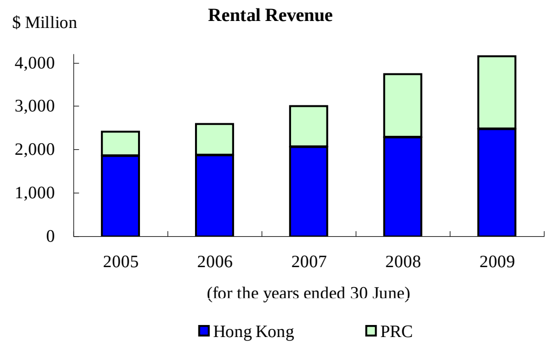
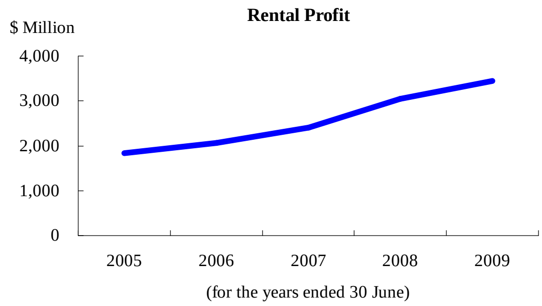
恒 隆 地 產
HANG LUNG PROPERTIES





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 30 JUNE 2009 (AUDITED)

(Expressed in Hong Kong dollars)

	Note	**2009 $Million**	2008 $Million
Turnover	*3*	**4,172.6**	10,079.9
Interest income		**157.2**	281.1
Direct costs and operating expenses		**(728.4)**	(3,482.3)
Administrative expenses		**(383.1)**	(361.1)
Operating profit before change in fair value of investment properties		**3,218.3**	6,517.6
Increase in fair value of investment properties	*8*	**3,523.1**	10,181.5
Operating profit after change in fair value of investment properties		**6,741.4**	16,699.1
Finance costs	*4*	**(69.0)**	(150.4)
Share of profits of jointly controlled entities		**22.8**	128.9
Profit before taxation	*3(a) & 4*	**6,695.2**	16,677.6
Taxation	*5*	**(1,512.9)**	(2,783.2)
Profit for the year		**5,182.3**	13,894.4
Attributable to:			
Shareholders		**4,130.3**	13,159.1
Minority interests		**1,052.0**	735.3
		5,182.3	13,894.4
Dividends	*6(a)*	**2,736.1**	2,735.7
Earnings per share	*7(a)*		
Basic		**$ 1.00**	$ 3.18
Diluted		**$ 0.99**	$ 3.15

HANG LUNG PROPERTIES LIMITED

CONSOLIDATED BALANCE SHEET
AT 30 JUNE 2009 (AUDITED)
(Expressed in Hong Kong dollars)

	Note	2009 $Million	2008 $Million
Non-current assets			
Fixed assets			
Investment properties	*8*	**62,765.6**	59,085.4
Investment properties under development		**7,570.1**	5,656.8
Other fixed assets		**123.4**	102.1
		70,459.1	64,844.3
Interest in jointly controlled entities		**699.4**	696.7
Loans and investments		**4.0**	5.4
Deferred tax assets		**45.3**	34.5
		71,207.8	65,580.9
Current assets			
Cash and deposits with banks		**8,931.4**	10,577.8
Trade and other receivables	*9*	**686.1**	1,365.9
Properties for sale		**7,682.8**	6,816.6
		17,300.3	18,760.3
Current liabilities			
Floating rate notes due 2009		**1,500.0**	-
Trade and other payables	*10*	**2,027.5**	1,726.0
Taxation payable		**831.2**	828.5
		4,358.7	2,554.5
Net current assets		**12,941.6**	16,205.8
Total assets less current liabilities		**84,149.4**	81,786.7
Non-current liabilities			
Bank loans		**4,661.3**	4,419.2
Finance lease obligations		**287.2**	393.0
Deferred tax liabilities		**7,871.2**	6,823.9
Floating rate notes due 2009		**-**	1,500.0
		12,819.7	13,136.1
NET ASSETS		**71,329.7**	68,650.6
Captial and reserves			
Share capital		**4,145.6**	4,145.1
Reserves		**63,891.9**	62,231.8
Shareholders' equity		**68,037.5**	66,376.9
Minority interests		**3,292.2**	2,273.7
TOTAL EQUITY		**71,329.7**	68,650.6

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	**4,162.2**	3,745.1	**3,441.3**	3,045.7
Property sales	**10.4**	6,334.8	**2.9**	3,551.9
	4,172.6	10,079.9	**3,444.2**	6,597.6
Interest income			**157.2**	281.1
Administrative expenses (Note)			**(383.1)**	(361.1)
Operating profit before change in fair value of investment properties			**3,218.3**	6,517.6
Increase in fair value of investment properties - property leasing			**3,523.1**	10,181.5
Finance costs			**(69.0)**	(150.4)
Share of profits of jointly controlled entities - property leasing			**22.8**	128.9
Profit before taxation			**6,695.2**	16,677.6

Note: Administrative expenses included share-based payment expenses of $118.1 million (2008: $109.1 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				
The Company and its subsidiaries	**70,696.8**	65,157.8	**1,721.3**	1,224.3
Jointly controlled entities	**699.4**	696.7	**-**	-
Property sales	**8,131.2**	7,869.0	**127.5**	295.7
Unallocated (Note)	**8,980.7**	10,617.7	**15,329.6**	14,170.6
	88,508.1	84,341.2	**17,178.4**	15,690.6

Note: Unallocated items mainly comprise financial and corporate assets including cash and deposits with banks of $8,931.4 million (2008: $10,577.8 million), interest-bearing borrowings including bank loans of $4,661.3 million (2008: $4,419.2 million) and other liabilities of $1,787.2 million (2008: $1,893.0 million), and taxation of $8,657.1 million (2008: $7,617.9 million).

Notes:

3. Turnover and segment information (Continued)

(a) Business segment (Continued)

(iii) Capital expenditure and depreciation

	Capital expenditure		Depreciation	
	2009	2008	**2009**	2008
	$Million	$Million	**$Million**	$Million
Property leasing	**2,665.1**	1,508.0	**12.7**	7.5

(b) Geographical segment

(i) Segment revenue and results

	Segment revenue		Segment results	
	2009	2008	**2009**	2008
	$Million	$Million	**$Million**	$Million
Group				
Hong Kong	**2,484.7**	8,624.9	**2,020.0**	5,404.8
PRC	**1,687.9**	1,455.0	**1,424.2**	1,192.8
	4,172.6	10,079.9	**3,444.2**	6,597.6
Jointly controlled entities				
Hong Kong			**22.8**	128.9

(ii) Segment assets

	2009	2008
	$Million	$Million
Hong Kong	**51,232.5**	52,487.0
PRC	**27,595.5**	20,539.8
	78,828.0	73,026.8

(iii) Capital expenditure

	2009	2008
	$Million	$Million
Hong Kong	**175.9**	179.2
PRC	**2,489.2**	1,328.8
	2,665.1	1,508.0

4. Profit before taxation

	2009	2008
	$Million	$Million
Profit before taxation is arrived at after charging:		
Interest on borrowings	**190.9**	299.7
Other borrowing costs	**30.9**	30.4
Total borrowing costs	**221.8**	330.1
Less: Borrowing costs capitalised	**(152.8)**	(179.7)
Finance costs	**69.0**	150.4
Cost of properties sold	**7.5**	2,375.0
Staff costs, including employee share-based payment expenses of $118.1 million (2008: $109.1 million)	**512.0**	490.8
Depreciation	**12.7**	7.5
and after crediting:		
Profit on disposal of investment properties	**-**	63.8

Notes:

5. 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").

	2009 **$Million**	2008 $Million
Current tax		
Hong Kong Profits Tax	**200.4**	724.9
Underprovision in prior years	**13.4**	1.1
	213.8	726.0
PRC Income Tax	**262.6**	200.7
	476.4	926.7
Deferred tax		
Change in fair value of investment properties	**967.1**	1,899.9
Other origination and reversal of temporary differences	**69.4**	138.0
Effect of change in Hong Kong tax rate on deferred tax balances at 1 July	**-**	(181.4)
	1,036.5	1,856.5
Total income tax expense	**1,512.9**	2,783.2

6. Dividends

(a) Dividends attributable to the year

	2009 **$Million**	2008 $Million
Interim dividend declared and paid of 15 cents (2008: 15 cents) per share	**621.8**	621.7
Final dividend of 51 cents (2008: 51 cents) per share proposed after the balance sheet date	**2,114.3**	2,114.0
	2,736.1	2,735.7

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 $2,114.0 million for financial year 2008 was approved and paid in financial year 2009 (2008: $1,781.9 million).

7. Earnings per share

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

	2009 **$Million**	2008 $Million
Earnings for calculation of basic and diluted earnings per share (net profit attributable to shareholders)	**4,130.3**	13,159.1

	2009 **Number of shares** **(Million)**	2008 (Million)
Weighted average number of shares used in calculating basic earnings per share	**4,145.2**	4,144.2
Effect of dilutive potential shares - share options	**8.4**	33.1
Weighted average number of shares used in calculating diluted earnings per share	**4,153.6**	4,177.3

Notes:

7. 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:

	2009 $Million	2008 $Million
Net profit attributable to shareholders	**4,130.3**	13,159.1
Effect of changes in fair value of investment properties	**(3,523.1)**	(10,181.5)
Effect of corresponding deferred tax	**967.1**	1,729.7
Effect of change in fair value of investment properties net of related deferred tax of jointly controlled entities	**6.6**	(100.3)
	(2,549.4)	(8,552.1)
Minority interests	**807.4**	516.0
	(1,742.0)	(8,036.1)
Underlying net profit attributable to shareholders	**2,388.3**	5,123.0

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

	2009	2008
Basic	**$ 0.58**	$ 1.24
Diluted	**$ 0.57**	$ 1.23

8. 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.

9. Trade and other receivables

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

	2009 $Million	2008 $Million
Current and within 1 month	**409.7**	1,068.7
1 - 3 months	**2.5**	2.5
Over 3 months	**54.0**	5.3
	466.2	1,076.5

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.

10. Trade and other payables

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

	2009 $Million	2008 $Million
Due within 1 month	**594.5**	425.9
Due after 3 months	**108.7**	56.5
	703.2	482.4

HANG LUNG PROPERTIES LIMITED

Highlights

- Net profit of Hang Lung Properties decreased by 69% to HK$4,130.3 million as we sold substantially fewer residential units during the year. Property leasing activities continued to deliver strong growth in a difficult economic environment. Rental turnover and profits grew by 11% to HK$4,162.2 million and 13% to HK$3,441.3 million respectively.

  Excluding the gain on revaluation of investment properties and related tax, underlying net profit fell by 53% to HK$2,388.3 million.

- Rental turnover and operating profit generated from our Hong Kong investment properties grew by 8% and 9% to HK$2,474.3 million and HK$2,017.1 million respectively.

- Our Shanghai properties enjoyed stellar growth as rental turnover and profits increased by 16% to HK$1,687.9 million and 19% to HK$1,424.2 million, respectively. Positive rental reversions, optimization of tenant mix and the enlarged retail space of Plaza 66 contributed to the pleasing performance.

- As of 30 June 2009, we maintained a strong balance sheet with net cash of HK$2,770.1 million and committed undrawn banking facilities totalled HK$17.2 billion.

- In May 2009, we acquired a prime lot of about 63,400 square metres in Xigang District of Dalian for the development of a world-class shopping mall, Olympia 66, with gross floor area of about 221,900 square metres. Total investment cost is expected to be about HK$5 billion.

  In the same month, we purchased a 16,700 square metre prime lot in Chongan District of Wuxi City. The new site is adjacent to our development project in Wuxi, Centre 66, previously known as Wuxi Hang Lung Plaza, and will be an extended phase of the development. Total gross floor area of the enlarged Centre 66 will increase to about 376,800 square metres.

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 HK51 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, 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