



## For Immediate Release

# Hang Lung Announces 2020 Interim Results

### Summary of the 2020 Interim Results

- Core property leasing businesses of Hang Lung Properties and Hang Lung Group demonstrated strong resilience despite the impact of the COVID-19 pandemic, the social unrest in Hong Kong, and Renminbi (RMB) depreciation.
- The Mainland portfolio grew in both leasing revenue and retail sales, mainly contributed by pent-up demand fueled by the repatriation of luxury spending, new properties commencing operations in the third quarter of 2019, and the success of our customer-centric initiatives. Our malls housing rich luxury offerings in particular recorded a V-shaped rebound since April. The pace of growth was such that it more than offset the loss of income resulting from the rent relief offered to our Mainland tenants at the height of COVID-19.
- The Hong Kong portfolio was hit by the double whammy of the pandemic and social unrest while rent relief was provided to alleviate tenants' operating pressure.
- A non-cash property revaluation loss of HK\$4,642 million and HK\$4,805 million for Hang Lung Properties and Hang Lung Group was recorded respectively, with no material effect on our operating cash flow and dividend distribution capability.

In HK\$ Million	Hang Lung Properties	Hang Lung Group
Total Revenue	- to 4,184	-1% to 4,457
Property Leasing Revenue	- to 4,184	-1% to 4,457
- Mainland China	+4% to 2,277	+3% to 2,480
- Hong Kong	-5% to 1,907	-6% to 1,977
Property Sales Revenue	-	-
Total Operating Profit	-5% to 3,041	-6% to 3,239
- Property Leasing	-5% to 3,045	-6% to 3,243
- Property Sales	(4)	(4)
Underlying Net Profit Attributable to Shareholders	-11% to 1,989	-43% to 1,336
- Property Leasing	-11% to 1,993	-8% to 1,338
- Property Sales	(4)	(2)
Net Loss Attributable to Shareholders	(2,537)	(1,595)
Interim Dividend Per Share (HK\$)	- to 0.17	- to 0.19

(Hong Kong, July 30, 2020) Hang Lung Properties Limited (HKSE Stock Code: 00101) and Hang Lung Group Limited (HKSE Stock Code: 00010) today announced their financial results for the six months ended June 30, 2020. The core property leasing business across Hong Kong and mainland China demonstrated strong resilience in the face of the COVID-19 pandemic, the impact of social unrest in Hong Kong, and the depreciation of RMB against the Hong Kong Dollar. Leasing revenues of Hang Lung Properties stayed flat at HK\$4,184 million and that of Hang Lung Group decreased 1% to HK\$4,457 million. No property sales revenue was recorded during the period, as was the case for 2019.

Net loss attributable to shareholders of Hang Lung Properties and Hang Lung Group was HK\$2,537 million and HK\$1,595 million, mainly due to property revaluation losses of HK\$4,642 million and HK\$4,805 million, respectively. As our investment properties are held as long-term investments for stable and recurring income and the revaluation loss is non-cash in nature, there will be no material effect on operating cash flow and dividend distribution capability.

The Boards of Directors of Hang Lung Properties and Hang Lung Group have declared an interim dividend of HK17 cents per share and HK19 cents per share, respectively, to be paid by cash on September 29, 2020, to shareholders whose names appeared on the register of members on September 16, 2020.

### **Business Overview**

In the first six months of 2020, leasing revenue of the Mainland portfolio of Hang Lung Properties and Hang Lung Group rose 9% to RMB2,062 million and 8% to RMB2,246 million respectively, partly contributed by new leasing properties commencing business in the third quarter of 2019, namely Spring City 66 in Kunming, Office Tower 2 at Center 66 in Wuxi, and Conrad Shenyang at Forum 66 in Shenyang. Excluding the income from these new properties, leasing revenue of Hang Lung Properties and Hang Lung Group still increased by 3% and 2% respectively as compared to the same period last year despite the impact of COVID-19.

As COVID-19 in mainland China subsided, luxury sales rebounded significantly beginning in April, reflecting pent-up demand fueled by the repatriation of luxury spending and the success of our customer-centric initiatives. Our malls with strong luxury contents, namely Plaza 66 and Grand Gateway 66 in Shanghai, Center 66 in Wuxi, Forum 66 in Shenyang, and Spring City 66 in Kunming, demonstrated a V-shaped rebound in luxury sales from April onwards. The pace of growth was such that it more than offset the loss of income resulting from the rent relief offered to our Mainland tenants at the height of COVID-19. Other malls with a broader lifestyle focus have also seen a mild recovery.

In Hong Kong, leasing revenue of Hang Lung Properties and Hang Lung Group fell 5% to HK\$1,907 million and 6% to HK\$1,977 million, respectively, largely due to the impact of the COVID-19 pandemic and local social unrest. Steps were taken to alleviate the pressure on tenants' businesses, including the provision of rent relief and other supporting measures.

Mr. Ronnie C. Chan, Chairman of Hang Lung Group and Hang Lung Properties, said, "Our Mainland leasing properties, particularly those malls with rich luxury offerings, put us in the best position to capture the tremendous growth in luxury spending. The swift recovery of luxury sales across our malls in the aftermath of the COVID-19 lockdown exemplifies the increasing importance of our mainland China portfolio which accounts for approximately 55% of our revenue."

Commenting on the performance of individual properties, he continued, "Grand Gateway 66 mall in Shanghai has delivered remarkable results with revenue jumping 15%. It will be able to deliver even stronger growth with its enhanced positioning as a luxury hub for young and affluent customers following the completion of its Asset Enhancement Initiative (AEI) in the third quarter of 2020. Spring City 66 in Kunming, with its line-up of new luxury brands to customers in Southwest China, will become a new growth driver and make its first full year contribution in 2020."

Mr. Weber Lo, Chief Executive Officer of Hang Lung Group and Hang Lung Properties, said, "Our strategy of customer-centricity continues to effect positive contributions in enhancing the overall shopping experience of our customers, deepening customer engagement, and enhancing brand loyalty. Our nationwide Customer Relationship Management (CRM) program, HOUSE 66, will be fully launched across our projects in mainland China by August 2020, lifting our capabilities in meeting and exceeding customer expectations."

### **Business Outlook**

Our performance in the second half of 2020 will depend on the retail sales recovery on the Mainland, particularly in the lifestyle sector – given the luxury sector has recovered much faster than expected as well as the socio-economic stability in Hong Kong.

Our Mainland properties are expected to fully recover by the end of the third quarter and will continue to deliver solid organic growth. Properties commencing business in 2019 will show their full year effect in 2020. On the marketing side, the gradual maturity of the portfolio-wide CRM program HOUSE 66 and the deployment of a variety of digital social platforms will complement the rise in our malls' luxury offering. By strengthening the Hang Lung branded experience and delivering tailor-made services to customers and tenants alike, these programs will continue to bring in new business and enhance relationships. The continued opening of new luxury shops according to plan in various malls, along with the completion of the AEI at Grand Gateway 66 in Shanghai in the second half of this year, are drivers of revenue growth.

Subject to market conditions, we will continue to sell completed residential properties in Hong Kong and explore opportunities to dispose of non-core properties.

On the property development side, two redevelopment projects in Hong Kong are in progress and we will continue to look for development opportunities. On the Mainland, construction of luxury/high-end serviced apartments in our projects in Wuhan, Wuxi, Kunming and Shenyang will continue. Sales and marketing plans for the sales of those apartments are being developed.

This press release and the full results announcements are available for downloading from the Hang Lung Website at [www.hanlung.com](http://www.hanlung.com)

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