For Immediate Release

Strong Momentum Drives Sustainable Growth in Core Leasing Business Despite Market Uncertainty

(Hong Kong, January 30, 2019) Hang Lung Properties Limited (HKSE Stock Code: 00101) and Hang Lung Group Limited (HKSE Stock Code: 00010) today announced their financial results for the year ended December 31, 2018.

2018 Annual Performance at a Glance:

In HK$ Million	**Hang Lung Properties**			**Hang Lung Group**		
Total Revenue	-16%	to	9,408	-15%	to	10,015
Property Leasing Revenue	+5%	to	8,181	+5%	to	8,784
- Mainland China	+7%	to	4,244	+7%	to	4,686
- Hong Kong	+3%	to	3,937	+3%	to	4,098
Property Sales Revenue	-64%	to	1,227	-64%	to	1,231
Total Operating Profit	-14%	to	6,822	-13%	to	7,249
- Property Leasing	+7%	to	6,060	+7%	to	6,484
- Property Sales	-66%	to	762	-66%	to	765
Net Profit Attributable to Shareholders	-1%	to	8,078	-1%	to	5,285
Underlying Net Profit Attributable to Shareholders	-26%	to	4,093	-21%	to	2,631
Total Dividends Per Share (HK$)	-	to	0.75	-	to	0.80
- Interim (Paid)	-	to	0.17	-	to	0.19
- Final (Proposed)	-	to	0.58	-	to	0.61

Our core property leasing business across Hong Kong and the Mainland continued to be resilient in face of uncertain market conditions. Leasing revenues of Hang Lung Properties and Hang Lung Group were both up 5%.

Mr. Ronnie C. Chan, Chairman of Hang Lung Group and Hang Lung Properties, said, "We have achieved an encouraging rental performance in 2018. Our leasing properties have held their positive course in the year even though some areas in the properties were closed for asset enhancement. These upgrades will add value to our assets and provide further impetus for revenue growth. In 2018, management has achieved not only top-line growth but also strengthened our bottom-line performance. Revenue growth of our mainland properties accelerated during the second half when compared with the first half of 2018 and a year ago. We remained cautiously optimistic about the leasing market as the luxury market bounced back from economic uncertainty on the Mainland. Against this backdrop, our portfolio can grow further as we enhance our customer-centric strategies. These will further boost our competitiveness and profitability in the long run."

"Furthermore, our successful acquisition of a prime plot of land in Hangzhou has increased our ability to capitalize on the opportunities that arise across the country. The new projects will contribute to the growth momentum of the Company and bring in further revenue," added Mr. Chan.

Revenue of our Mainland leasing portfolio for Hang Lung Properties and Hang Lung Group both climbed 4% to RMB3,577 million and RMB3,950 million, respectively. For our Hong Kong leasing portfolio, revenue of Hang Lung Properties and Hang Lung Group both achieved mild growth of 3% to HK$3,937 million and HK$4,098 million year-on-year, respectively.

As the residential market of Hong Kong remained active with rising prices in the first half of 2018, Hang Lung closely monitored the situation and captured several favorable windows of opportunity to sell down our remaining inventory, including three semi-detached houses at 23-39 Blue Pool Road and nine units at The Long Beach. We will continue to track the Hong Kong property market thoroughly when opportunities arise, we may continue to sell more of the residential units on hand and further build our land bank.

We continued to adopt prudent and comprehensive financial management strategies to maintain a strong financial position with a high degree of flexibility to meet Hang Lung's capital commitments and long-term expansion.

The Boards of Directors of Hang Lung Properties and Hang Lung Group have proposed final dividends of HK58 cents per share and HK61 cents per share, respectively, to be paid on May 21, 2019, to shareholders registered as at May 7, 2019.

Hang Lung Properties Limited (Stock Code: 00101)
Key Highlights of 2018 Annual Results

1. Total Revenue & Operating Profit

Total revenue decreased 16% to HK$9,408 million because fewer residential units were sold during the year. Total operating profit decreased 14% to HK$6,822 million.

2. Property Leasing

Total revenue of property leasing grew 5% to HK$8,181 million. Revenue from our Mainland portfolio increased 7% and that of our Hong Kong portfolio rose 3% year-on-year. Total property leasing operating profit rose 7% to HK$6,060 million.

a. Mainland China Portfolio

Revenue of the entire mainland China portfolio increased 4% to RMB3,577 million. A strong growth momentum was built up during the year with total revenue increasing at 6% and 2% year-on-year, respectively, during the second half and first half of 2018. In particular, revenue from our properties outside Shanghai grew 7% annually, with a 9% growth in the second half of the year. Average margin increased three points to 65%.

Plaza 66, Shanghai

Total revenue of Plaza 66 increased 10% resulting from the strong performance of both the mall and office towers.

The performance of Plaza 66 mall was encouraging with revenue and retail sales advancing 12% and 13%, respectively. Plaza 66 mall has successfully anchored its leading market position as the Home to Luxury, capturing the upswing in luxury sales and then converting it into strong growth in both revenue and retail sales. A brand-new customer relationship management program, HOUSE 66, was launched in September 2018. It is dedicated to providing customers with unique and personalized services, allowing us to establish a more personal and enduring relationship with our loyal customers.

Plaza 66 offices recorded a 7% revenue growth driven by new lettings and expansion by existing tenants. Overall occupancy rate increased to 95%.

Grand Gateway 66, Shanghai (Mall only)

Due to the three-year upgrading program commenced in 2017, revenue of Grand Gateway 66 mall declined 9%, but was flat when excluding the renovation impact. The first phase of the upgrade works covering the entire North Building was finished and the refurbished building re-opened in September 2018. The second phase covering the bulk of the South Building commenced in July 2018, and is expected to be completed in stages starting in late 2019. Retail sales dropped 3% on a like-for-like basis when excluding the impact of the renovation.

Palace 66, Shenyang

Palace 66 mall collected 5% more in revenue. With more sporting and popular lifestyle fashion brands entering during the year, retail sales rose 7%. Occupancy rate was 88%.

Forum 66, Shenyang

Total revenue of Forum 66 increased 1% driven by the rise in income from the office tower, which was partly offset by the drop in revenue from the mall.

Income of the office tower at Forum 66 advanced 15%. Occupancy rate increased to 88%. The conversion of the top 19 floors of the office tower into a Conrad hotel is progressing. The hotel, expected to open in the second half of 2019, will become a focal point for business and social gatherings in the city.

Revenue of the mall decreased 11% as our efforts to reshuffle tenants and diversify the trade mix continued. Retail sales at the mall fell 1%. More lifestyle and family-related elements were introduced during the year to meet the needs of the local market. Occupancy rate increased to 93%.

Parc 66, Jinan

Revenue of Parc 66 mall increased 8% with occupancy rising to 96%. Retail sales jumped 18%. The trade mix of the mall was further enhanced with the introduction of several first-in-town brands. In December 2018, HOUSE 66 was launched in Parc 66 following its successful debut in Shanghai Plaza 66.

Center 66, Wuxi

Revenue of Center 66 increased 15% even though 9% of the mall's leasable area was temporarily closed for construction of the second office tower. The closed area will re-open in the middle of 2019.

Income of the mall increased 19% driven by positive rental reversions and rising occupancy, which rose to 89% at the end of 2018. Retail sales surged 20%.

Income from the office tower increased 8% resulting from the growth in average occupancy over the year. Leasing activities for the second tower have commenced with good progress made. The tower will be ready for handing over to tenants in the second half of 2019.

Riverside 66, Tianjin

Due to tenant mix refinement after completion of the first lease term, income of Riverside 66 mall slipped 1%. Occupancy rate improved to 90%. Retail sales decreased 8% due to competition from new malls opened in the city during the year.

Olympia 66, Dalian

The revenue of Olympia 66 mall surged 20% driven by an increase in occupancy, which rose to 79% at the end of 2018. The mall made good progress in building up occupancy and increasing footfall during the year. Retail sales jumped 36%.

b. Hong Kong Portfolio

Total revenue and operating profit from the leasing of our matured Hong Kong properties both reported mild growth of 3% to HK$3,937 million and HK$3,321 million, respectively, in spite of the high base. Overall margin was 84%.

Commercial

Revenue of our Hong Kong commercial portfolio grew steadily by 3% to HK$2,326 million, mainly attributable to the positive rental reversions of our major tenants in recent years. Riding on the positive momentum of the retail market, total retail sales rose 9% year-on-year. Occupancy fell one point to 95% because of the renovation at The Peak Galleria, but was up three points when excluding the closed area.

Commercial (continued)

Revenue of the Causeway Bay portfolio increased 4%. During the year, Kingston, which represents 25% of the retail space of our Causeway Bay portfolio, fully re-opened in the first quarter, marking the completion of the three-year major asset enhancement initiative at Fashion Walk. Kornhill Plaza and our properties in Mongkok collected 6% and 2% more in revenue, respectively, and were fully let at the end of 2018. Income of Amoy Plaza advanced 5% due to positive rental reversions and the opening of a cinema in August 2018. The Peak Galleria continued its major renovation and was closed in October 2018. While the first phase of the renovation is expected to be completed for re-opening in the summer of 2019, certain restaurants are targeted to start operations in the first quarter of 2019.

Offices

The Hong Kong office portfolio recorded 2% growth to HK$1,286 million mainly attributable to continuing positive rental reversions. Our offices in Central and Mongkok achieved revenue growth of 4% and 7%, respectively while income from those in Causeway Bay dropped 3%. The refurbishment to maintain the competitiveness of Gala Place in Mongkok commenced in 2018 and the entire program is scheduled to be completed in 2019.

3. Property Sales

Property sales revenue was down 64% to HK$1,227 million because far fewer residential units were sold compared with a year ago. Operating profit decreased 66% to HK$762 million. Overall profit margin was 62%.

The sales during the year comprised three semi-detached houses at 23-39 Blue Pool Road and nine units of The Long Beach apartments.

4. Property Revaluation

An overall revaluation gain of HK$4,170 million was recorded in 2018. Properties in Hong Kong and the Mainland recorded a revaluation gain of HK$3,852 million and HK$318 million, respectively.

5. Profit Attributable to Shareholders

Underlying net profit attributable to shareholders fell 26% to HK$4,093 million. After including the revaluation gain on properties, net profit attributable to shareholders decreased 1% to HK$8,078 million.

6. Projects under Development

All projects under development in mainland China are progressing as planned. Both the mall and office tower at Spring City 66 in Kunming are planned to open in the second half of 2019. Heartland 66 in Wuhan will be completed in stages starting from 2020.

The conversion of the top 19 floors of the office tower at Shenyang Forum 66 into a Conrad hotel is in progress. The hotel is expected to open in the second half of 2019. The construction work of the second office tower at Wuxi Center 66 is progressing as planned. Leasing activities for the new tower have commenced and the tower will be ready for handing over to tenants in the second half of 2019.

In May 2018, Hang Lung Properties successfully acquired a prime plot of land in Hangzhou at a consideration of RMB10.7 billion. We will develop the premium site into a large-scale and high-end commercial mixed-use complex, comprising a world-class mall and office towers. The project is planned for completion in phases from 2024.

In Hong Kong, we plan to re-develop the Amoycan Industrial Centre (AIC) in Ngau Tau Kok, in which Hang Lung Properties owns almost 85% interests. An application for a Land Compulsory Sale for the remaining interests in AIC was submitted to the Lands Tribunal in December 2017.

7. Financial Position

As of December 31, 2018, Hang Lung Properties had cash and bank balances of HK$12,363 million and total borrowings of HK$27,253 million, resulting in a net debt position of HK$14,890 million (December 31, 2017: HK$2,714 million).

The net debt to equity ratio was 10.4% (December 31, 2017: 1.9%) while the debt to equity ratio was 19.0% (December 31, 2017: 17.4%).

Hang Lung Group Limited (Stock Code: 00010)
Key Highlights of 2018 Annual Results

1. Total Revenue & Operating Profit

Total revenue decreased 15% to HK$10,015 million due to fewer residential units sold during the year. Total operating profit declined 13% to HK$7,249 million.

2. Property Leasing

Total revenue of property leasing grew 5% to HK$8,784 million. The Hong Kong leasing portfolio generated 3% more in revenue while income from the Mainland properties increased 7%. Total property leasing operating profit increased 7% to HK$6,484 million.

a. Mainland China Portfolio

Revenue of the entire mainland China portfolio climbed 4% to RMB3,950 million, or 7% when excluding certain areas temporarily closed for renovation at the mall of Shanghai Grand Gateway 66. A strong growth momentum was being built up during the year with total revenue increasing at 6% and 2% year-on-year, respectively, during the second half and first half of 2018. In particular, revenue from our properties outside Shanghai advanced 7% annually, with a 9% growth in the second half year. Average margin rose two points to 65%.

Plaza 66, Shanghai

A strong performance was achieved by both the mall and office towers of Plaza 66, which reported total revenue growth of 10%.

The Plaza 66 mall earned 12% more in revenue during the year. The mall has successfully anchored its leading market position as the Home to Luxury, capturing the upswing in luxury sales and then converting it into strong growth in both revenue and retail sales. A brand-new customer relationship management program, HOUSE 66, was launched in September 2018. It is dedicated to providing customers with unique and personalized services, allowing us to establish a more personal and enduring relationship with our loyal customers. Retail sales at the mall rose 13% with occupancy rate increasing to 99%.

Income of the two office towers at Plaza 66 rose 7% as a result of new lettings and expansion by existing tenants. Overall occupancy rate increased to 95%.

Grand Gateway 66, Shanghai

Affected by the asset upgrading program, Grand Gateway 66 reported a total revenue drop of 5%, but it was up 1% when excluding the renovation impact. The first phase of the upgrade works covering the entire North Building was finished and the face-lifted building re-opened in September 2018. The next phase covering the bulk of the South Building commenced in July 2018, and is expected to be completed in stages starting in late 2019. Retail sales decreased 3% year-on-year on a comparable basis when excluding the impact of renovation.

Income of the office tower at Grand Gateway 66 climbed 6% mainly attributable to higher occupancy, which increased to 94%.

Palace 66, Shenyang

Palace 66 mall collected 5% more in revenue. During the year, more sporting and popular lifestyle fashion brands were recruited. Retail sales increased 7%. Occupancy rate was 88%.

Forum 66, Shenyang

Total revenue of Forum 66 increased 1% as a result of the strong revenue growth from the office tower, which was partly offset by the drop in revenue from the mall.

Income of the office tower at Forum 66 grew 15%. Occupancy rate increased to 88%. The top 19 floors of the office tower are being converted into a Conrad hotel, which is scheduled for opening in the second half of 2019.

Revenue from the mall dropped 11% as we were in the process of optimizing the tenancy profile. Retail sales at the mall slipped 1%. To meet the needs of the local market, more lifestyle and family-related elements were introduced during the year. Occupancy rate increased to 93%.

Parc 66, Jinan

Revenue advanced 8%, with occupancy rising to 96%. Retail sales jumped 18%. The mall’s trade mix was further enhanced with several first-in-town brands introduced. Following its successful debut in Shanghai Plaza 66, HOUSE 66, was launched in Parc 66 in December 2018.

Center 66, Wuxi

Revenue of Center 66 increased 15%, despite the fact that 9% of the mall's leasable area was temporarily closed for construction of the second office tower. The closed area will re-open in the middle of 2019.

Driven by positive rental reversions and higher occupancy, the mall's income jumped 19% with retail sales increasing 20%. Occupancy advanced to 89%.

Revenue of the office tower increased 8% attributable to an increase in average occupancy over the year. This tower out-performed other Grade A offices in Wuxi in both occupancy and effective rent. The second tower will be ready for handover to tenants in the second half of 2019.

Riverside 66, Tianjin

Income of the Riverside 66 mall slipped 1% as the mall has been undergoing a tenant mix refinement after completion of the first lease term introduced at its opening in 2014. At the end of 2018, occupancy rate improved to 90%. Owing to more competition from new malls opened in the city during the year, retail sales declined 8%.

Olympia 66, Dalian

Revenue of the Olympia 66 mall jumped 20% as good progress was made in building up occupancy and increasing footfall. Occupancy increased to 79%. Retail sales surged 36% driven by the business growth of trendy lifestyle and food & beverage tenants.

b. Hong Kong Portfolio

Total revenue and operating profit of our Hong Kong leasing portfolio both achieved a mild growth of 3% to HK$4,098 million and HK$3,450 million, respectively, in spite of the high base. Overall margin was 84%.

Commercial

Revenue of our Hong Kong commercial portfolio increased 3% to HK$2,344 million attributable to the positive rental reversions of our major tenants in recent years. Overall occupancy slightly decreased to 95% owing to the impact of the renovation at The Peak Galleria, but was up two points on a comparable basis. Riding on the positive momentum of the retail market, total retail sales climbed 8% year-on-year.

Hang Lung Group Limited (Stock Code: 00010)
Key Highlights of 2018 Annual Results (Continued)

Commercial (continued)

Revenue of the Causeway Bay portfolio increased 4%. During the year, Kingston, which represents 25% of the retail space of our Causeway Bay portfolio, fully re-opened in the first quarter, marking the completion of the three-year major asset enhancement initiative at Fashion Walk. Kornhill Plaza and our properties in Mongkok collected 6% and 2% more in revenue, respectively, and were fully let at end-2018. Income of Amoy Plaza rose 5% driven by positive rental reversions and the opening of a new cinema in August 2018. The Peak Galleria continued its major renovation and was closed in October 2018. While the first phase of the renovation is expected to be completed for re-opening in the summer of 2019, certain restaurants are targeted to start operations in the first quarter of 2019.

Offices

Revenue from our office portfolio in Hong Kong increased 2% to HK$1,429 million mainly driven by continuing positive rental reversions. Our offices in Central and Mongkok recorded income growth of 4% and 7%, respectively, but revenue from Causeway Bay slipped 3%. To maintain the competitiveness of our properties, a refurbishment program for Gala Place in Mongkok was carried out in 2018. The entire program is scheduled to be completed in 2019.

3. Property Sales

Property sales revenue was down 64% to HK$1,231 million because far fewer residential units were sold compared with a year ago. Operating profit decreased 66% to HK$765 million. Overall profit margin was 62%.

The sales during the year comprised three semi-detached houses at 23-39 Blue Pool Road, nine units of The Long Beach apartments and six car parking spaces at Napa Valley and Hanley Villa.

4. Property Revaluation

An overall revaluation gain of HK$4,298 million was recorded in 2018. Properties in Hong Kong and the Mainland recorded a revaluation gain of HK$3,993 million and HK$305 million, respectively.

5. Profit Attributable to Shareholders

Underlying net profit attributable to shareholders decreased 21% to HK$2,631 million. After including the revaluation gain on properties, net profit attributable to shareholders dropped 1% to HK$5,285 million.

6. Projects under Development

All projects under development in mainland China are progressing as planned. Both the mall and office tower at Spring City 66 in Kunming are planned to open in the second half of 2019. Heartland 66 in Wuhan will be completed in stages from 2020.

The conversion of the top 19 floors of the office tower at Shenyang Forum 66 into a Conrad hotel is in progress. The hotel is expected to open in the second half of 2019. The construction work for the second office tower at Wuxi Center 66 is progressing as scheduled. Leasing activities have commenced and the tower will be ready for handing over to tenants in the second half of 2019.

In May 2018, Hang Lung Properties successfully acquired a prime plot of land in Hangzhou at a consideration of RMB10.7 billion. We will develop the premium site into a large-scale and high-end commercial mixed-use complex, comprising a world-class mall and office towers. The project is planned for completion in phases from 2024.

In Hong Kong, we plan to re-develop the Amoycan Industrial Centre (AIC) in Ngau Tau Kok, in which Hang Lung Properties owns almost 85% interests. An application for a Land Compulsory Sale for the remaining interests in AIC was submitted to the Lands Tribunal in December 2017.

7. Financial Position

As of December 31, 2018, Hang Lung Group had cash and bank balances of HK$12,509 million and total borrowings of HK$30,651 million, resulting in a net debt position of HK$18,142 million (December 31, 2017: HK$5,816 million).

The net debt to equity ratio was 12.0% (December 31, 2017: 3.9%) while the debt to equity ratio was 20.3% (December 31, 2017: 18.7%).

This press release is available for downloading from the Hang Lung Website at www.hanglung.com

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