For Immediate Release

Hang Lung's Core Business Continues to Sustain Solid Growth

Summary of the 2019 Annual Results

- Rental revenues of Hang Lung Properties and Hang Lung Group continued their upward trend and recorded a year-on-year increase of 5% and 4% respectively;
- The Mainland portfolio recorded sequential growth in both retail sales and revenue, mainly resulting from strong luxury spending and new revenue streams from properties commencing operations in the reporting year;
- Our Hong Kong portfolio demonstrated resilience against the local social unrest;
- Customer-centric initiatives aided by technologies enhanced loyalty and relationships with tenants and customers; and
- Increase in final dividends to shareholders of both Companies was proposed. A special dividend of HK26 cents will be made to shareholders of Hang Lung Group.

In HK$ Million	Hang Lung Properties			Hang Lung Group		
Total Revenue	-6%	to	8,852	-6%	to	9,435
Property Leasing Revenue	+5%	to	8,556	+4%	to	9,139
- Mainland China	+7%	to	4,544	+6%	to	4,975
- Hong Kong	+2%	to	4,012	+2%	to	4,164
Property Sales Revenue	-76%	to	296	-76%	to	296
Total Operating Profit	-5%	to	6,487	-5%	to	6,898
- Property Leasing	+4%	to	6,325	+4%	to	6,736
- Property Sales	-79%	to	162	-79%	to	162
Profit for the Year	+13%	to	9,800	+35%	to	12,575
- Net Profit Attributable to Shareholders	-24%	to	6,172	+29%	to	6,816
- Non-controlling interest	+532%	to	3,628	+44%	to	5,759
Underlying Net Profit Attributable to Shareholders	+9%	to	4,474	+44%	to	3,796
Total Dividends Per Share (HK$)	+1%	to	0.76	+35%	to	1.08
- Interim (Paid)	-	to	0.17	-	to	0.19
- Special (Declared)		N/A			0.26	
- Final (Proposed)	+2%	to	0.59	+3%	to	0.63

(Hong Kong, January 21, 2020) Hang Lung Properties Limited (HKSE Stock Code: 00101) and Hang Lung Group Limited (HKSE Stock Code: 00010) today announced financial results for the year ended December 31, 2019. The core property leasing business across Hong Kong and the Mainland continued to deliver solid performance despite the US-China trade dispute, Renminbi depreciation, and the social unrest in Hong Kong beginning in the second half of 2019. Leasing revenues of Hang Lung Properties and Hang Lung Group increased by 5% to HK$8,556 million and 4% to HK$9,139 million respectively.

Despite fewer residential units being sold during the year, underlying net profit attributable to shareholders of Hang Lung Properties and Hang Lung Group increased 9% to HK$4,474 million and 44% to HK$3,796 million respectively.

The Board of Directors of Hang Lung Properties has proposed the final dividend of HK59 cents per share for 2019. Together with the interim dividend of HK17 cents, total dividend for the full year of 2019 will be HK76 cents per share (2018: HK75 cents), representing an increase of 1% compared to previous year.

The Board of Directors of Hang Lung Group has recommended a final dividend of HK63 cents per share and declared a special dividend of HK26 cents per share for 2019, the latter of which has been taken into account the gain on disposal of certain non-core properties in Hong Kong. Together with the interim dividend of HK19 cents, total dividend for the full year of 2019 will be HK108 cents per share (2018:HK80 cents), or 35% increase compared to previous year.

The final dividends and special dividend will be paid by cash on May 20, 2020 to shareholders whose names appeared on the register of members on May 7, 2020.

Business Overview

The performance of our Mainland leasing portfolio in 2019 was encouraging, reflecting the remarkable revenue advancement of eight existing properties, new revenue streams from properties commencing operations in the reporting year, and stable income from office towers. Total revenue from the Mainland leasing portfolio of Hang Lung Properties and Hang Lung Group climbed 12% and 11% to RMB4,003 million and RMB4,382 million respectively. New properties commencing business in the reporting year included the mall and office tower at Spring City 66 in Kunming, the second office tower at Center 66 in Wuxi, and Conrad Shenyang at Forum 66 in Shenyang.

In Hong Kong, the performance of our core leasing properties demonstrated resilience despite the adverse impact of the social unrest. Total revenue at Hang Lung Properties and Hang Lung Group both increased mildly by 2% to HK$4,012 million and HK$4,164 million respectively. The re-opening of Peak Galleria following a two-year asset enhancement initiative has secured a 91% occupancy rate at the end of the year, contributing positively to retail sales and rental revenue.

Mr. Ronnie C. Chan, Chairman of Hang Lung Group and Hang Lung Properties, said, "Our balanced leasing portfolio in Hong Kong and mainland China continues to drive sustainable growth, navigating the impacts of the US-China trade dispute and the prolonged social unrest in Hong Kong. Our Mainland portfolio recorded sequential growth in retail sales and revenue and its performance will continue to be promising given the supportive government policies and lower import duties. Our upscale malls also benefited from the repatriation of luxury spending stimulated by efforts on the part of international luxury brands to narrow the price gap between products sold on the Mainland and overseas. The organic growth of our portfolio of properties, together with new revenue streams from new projects, has put us in the best position to leverage the robust growth in the sale of luxury goods.

"Our investments in asset enhancements in Shanghai and Hong Kong yielded positive results. Revenue at our Shanghai retail properties advanced 11% year-on-year, with Plaza 66 maintaining double-digit growth in revenue for the third consecutive year, while revenue at Grand Gateway 66 mall increased 6% to RMB853 million, driven by the phased reopening of the mall, which is expected to benefit from a similar boost in revenue upon the completion of its major renovation in the third quarter of this year."

Mr. Weber Lo, Chief Executive Officer of Hang Lung Group and Hang Lung Properties, said, "We put customer-centricity at the very heart of our operations as the basis for engaging with our tenants and customers and driving business growth. In 2019, our nationwide Customer Relationship Management (CRM) program, HOUSE 66, was launched in four more projects following its debut in 2018. We target to launch HOUSE 66 at the rest of our malls on the Mainland this year." The CRM program, aided by integrated digital technologies, offers customers an array of personalized services and invitations to exclusive events, and has proved capable of deepening engagement with customers and promoting brand loyalty while generating higher turnover rent and boosting footfall to our malls.

Business Outlook

Despite uncertainties caused by the US-China trade tensions, Renminbi fluctuation, and the socio-political conditions in Hong Kong, we maintain an optimistic view of the property leasing business as a whole. Revenue growth will be fueled by the Mainland retail sector and contributions from new properties.

Our Mainland portfolio will continue to benefit from the repatriation of luxury spending as the portfolio has gathered pace in bolstering its roll of luxury tenants. The opening of new shops by luxury brands will continue well into 2020 and beyond, in existing properties as well as extending to new projects such as Spring City 66 in Kunming and Heartland 66 in Wuhan.

The launch of our nationwide CRM program, HOUSE 66, provides further opportunities for collaboration with tenants on the strength of quality data mining and a determination to become increasingly customer focused.

We commit ourselves to staying ahead in technology-assisted customer experience, improving service in malls, car parks and other touchpoints as a means to more directly engage with our shoppers, office workers, and their clients.

Depending on market conditions, we will continue to sell down residential units in Hong Kong and look for opportunities to unlock more value from our property portfolio through the disposal of non-core properties.

On the property development side, work on two re-development projects in Hong Kong has already commenced. On the Mainland, luxurious serviced apartments in our four mixed-use projects are intended for sale. We have begun the construction work for serviced apartments in our Wuhan project, and those at our Wuxi, Kunming and Shenyang projects are set to start in phases.

Entering to the 60th Anniversary of its establishment, Hang Lung Group, together with Hang Lung Properties, will continue to look for opportunities to expand our portfolio in Hong Kong and mainland China, ultimately delivering sustainable value to our shareholders and stakeholders.

This press release and the full results announcements are available for downloading from the Hang Lung Website at www.hanglung.com

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