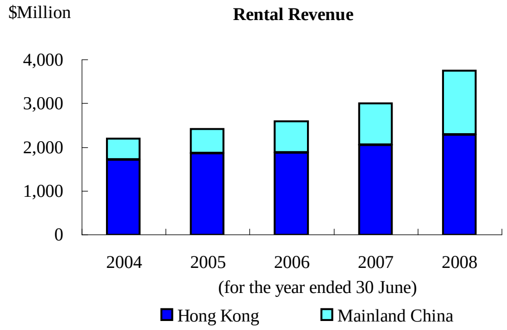

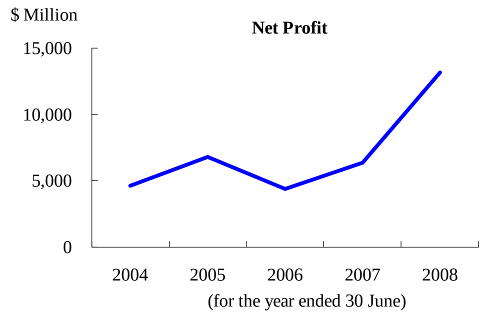

恒隆地產有限公司
HANG LUNG PROPERTIES LIMITED
(Stock code: 101)

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2008 (AUDITED)
(Expressed in Hong Kong dollars)

	Note	**2008 $Million**	2007 $Million
Turnover	*3*	**10,079.9**	4,389.4
Other income		**281.1**	302.6
Direct costs and operating expenses		**(3,482.3)**	(1,686.0)
Administrative expenses		**(361.1)**	(243.3)
Operating profit		**6,517.6**	2,762.7
Increase in fair value of investment properties	*8*	**10,181.5**	5,962.1
		16,699.1	8,724.8
Finance costs	*4*	**(150.4)**	(297.1)
Share of profits of jointly controlled entities		**128.9**	78.3
Profit before taxation	*3(a) & 4*	**16,677.6**	8,506.0
Taxation	*5*	**(2,783.2)**	(1,403.0)
Profit for the year		**13,894.4**	7,103.0
Attributable to:			
Shareholders		**13,159.1**	6,370.6
Minority interests		**735.3**	732.4
		13,894.4	7,103.0
Dividends	*6(a)*	**2,735.7**	2,320.0
Earnings per share	*7(a)*		
Basic		**$ 3.18**	**$ 1.60**
Diluted		**$ 3.15**	**$ 1.58**
Earnings per share excluding changes in fair value of investment properties net of related deferred tax	*7(b)*		
Basic		**$ 1.24**	$ 0.51
Diluted		**$ 1.23**	$ 0.51

CONSOLIDATED BALANCE SHEET
AT 30 JUNE 2008 (AUDITED)
(Expressed in Hong Kong dollars)

	Note	2008 $Million	2007 $Million
Non-current assets			
Fixed assets			
Investment properties	*8*	**59,085.4**	47,152.9
Other fixed assets		**5,758.9**	4,051.2
		64,844.3	51,204.1
Interest in jointly controlled entities		**696.7**	596.9
Loans and investments		**5.4**	6.9
Deferred tax assets		**34.5**	63.9
		65,580.9	51,871.8
Current assets			
Inventories		**6,816.6**	9,541.6
Trade and other receivables	*9*	**1,365.9**	836.9
Cash and deposits with banks		**10,577.8**	6,993.7
		18,760.3	17,372.2
Current liabilities			
Trade and other payables	*10*	**1,726.0**	1,635.0
Taxation		**828.5**	189.5
		2,554.5	1,824.5
Net current assets		**16,205.8**	15,547.7
Total assets less current liabilities		**81,786.7**	67,419.5
Non-current liabilities			
Bank loans		**4,419.2**	4,781.8
Floating rate notes due 2009		**1,500.0**	1,500.0
Finance lease obligations		**393.0**	487.1
Deferred tax liabilities		**6,823.9**	4,813.1
		13,136.1	11,582.0
NET ASSETS		**68,650.6**	55,837.5
Captial and reserves			
Share capital		**4,145.1**	4,142.9
Reserves		**62,231.8**	50,133.8
Shareholders' equity		**66,376.9**	54,276.7
Minority interests		**2,273.7**	1,560.8
TOTAL EQUITY		**68,650.6**	55,837.5

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, 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 2007 except for additional disclosures made in adopting HKFRS 7 Financial Instruments: Disclosures and the amendment to HKAS 1, Presentation of financial statements: Capital disclosures for current year which do not have any material impact on the results and financial position of the Group.

3. Turnover and segment information

   (a) Business segment

   (i) Segment revenue and results

	Segment revenue		Segment results	
	2008	2007	**2008**	2007
	$Million	$Million	**$Million**	$Million
Property leasing	**3,745.1**	3,003.8	**3,045.7**	2,402.2
Property sales	**6,334.8**	1,385.6	**3,551.9**	301.2
	10,079.9	4,389.4	**6,597.6**	2,703.4
Other income			**281.1**	302.6
Administrative expenses *(Note)*			**(361.1)**	(243.3)
Operating profit			**6,517.6**	2,762.7
Increase in fair value of investment properties				
- property leasing			**10,181.5**	5,962.1
Finance costs			**(150.4)**	(297.1)
Share of profits of jointly controlled entities				
- property leasing			**128.9**	78.3
Profit before taxation			**16,677.6**	8,506.0

Note: *Administrative expenses included share-based payments of $109.1 million (2007: $41.0 million) recognised during the year. Share-based payments represent the amortisation of the fair value of options granted to employees over the vesting period and do not involve any cash outflow for the Company.*

   (ii) Segment assets and liabilities

	Assets		Liabilities	
	2008	2007	**2008**	2007
	$Million	$Million	**$Million**	$Million
Property leasing				
The Company and its subsidiaries	**65,157.8**	51,298.2	**1,224.3**	1,187.4
Jointly controlled entities	**696.7**	596.9	**-**	-
Property sales	**7,869.0**	10,284.4	**295.7**	238.9
Unallocated *(Note)*	**10,617.7**	7,064.5	**14,170.6**	11,980.2
	84,341.2	69,244.0	**15,690.6**	13,406.5

Note: *Unallocated items mainly comprise financial and corporate assets including cash and deposits with banks of $10,577.8 million (2007: $6,993.7 million), interest-bearing borrowings including bank loans of $4,419.2 million (2007: $4,781.8 million) and other liabilities of $1,893.0 million (2007: $1,987.1 million), and taxation of $7,617.9 million (2007: $4,938.7 million).*

Notes:

3. Turnover and segment information (Continued)

(a) Business segment (Continued)

(iii) Capital expenditure and depreciation

	Capital expenditure		Depreciation	
	2008	2007	**2008**	2007
	$Million	$Million	**$Million**	$Million
Property leasing	**1,508.0**	2,769.8	**7.5**	4.4

(b) Geographical segment

(i) Segment revenue and results

	Segment revenue		Segment results	
	2008	2007	**2008**	2007
	$Million	$Million	**$Million**	$Million
Group				
Hong Kong	**8,624.9**	3,444.1	**5,404.8**	1,971.1
Mainland China	**1,455.0**	945.3	**1,192.8**	732.3
	10,079.9	4,389.4	**6,597.6**	2,703.4
Jointly controlled entities				
Hong Kong			**128.9**	78.3

(ii) Segment assets

	2008	2007
	$Million	$Million
Hong Kong	**52,487.0**	46,677.4
Mainland China	**20,539.8**	14,905.2
	73,026.8	61,582.6

(iii) Capital expenditure

	2008	2007
	$Million	$Million
Hong Kong	**179.2**	109.2
Mainland China	**1,328.8**	2,660.6
	1,508.0	2,769.8

4. Profit before taxation is arrived at after charging:

	2008	2007
	$Million	$Million
Finance costs		
Interest on borrowings	**299.7**	408.4
Other ancillary borrowing costs	**30.4**	28.1
Total borrowing costs	**330.1**	436.5
Less: Borrowing costs capitalised	**(179.7)**	(139.4)
	150.4	297.1
Cost of properties sold	**2,375.0**	1,019.4
Staff costs, including employee share-based payment expenses of $109.1 million (2007: $41.0 million)	**490.8**	301.3
Depreciation	**7.5**	4.4
and after crediting:		
Profit on disposal of investment properties	**63.8**	5.3
Interest income	**281.1**	294.8

Notes:

5. Provision for Hong Kong Profits Tax is calculated at 16.5% (2007: 17.5%) of the estimated assessable profits for the year. PRC Income Tax is calculated at the rates applicable in mainland China.

	2008	2007
	$Million	$Million
Current tax		
Hong Kong Profits Tax	**724.9**	182.1
Under/(Over)-provision in prior years	**1.1**	(1.4)
	726.0	180.7
PRC Income Tax	**200.7**	97.2
	926.7	277.9
Deferred tax		
Change in fair value of investment properties	**1,899.9**	1,306.3
Other origination and reversal of temporary differences	**138.0**	84.2
Effect of change in Hong Kong tax rate on deferred tax balances at 1 July	**(181.4)**	-
Effect of change in PRC tax rate on deferred tax balances at 1 July	**-**	(265.4)
	1,856.5	1,125.1
	2,783.2	1,403.0

The Hong Kong SAR Government enacted a reduction in the Profits Tax rate from 17.5% to 16.5% with effect from the year of assessment 2008/2009. Accordingly, the relevant profits tax and deferred tax liabilities have been calculated using the new rate of 16.5%.

On 16 March 2007, the Standing Committee of the Tenth National People's Congress of PRC passed the income tax law whereby the tax rate would be changed from 33% to 25% with effect from 1 January 2008. Accordingly, the relevant PRC Income Tax from 1 January 2008 and the deferred tax liablilities from the financial year 2006/07 have been calculated at the new rate of 25%.

6. (a) Dividends attributable to the year

	2008	2007
	$Million	$Million
Interim dividend declared and paid of 15 cents (2007: 13 cents) per share	**621.7**	538.5
Final dividend of 51 cents (2007: 43 cents) per share proposed after the balance sheet date	**2,114.0**	1,781.5
	2,735.7	2,320.0

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 $1,781.9 million for financial year 2007 was approved and paid in financial year 2008 (2007: $1,418.2 million).

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

	2008	2007
	$Million	$Million
Earnings for calculation of basic and diluted earnings per share (net profit attributable to shareholders)	**13,159.1**	6,370.6

	Number of shares	
	2008	2007
	Million	Million
Weighted average number of shares used in calculating basic earnings per share	**4,144.2**	3,995.2
Effect of dilutive potential shares - share options	**33.1**	35.7
Weighted average number of shares used in calculating diluted earnings per share	**4,177.3**	4,030.9

Notes:

7\. (b) The calculation of basic and diluted earnings per share excluding changes in fair value of investment properties net of related deferred tax and minority interests is based on the profit adjusted as follows:

	2008	2007
	$Million	$Million
Net profit attributable to shareholders	**13,159.1**	6,370.6
Effect of changes in fair value of investment properties net of related deferred tax and minority interests	**(8,036.1)**	(4,322.7)
Adjusted earnings for calculation of basic and diluted earnings per share	**5,123.0**	2,047.9

8\. The investment properties of the Group were revalued at 30 June 2008 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.

9\. Included in trade and other receivables are trade debtors with the following terms:

	2008	2007
	$Million	$Million
Within 1 month	**1,068.7**	449.1
1 - 3 months	**2.5**	4.0
Over 3 months	**5.3**	0.9
	1,076.5	454.0

Proceeds from property sales are receivable pursuant to the terms of the sale and purchase agreements. Monthly rents in respect of leased properties are payable in advance by the tenants. An ageing analysis of trade debtors is prepared on a regular basis and is closely monitored to minimise any credit risk associated with receivables.

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

	2008	2007
	$Million	$Million
Due within 1 month	**425.9**	514.7
Due over 3 months	**56.5**	78.9
	482.4	593.6

Highlights

- Net profit of Hang Lung Properties increased by 107% to HK$13,159.1 million. Excluding the gain on revaluation of investment properties and related tax, underlying net profit surged by 150% to HK$5,123.0 million.

  This outstanding rise in profit was brought by timely disposal of our residential properties along with stellar growth in leasing activities both in Hong Kong and Shanghai.

- Property leasing in Hong Kong exhibited pleasing results spurred by dynamic growth of the local economy. Rental turnover and profits from Hong Kong amounted to HK$2,290.1 million and HK$1,852.9 million respectively, both representing an increase of 11%.

- Benefiting from rapid growing consumption in mainland China, property leasing in Shanghai continued to grow remarkably. Rental turnover and profits from Shanghai increased by 54% to HK$1,455.0 million and 63% to HK$1,192.8 million respectively, partly boosted by additional contribution from the second office tower of Plaza 66 which was completed in December 2006.

- Overall rental turnover and profits grew by 25% to HK$3,745.1 million and 27% to HK$3,045.7 million respectively.

- Property sales achieved excellent results. During the year, we sold nearly 800 units, with 605 units from The Long Beach and 113 units from The HarbourSide at an average price of about HK$7,100 and HK$16,900 per square foot respectively. We will firmly follow our strategy of releasing our remaining properties at the best possible time to maximize property development profit margin.

- We maintained a net cash position at 30 June 2008. We are well prepared for the coming bear market and so welcome it. With less competition, we expect to conclude land purchases in mainland China faster and easier, fulfilling our planned HK$40 billion investment in eighteen projects.

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.

Book Close Dates

Book close dates (both days inclusive)	29 October 2008 to 31 October 2008
Latest time to lodge transfers	4:00 pm on 28 October 2008
Annual general meeting	3 November 2008
Final dividend payment date	18 November 2008

On Behalf of the Board
Ronnie C. Chan
Chairman

Hong Kong, 13 August 2008

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, Mr. Terry S. Ng and Mr. William P.Y. Ko
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