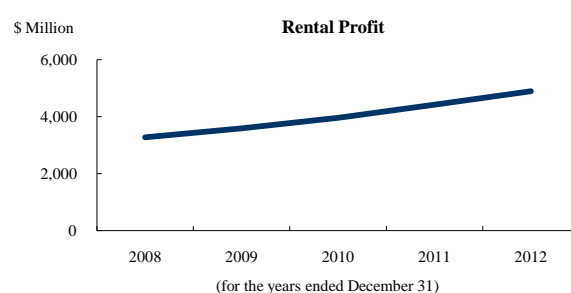
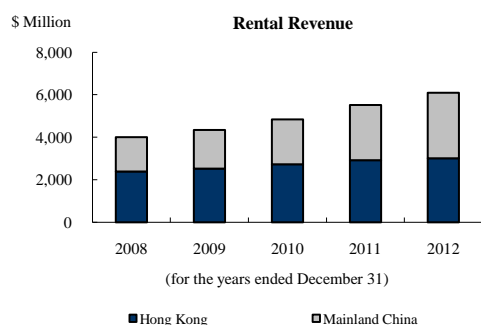


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恒隆地產有限公司
HANG LUNG PROPERTIES LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 101)

**CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2012 (AUDITED)**

(Expressed in Hong Kong dollars)

	Note	Year ended December 31, 2012 \$Million	Period ended December 31, 2011 \$Million	Year ended December 31, 2011 \$Million
Turnover	4	7,372	3,069	5,712
Other income	5	2,774	189	331
Direct costs and operating expenses		(1,630)	(618)	(1,139)
Administrative expenses		(626)	(270)	(455)
Operating profit before change in fair value of investment properties		7,890	2,370	4,449
Increase in fair value of investment properties		2,522	964	2,016
Operating profit after change in fair value of investment properties		10,412	3,334	6,465
Finance costs	6	(348)	(104)	(154)
Share of profits of jointly controlled entities		105	42	80
Profit before taxation	4(a) & 6	10,169	3,272	6,391
Taxation	7(a)	(1,249)	(536)	(1,062)
Profit for the year / period		8,920	2,736	5,329
Attributable to:				
Shareholders		8,395	2,516	4,890
Non-controlling interests		525	220	439
		8,920	2,736	5,329
Earnings per share	9(a)			
Basic		\$1.88	\$0.56	\$1.09
Diluted		\$1.87	\$0.56	\$1.09

HANG LUNG PROPERTIES LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2012 (AUDITED)

(Expressed in Hong Kong dollars)

	<i>Note</i>	Year ended December 31, 2012 \$Million	Period ended December 31, 2011 \$Million	Year ended December 31, 2011 \$Million
Profit for the year / period		8,920	2,736	5,329
Other comprehensive income	7(b)			
Exchange difference arising from translation of overseas subsidiaries		150	1,651	3,025
Total comprehensive income for the year / period		9,070	4,387	8,354
Total comprehensive income attributable to:				
Shareholders		8,545	4,036	7,667
Non-controlling interests		525	351	687
		9,070	4,387	8,354

HANG LUNG PROPERTIES LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT DECEMBER 31, 2012 (AUDITED)

(Expressed in Hong Kong dollars)

	<i>Note</i>	2012 \$Million	2011 \$Million
Non-current assets			
Fixed assets			
Investment properties	<i>10</i>	98,223	93,610
Investment properties under development	<i>10</i>	24,482	23,613
Other fixed assets		250	217
		122,955	117,440
Interest in jointly controlled entities		1,041	1,007
Other assets		-	450
Deferred tax assets		12	35
		124,008	118,932
Current assets			
Cash and deposits with banks		36,025	23,732
Trade and other receivables	<i>11</i>	1,270	1,436
Other assets		452	449
Properties for sale		6,109	6,114
		43,856	31,731
Current liabilities			
Bank loans and other borrowings		1,113	4,700
Trade and other payables	<i>12</i>	4,811	3,823
Taxation payable		392	392
		6,316	8,915
Net current assets		37,540	22,816
Total assets less current liabilities		161,548	141,748
Non-current liabilities			
Bank loans and other borrowings		28,623	16,034
Deferred tax liabilities		8,947	8,696
		37,570	24,730
NET ASSETS		123,978	117,018
Capital and reserves			
Share capital		4,477	4,473
Reserves		113,451	106,989
Shareholders' equity		117,928	111,462
Non-controlling interests		6,050	5,556
TOTAL EQUITY		123,978	117,018

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 into 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 twelve-month period from January 1, 2012 to December 31, 2012 (the "year ended December 31, 2012"), and the comparative figures in these financial statements covers a six-month period from July 1, 2011 to December 31, 2011 (the "period ended December 31, 2011" or "P.E. 12/2011"). As the comparative figures are not comparable with those of current financial period, financial information for the twelve-month period from January 1, 2011 to December 31, 2011 (the "year ended December 31, 2011" or "Y.E. 12/2011"), prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"), has been disclosed for the consolidated income statement, the consolidated statement of comprehensive income 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 period ended December 31, 2011.

The HKICPA has issued several amendments to HKFRSs that are first effective for the current accounting period of the Group and the Company. These revised HKFRSs have no significant impact on the financial statements of the Group for the year ended December 31, 2012 and the period ended December 31, 2011.

The Group has not applied any new standard, amendment 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

Segment	Turnover			Profit before taxation		
	Year ended December 31, 2012 \$Million	Period ended December 31, 2011 \$Million	Year ended December 31, 2011 \$Million	Year ended December 31, 2012 \$Million	Period ended December 31, 2011 \$Million	Year ended December 31, 2011 \$Million
Property leasing						
- Hong Kong	3,016	1,483	2,918	2,525	1,229	2,418
- Mainland China	3,082	1,393	2,601	2,371	1,072	2,005
	6,098	2,876	5,519	4,896	2,301	4,423
Property sales						
- Hong Kong	1,274	193	193	846	150	150
Segment total	7,372	3,069	5,712	5,742	2,451	4,573
Other income				2,774	189	331
Administrative expenses (Note)				(626)	(270)	(455)
Operating profit before change in fair value of investment properties				7,890	2,370	4,449
Increase in fair value of investment properties				2,522	964	2,016
- property leasing in Hong Kong				1,703	688	1,345
- property leasing in mainland China				819	276	671
Finance costs				(348)	(104)	(154)
Share of profits of jointly controlled entities				105	42	80
Profit before taxation				10,169	3,272	6,391

Note: Administrative expenses included share-based payments of \$233 million (P.E. 12/2011: \$106 million; Y.E. 12/2011: \$151 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	
	2012 \$Million	2011 \$Million
Property leasing		
- Hong Kong	53,279	54,355
- Mainland China	70,924	64,476
	124,203	118,831
Property sales		
- Hong Kong	6,131	6,159
	130,334	124,990
Interest in jointly controlled entities	1,041	1,007
Other assets	452	899
Deferred tax assets	12	35
Cash and deposits with banks	36,025	23,732
Total assets	167,864	150,663

5. Other income

	Year ended December 31, 2012 \$Million	Period ended December 31, 2011 \$Million	Year ended December 31, 2011 \$Million
Gain on disposal of investment properties	2,148	-	-
Bank interest income	602	168	300
Interest income from unlisted held-to-maturity investments	19	10	19
Net exchange gain / (loss)	5	(1)	-
Others	-	12	12
	2,774	189	331

6. Profit before taxation

	Year ended December 31, 2012 \$Million	Period ended December 31, 2011 \$Million	Year ended December 31, 2011 \$Million
Profit before taxation is arrived at after charging:			
Finance costs			
Interest on borrowings	695	189	317
Other borrowing costs	46	12	30
Total borrowing costs	741	201	347
Less: Borrowing costs capitalized	(393)	(97)	(193)
	348	104	154
Cost of properties sold	354	16	16
Staff costs, including employee share-based payments of \$233 million (P.E. 12/2011: \$106 million; Y.E. 12/2011: \$151 million)	907	404	710
Depreciation	35	15	30

HANG LUNG PROPERTIES LIMITED

Notes:

7. Taxation

- (a) Provision for Hong Kong Profits Tax is calculated at 16.5% (P.E. 12/2011: 16.5%; Y.E. 12/2011: 16.5%) of the estimated assessable profits for the year / period. China Income Tax mainly represents China Corporate Income Tax calculated at 25% (P.E. 12/2011: 25%; Y.E. 12/2011: 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.

	Year ended December 31, 2012 \$Million	Period ended December 31, 2011 \$Million	Year ended December 31, 2011 \$Million
Current tax			
Hong Kong Profits Tax	435	184	331
Over-provision in prior years	(12)	(2)	(2)
	<u>423</u>	<u>182</u>	<u>329</u>
China Income Tax	550	226	436
	<u>973</u>	<u>408</u>	<u>765</u>
Deferred tax			
Change in fair value of investment properties	205	69	167
Other origination and reversal of temporary differences	71	59	130
	<u>276</u>	<u>128</u>	<u>297</u>
Total income tax expense	<u>1,249</u>	<u>536</u>	<u>1,062</u>

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

8. Dividends

- (a) Dividends attributable to the year / period

	Year ended December 31, 2012 \$Million	Period ended December 31, 2011 \$Million	Year ended December 31, 2011 \$Million
Interim dividend declared and paid of 17 cents per share	761	-	-
Final dividend declared and paid of Nil cent (P.E. 12/2011: Nil cent; Y.E. 12/2011: 54 cents) per share	-	-	2,415
Final dividend of 57 cents (P.E. 12/2011: 36 cents; Y.E. 12/2011: 36 cents) per share proposed after the end of the reporting period	2,552	1,610	1,610
	<u>3,313</u>	<u>1,610</u>	<u>4,025</u>

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) The final dividend of \$1,611 million for the period ended December 31, 2011 was approved and paid in the year ended December 31, 2012 (P.E. 12/2011: \$2,415 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:

	Year ended December 31, 2012 \$Million	Period ended December 31, 2011 \$Million	Year ended December 31, 2011 \$Million
Earnings for calculation of basic and diluted earnings per share (net profit attributable to shareholders)	8,395	2,516	4,890
	Number of shares		
	Year ended December 31, 2012 (Million)	Period ended December 31, 2011 (Million)	Year ended December 31, 2011 (Million)
Weighted average number of shares used in calculating basic earnings per share	4,474	4,472	4,471
Effect of dilutive potential shares - share options	22	13	35
Weighted average number of shares used in calculating diluted earnings per share	4,496	4,485	4,506

(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:

	Year ended December 31, 2012 \$Million	Period ended December 31, 2011 \$Million	Year ended December 31, 2011 \$Million
Net profit attributable to shareholders	8,395	2,516	4,890
Effect of changes in fair value of investment properties	(2,522)	(964)	(2,016)
Effect of corresponding deferred tax	205	69	167
Effect of change in fair value of investment properties of jointly controlled entities	(62)	(20)	(38)
	(2,379)	(915)	(1,887)
Non-controlling interests	162	49	113
	(2,217)	(866)	(1,774)
Underlying net profit attributable to shareholders	6,178	1,650	3,116

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

	Year ended December 31, 2012	Period ended December 31, 2011	Year ended December 31, 2011
Basic	\$1.38	\$0.37	\$0.70
Diluted	\$1.37	\$0.37	\$0.69

HANG LUNG PROPERTIES LIMITED

Notes:

10. Investment properties and investment properties under development

(a) Additions

During the year / period, additions in investment properties and investment properties under development amounted to \$6,017 million (P.E. 12/2011: \$7,414 million).

(b) Valuation

The investment properties and investment properties under development of the Group were revalued as at December 31, 2012 by Mr. Charles C.K. Chan, Registered Professional Surveyor (General Practice), of Savills Valuation and Professional Services Limited, on a market value basis.

11. Trade and other receivables

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

	2012	2011
	\$Million	\$Million
Current and within 1 month	46	66
1 - 3 months	3	3
Over 3 months	4	3
	<u>53</u>	<u>72</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 (2011: \$308 million) and amount recoverable from a jointly controlled entity of \$444 million (2011: \$693 million) which is unsecured and has no fixed terms of repayment.

12. Trade and other payables

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

	2012	2011
	\$Million	\$Million
Due within 1 month	2,446	1,752
Due after 3 months	367	287
	<u>2,813</u>	<u>2,039</u>

HANG LUNG PROPERTIES LIMITED

Highlights

- 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 of 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 10-year fixed rate bonds under the Medium Term Note Program. Proceeds from 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 PROPERTIES LIMITED

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 its listed securities.

Compliance with Corporate Governance Code

During the year, the Company has complied with the code provisions set out in the Code on Corporate Governance Practices (effective until March 31, 2012) and Corporate Governance Code (effective from April 1, 2012) as stated in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited save that the Non-Executive Director, Mr. Nelson W.L. Yuen and Independent Non-Executive Directors, Ms. Laura L.Y. Chen and Mr. Dominic C.F. Ho, were unable to attend the annual general meeting of the Company held on April 18, 2012 as provided for in code provision A.6.7 as they had overseas engagements.

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, 2013
Latest time to lodge transfers	4:30 pm on April 15, 2013
Record date	April 18, 2013
AGM	April 18, 2013

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

Book close date	April 24, 2013
Latest time to lodge transfers	4:30 pm on April 23, 2013
Record date	April 24, 2013
Final dividend payment date	May 8, 2013

On Behalf of the Board

Ronnie C. Chan

Chairman

Hong Kong, January 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