98,533.5</u>	<u>93,488.7</u>	<u>23,591.7</u>	<u>21,432.3</u>

Note: Unallocated items mainly comprise financial and corporate assets including cash and deposits with banks of \$9,631.7 million (2008: \$10,738.1 million), other assets of \$1,262.8 million (2008: \$1,143.0 million), interest-bearing borrowings including bank loans of \$9,966.4 million (2008: \$9,039.6 million), other liabilities of \$1,787.2 million (2008: \$1,893.0 million), and taxation of \$9,389.2 million (2008: \$8,282.2 million).

# HANG LUNG GROUP LIMITED

Notes:

## 3. Turnover and segment information (Continued)

### (a) Business segment (Continued)

#### (iii) Capital expenditure and depreciation

	Capital expenditure		Depreciation	
	2009 \$ Million	2008 \$ Million	2009 \$ Million	2008 \$ Million
Property leasing	<b>2,686.1</b>	1,647.3	<b>15.2</b>	14.3

### (b) Geographical segment

#### (i) Segment revenue and results

	Segment revenue		Segment results	
	2009 \$ Million	2008 \$ Million	2009 \$ Million	2008 \$ Million
Group				
Hong Kong	<b>2,613.6</b>	8,765.3	<b>2,112.0</b>	5,364.6
PRC	<b>2,082.4</b>	1,787.8	<b>1,703.6</b>	1,408.4
	<b>4,696.0</b>	10,553.1	<b>3,815.6</b>	6,773.0
Jointly controlled entities				
Hong Kong			<b>181.1</b>	222.6

#### (ii) Segment assets

	2009 \$ Million	2008 \$ Million
Hong Kong	<b>56,128.3</b>	57,319.3
PRC	<b>32,708.0</b>	25,395.8
	<b>88,836.3</b>	82,715.1

#### (iii) Capital expenditure

	2009 \$ Million	2008 \$ Million
Hong Kong	<b>181.9</b>	183.5
PRC	<b>2,504.2</b>	1,463.8
	<b>2,686.1</b>	1,647.3

## 4. Other income

	2009 \$ Million	2008 \$ Million
Interest income	<b>161.7</b>	284.4
Dividend income from listed investments	<b>2.4</b>	2.7
Dividend income from unlisted investments	<b>0.3</b>	0.8
	<b>164.4</b>	287.9

# HANG LUNG GROUP LIMITED

Notes:

## 5. Profit before taxation

	<b>2009</b>	2008
	<b>\$ Million</b>	\$ Million
Profit before taxation is arrived at after charging:		
Interest on borrowings	<b>285.6</b>	445.5
Other borrowing costs	<b>39.3</b>	40.8
Total borrowing costs	<b>324.9</b>	486.3
Less: Borrowing costs capitalised	<b>(152.8)</b>	(179.7)
Finance costs	<b>172.1</b>	306.6
Cost of properties sold	<b>8.2</b>	2,404.1
Staff costs, including employee share-based payment expenses of \$133.5 million (2008: \$132.5 million)	<b>543.7</b>	528.5
Depreciation	<b>15.2</b>	14.3
and after crediting:		
Profit on disposal of investment properties	<b>-</b>	162.8

## 6. Taxation

Provision for Hong Kong Profits Tax is calculated at 16.5% (2008: 16.5%) of the estimated assessable profits for the year. PRC Income Tax is calculated at the rates applicable in the People's Republic of China ("PRC").

	<b>2009</b>	2008
	<b>\$ Million</b>	\$ Million
Current tax		
Hong Kong Profits Tax	<b>200.8</b>	725.4
Under / (Over)-provision in prior years	<b>13.4</b>	(23.5)
	<b>214.2</b>	701.9
PRC Income Tax	<b>301.3</b>	225.3
	<b>515.5</b>	927.2
Deferred tax		
Change in fair value of investment properties	<b>1,008.5</b>	2,108.8
Other origination and reversal of temporary differences	<b>91.6</b>	173.1
Effect of change in Hong Kong tax rate on deferred tax balances at 1 July	<b>-</b>	(175.4)
	<b>1,100.1</b>	2,106.5
Total income tax expense	<b>1,615.6</b>	3,033.7

# HANG LUNG GROUP LIMITED

Notes:

## 7. Dividends

### (a) Dividends attributable to the year

	<b>2009</b>	2008
	<b>\$ Million</b>	\$ Million
Interim dividend declared and paid of 16.5 cents (2008: 16.5 cents) per share	<b>220.2</b>	220.1
Final dividend of 54 cents (2008: 54 cents) per share proposed after the balance sheet date	<b>720.5</b>	720.4
	<b><u>940.7</u></b>	<u>940.5</u>

The final dividend proposed after the balance sheet date has not been recognised as a liability at the balance sheet date.

- (b) The final dividend of \$720.4 million for financial year 2008 was approved and paid in financial year 2009 (2008: \$620.2 million).

## 8. Earnings per share

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

	<b>2009</b>	2008
	<b>\$ Million</b>	\$ Million
Earnings for calculation of basic and diluted earnings per share (net profit attributable to shareholders)	<b><u>2,637.9</u></b>	<u>7,516.3</u>
	<b>2009</b>	2008
	<b>Number of shares</b>	
	<b>(Million)</b>	(Million)
Weighted average number of shares used in calculating basic earnings per share	<b>1,334.2</b>	1,333.8
Effect of dilutive potential shares - share options	<b>13.9</b>	18.5
Weighted average number of shares used in calculating diluted earnings per share	<b><u>1,348.1</u></b>	<u>1,352.3</u>

# HANG LUNG GROUP LIMITED

Notes:

## 8. Earnings per share (Continued)

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

	<b>2009</b>	2008
	<b>\$ Million</b>	\$ Million
Net profit attributable to shareholders	<b>2,637.9</b>	7,516.3
Effect of changes in fair value of investment properties	<b>(3,644.0)</b>	(11,164.2)
Effect of corresponding deferred tax	<b>1,008.5</b>	1,944.7
Effect of change in fair value of investment properties net of related deferred tax of jointly controlled entities	<b>(93.1)</b>	(143.1)
	<b>(2,728.6)</b>	(9,362.6)
Minority interests	<b>1,544.8</b>	4,401.0
	<b>(1,183.8)</b>	(4,961.6)
Underlying net profit attributable to shareholders	<b>1,454.1</b>	2,554.7

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

	<b>2009</b>	2008
Basic	<b>\$1.09</b>	\$1.92
Diluted	<b>\$1.08</b>	\$1.89

## 9. Investment properties

Investment properties of the Group carried at fair value were revalued at 30 June 2009 by Mr. Charles C.K. Chan, Registered Professional Surveyor (General Practice), of Savills Valuation and Professional Services Limited, on an open market value basis with reference to the net rental income after taking into account reversionary income potential.

## 10. Trade and other receivables

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

	<b>2009</b>	2008
	<b>\$ Million</b>	\$ Million
Current and within 1 month	<b>411.4</b>	1,071.8
1 - 3 months	<b>3.2</b>	3.0
Over 3 months	<b>54.2</b>	5.6
	<b>468.8</b>	1,080.4

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. Receivables are regularly monitored and closely followed up to minimize any credit risk. Except for sale of properties developed by the Group, it does not hold any collateral over these balances. The balance of bad and doubtful debts as at 30 June 2009 and 2008 is insignificant.

# HANG LUNG GROUP LIMITED

Notes:

## 11. Trade and other payables

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

	<b>2009</b>	2008
	<b>\$ Million</b>	\$ Million
Due within 1 month	<b>734.5</b>	682.2
Due after 3 months	<b>108.8</b>	56.6
	<b><u>843.3</u></b>	<u>738.8</u>

# HANG LUNG GROUP LIMITED

## Highlights

- Net profit of Hang Lung Group was HK\$2,637.9 million, 65% lower than last year. Excluding the revaluation gain of investment properties and related tax, underlying net profit declined by 43% to HK\$1,454.1 million.
- During the year, we sold substantially fewer residential properties as we adhered to our strategy of releasing our remaining properties at the best possible time to maximize property development margin.
- Overall rental turnover and profits increased by 12% to HK\$4,684.8 million and 14% to HK\$3,812.6 million respectively despite the financial tsunami and the adverse impact of swine flu.
- Rental turnover from our Hong Kong properties grew 7% to HK\$2,602.6 million and profit was up by 9% to HK\$2,109.0 million.
- Property leasing in Shanghai continued to deliver strongly. Rental turnover and profit increased by 18% to HK\$2,082.2 million and 21% to HK\$1,703.6 million, respectively.
- Gearing ratio at 30 June 2009 was maintained at a low level of 3%.

## Purchase, Sale or Redemption of Listed Securities

During the year, 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 year, 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.

## Final Dividend

The board has recommended a final dividend of HK54 cents per share for the year ended 30 June 2009 subject to the consideration and approval at the Company's forthcoming annual general meeting ("AGM"). The period of closure of register of members of the Company and the date of the AGM will be announced later.

On Behalf of the Board

**Ronnie C. Chan**

*Chairman*

Hong Kong, 31 July 2009

*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. Nelson W.L. Yuen and Mr. Terry S. Ng*

*Non-Executive Director: Mr. Gerald L. Chan*

*Independent Non-Executive Directors: Mr. S.S. Yin, Dr. H.K. Cheng, Ms. Laura L.Y. Chen, Mr. Simon S.O. Ip and Dr. York Liao*