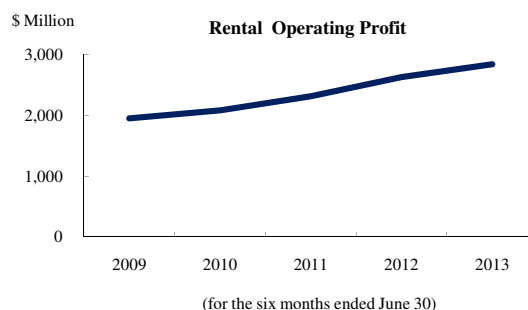
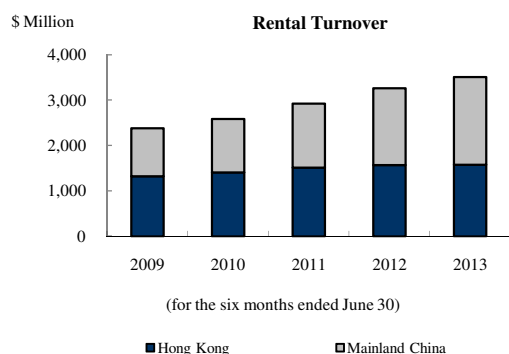


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**恒隆集團有限公司**  
**HANG LUNG GROUP LIMITED**  
(Incorporated in Hong Kong with limited liability)  
**(Stock Code: 10)**

**CONSOLIDATED INCOME STATEMENT**  
**FOR THE SIX MONTHS ENDED JUNE 30, 2013**  
*(Expressed in Hong Kong dollars)*

	<i>Note</i>	<b>(Unaudited) 2013 \$ Million</b>	<b>(Audited) 2012 \$ Million</b>
Turnover	3	<b>3,605</b>	4,539
Other income	4	<b>493</b>	522
Direct costs and operating expenses		<b>(696)</b>	(1,107)
Administrative expenses		<b>(330)</b>	(336)
Operating profit before change in fair value of investment properties		<b>3,072</b>	3,618
Increase in fair value of investment properties		<b>1,090</b>	1,381
Operating profit after change in fair value of investment properties		<b>4,162</b>	4,999
Finance costs	5	<b>(282)</b>	(184)
Share of profits of joint ventures		<b>178</b>	111
Profit before taxation	3(a) & 5	<b>4,058</b>	4,926
Taxation	6(a)	<b>(662)</b>	(757)
Profit for the period		<b>3,396</b>	4,169
Attributable to:			
Shareholders		<b>1,766</b>	2,101
Non-controlling interests		<b>1,630</b>	2,068
		<b>3,396</b>	4,169
Earnings per share	8(a)		
Basic		<b>\$1.31</b>	\$1.56
Diluted		<b>\$1.30</b>	\$1.55

# HANG LUNG GROUP LIMITED

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

(Expressed in Hong Kong dollars)

	<i>Note</i>	<b>(Unaudited) 2013 \$ Million</b>	<b>(Audited) 2012 \$ Million</b>
<b>Profit for the period</b>		<b>3,396</b>	4,169
<b>Other comprehensive income</b>	<i>6(b)</i>		
Item that will not be reclassified to profit or loss:			
Increase in share of capital reserves of joint ventures		-	1
Items that may be reclassified subsequently to profit or loss:			
Net movement in investment revaluation reserve		<b>(4)</b>	1
Exchange difference arising from translation of overseas subsidiaries		<b>1,637</b>	(552)
<b>Other comprehensive income for the period</b>		<b>1,633</b>	(550)
<b>Total comprehensive income for the period</b>		<b>5,029</b>	3,619
<b>Total comprehensive income attributable to:</b>			
Shareholders		<b>2,698</b>	1,814
Non-controlling interests		<b>2,331</b>	1,805
		<b>5,029</b>	3,619

# HANG LUNG GROUP LIMITED

## 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
<b>Non-current assets</b>			
Fixed assets			
Investment properties	9	108,317	106,102
Investment properties under development	9	31,349	24,482
Other fixed assets		254	255
		<u>139,920</u>	<u>130,839</u>
Interest in joint ventures		2,795	2,247
Other assets		1,256	1,258
Deferred tax assets		14	19
		<u>143,985</u>	<u>134,363</u>
<b>Current assets</b>			
Cash and deposits with banks		38,680	40,183
Trade and other receivables	10	962	860
Other assets		459	452
Properties for sale		6,335	6,139
Assets held for sale		-	906
		<u>46,436</u>	<u>48,540</u>
<b>Current liabilities</b>			
Bank loans and other borrowings		285	1,113
Trade and other payables	11	5,598	5,240
Taxation payable		456	446
Liabilities held for sale		-	13
		<u>6,339</u>	<u>6,812</u>
<b>Net current assets</b>		<u>40,097</u>	<u>41,728</u>
<b>Total assets less current liabilities</b>		<u>184,082</u>	<u>176,091</u>
<b>Non-current liabilities</b>			
Bank loans and other borrowings		42,611	36,532
Deferred tax liabilities		10,305	9,944
		<u>52,916</u>	<u>46,476</u>
<b>NET ASSETS</b>		<u>131,166</u>	<u>129,615</u>
<b>Capital and reserves</b>			
Share capital		1,350	1,350
Reserves		65,786	63,874
Shareholders' equity		<u>67,136</u>	<u>65,224</u>
Non-controlling interests		64,030	64,391
<b>TOTAL EQUITY</b>		<u>131,166</u>	<u>129,615</u>

# HANG LUNG GROUP 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.

# HANG LUNG GROUP LIMITED

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.

# HANG LUNG GROUP LIMITED

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, assets held for sale 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.

# HANG LUNG GROUP LIMITED

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	1,580	1,567	1,352	1,306
- Mainland China	1,928	1,698	1,490	1,327
	<b>3,508</b>	3,265	<b>2,842</b>	2,633
Property sales				
- Hong Kong	97	1,274	67	799
Segment total	<b>3,605</b>	<b>4,539</b>	<b>2,909</b>	3,432
Other income			493	522
Administrative expenses			(330)	(336)
Operating profit before change in fair value of investment properties			<b>3,072</b>	3,618
Increase in fair value of investment properties			<b>1,090</b>	1,381
- property leasing in Hong Kong			704	953
- property leasing in mainland China			386	428
Finance costs			(282)	(184)
Share of profits of joint ventures			178	111
Profit before taxation			<b>4,058</b>	4,926

### (b) Total assets by segments

<u>Segment</u>	Total assets	
	30/6/2013 \$ Million	31/12/2012 \$ Million
Property leasing		
- Hong Kong	56,050	55,282
- Mainland China	84,777	76,394
	<b>140,827</b>	131,676
Property sales		
- Hong Kong	6,390	6,162
Segment total	<b>147,217</b>	137,838
Interest in joint ventures	2,795	2,247
Other assets	1,715	1,710
Deferred tax assets	14	19
Assets held for sale	-	906
Cash and deposits with banks	38,680	40,183
Total assets	<b>190,421</b>	182,903

# HANG LUNG GROUP LIMITED

Notes:

## 4. Other income

	2013 \$ Million	2012 \$ Million
Gain on disposal of investment properties	7	220
Bank interest income	462	290
Interest income from unlisted held-to-maturity investments	6	10
Dividend income from listed investments	4	3
Dividend income from unlisted investments	1	2
Net exchange gain / (loss)	13	(3)
	<u>493</u>	<u>522</u>

## 5. Profit before taxation

	2013 \$ Million	2012 \$ Million
Profit before taxation is arrived at after charging:		
Finance costs		
Interest on borrowings	557	303
Other borrowing costs	41	29
Total borrowing costs	<u>598</u>	<u>332</u>
Less: Borrowing costs capitalized	<u>(316)</u>	<u>(148)</u>
	<u>282</u>	<u>184</u>
Cost of properties sold	21	355
Staff costs, including employee share-based payments of \$65 million (2012: \$95 million)	424	441
Depreciation	20	18
	<u>20</u>	<u>18</u>

## 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 \$ Million	2012 \$ Million
Current tax		
Hong Kong Profits Tax	182	258
China Income Tax	282	265
	<u>464</u>	<u>523</u>
Deferred tax		
Change in fair value of investment properties	97	108
Other origination and reversal of temporary differences	101	126
	<u>198</u>	<u>234</u>
Total income tax expense	<u>662</u>	<u>757</u>

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



# HANG LUNG GROUP LIMITED

Notes:

## 7. Dividends

### (a) Dividends attributable to the period

	<b>2013</b>	2012
	<b>\$ Million</b>	\$ Million
Proposed after the end of the reporting period: 19 cents (2012: 19 cents) per share	<u>256</u>	<u>256</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) Dividends attributable to the previous financial year, approved and paid during the period

	<b>2013</b>	2012
	<b>\$ Million</b>	\$ Million
Final dividend in respect of the previous financial year of 60 cents (2012: 38 cents) per share	<u>810</u>	<u>513</u>

## 8. Earnings per share

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

	<b>2013</b>	2012
	<b>\$ Million</b>	\$ Million
Earnings for calculation of basic and diluted earnings per share (net profit attributable to shareholders)	<u>1,766</u>	<u>2,101</u>
	<b>Number of shares</b>	
	<b>2013</b>	2012
	<b>(Million)</b>	(Million)
Weighted average number of shares used in calculating basic earnings per share	<u>1,350</u>	1,349
Effect of dilutive potential shares - share options	<u>8</u>	9
Weighted average number of shares used in calculating diluted earnings per share	<u>1,358</u>	<u>1,358</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:

	<b>2013</b>	2012
	<b>\$ Million</b>	\$ Million
Net profit attributable to shareholders	<u>1,766</u>	<u>2,101</u>
Effect of changes in fair value of investment properties	<u>(1,090)</u>	(1,381)
Effect of corresponding deferred tax	<u>97</u>	108
Effect of changes in fair value of investment properties of joint ventures	<u>(102)</u>	(45)
	<u>(1,095)</u>	(1,318)
Non-controlling interests	<u>488</u>	652
	<u>(607)</u>	(666)
Underlying net profit attributable to shareholders	<u>1,159</u>	<u>1,435</u>

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

	<b>2013</b>	2012
Basic	<u>\$0.86</u>	\$1.06
Diluted	<u>\$0.85</u>	\$1.06

# HANG LUNG GROUP LIMITED

Notes:

## 9. Investment properties and investment properties under development

### (a) Additions

During the period, additions to investment properties and investment properties under development amounted to \$6,640 million (2012: \$2,496 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:

	<b>30/6/2013</b>	31/12/2012
	<b>\$ Million</b>	\$ Million
Current and within 1 month	<b>93</b>	47
1 - 3 months	<b>13</b>	4
Over 3 months	<b>9</b>	4
	<b><u>115</u></b>	<u>55</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 is deposit of land acquisition in mainland China of \$314 million (December 31, 2012: \$308 million).

## 11. Trade and other payables

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

	<b>30/6/2013</b>	31/12/2012
	<b>\$ Million</b>	\$ Million
Due within 1 month	<b>2,364</b>	2,509
Due after 3 months	<b>448</b>	367
	<b><u>2,812</u></b>	<u>2,876</u>

# HANG LUNG GROUP LIMITED

## Highlights

- Turnover and underlying net profit of Hang Lung Group decreased by 21% and 19% to HK\$3,605 million and HK\$1,159 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 slowdown in luxury goods spending and moderate economic growth on the Mainland. Rental turnover and operating profit both rose 12% to HK\$3,508 million and HK\$2,842 million, respectively, when excluding the effect of the disposal of non-core investment properties in 2012. The overall year-on-year rental turnover and operating profit would grow 7% and 8%, respectively.
- Rental turnover and operating profit generated from our Hong Kong investment properties grew 11% and 12% to HK\$1,580 million and HK\$1,352 million, respectively, when excluding the effect of the disposal of non-core investment properties in 2012. The overall year-on-year rental turnover and operating profit grew 1% and 4%, respectively.
- Rental turnover and operating profit of our mainland China operations rose 14% and 12% to HK\$1,928 million and HK\$1,490 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. Together with other properties sold, property sales generated turnover and profit of HK\$97 million and HK\$67 million, respectively, compared to turnover and profit of HK\$1,274 million and HK\$799 million, respectively, resulting from the sale of 117 flats in the first half of 2012.
- Increase in fair value of investment properties amounted to HK\$1,090 million, compared to HK\$1,381 million in the last corresponding period.
- Net profit attributable to shareholders decreased by 16% to HK\$1,766 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\$38,680 million and total borrowings amounted to HK\$42,896 million, resulting in a net debt position of HK\$4,216 million. The gearing ratio was 3.1%.
- 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 shopping mall of Center 66 in Wuxi is on schedule for opening in September 2013. Over 90% of the total leasable area is pre-leased. Other projects under development on the Mainland are progressing as planned.

# HANG LUNG GROUP 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. Gerald L. CHAN

*Independent Non-Executive Directors:* Mr. S.S. YIN, Dr. H.K. CHENG, Ms. Laura L.Y. CHEN and Mr. Simon S.O. IP