



For Immediate Release

Continued Growth in Hang Lung's Property Leasing Business

(Hong Kong, January 28, 2016) 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, 2015.

2015 Annual Performance at a Glance:

In HK\$ Million	Hang Lung Properties		Hang Lung Group	
Total Revenue	-47%	to 8,948	-46%	to 9,528
Rental Revenue	+7%	to 7,751	+7%	to 8,330
- Mainland China	+7%	to 4,194	+6%	to 4,625
- Hong Kong	+8%	to 3,557	+8%	to 3,705
Property Sales Revenue	-88%	to 1,197	-88%	to 1,198
Total Operating Profit	-50%	to 6,548	-48%	to 6,955
- Property Leasing	+2%	to 5,704	+2%	to 6,110
- Property Sales	-89%	to 844	-89%	to 845
Underlying Net Profit Attributable to Shareholders	-56%	to 4,387	-53%	to 2,700
Total Dividends Per Share (HK\$)	-1%	to 0.75	-1%	to 0.80
- Interim (Paid)	-	to 0.17	-	to 0.19
- Final (Proposed)	-2%	to 0.58	-2%	to 0.61

Growth in property leasing business has moderated. Rental revenue of Hang Lung Properties and Hang Lung Group both increased by 7% to HK\$7,751 million and HK\$8,330 million, respectively, and rental operating profit was both up 2% year-on-year.

Mr. Ronnie C. Chan, Chairman of Hang Lung Group and Hang Lung Properties, said, "Mainland China's economy was weak and retail growth, especially for high-end goods, has slowed further. Our rental performance was encouraging in the face of a difficult economic environment. This could not be achieved without the steadfast management efforts to capture new market niches and consumer appeal."

"The asset enhancement initiatives for our mature Hong Kong and mainland China investment properties are going ahead. The programs are progressing well for our two flagship properties in Shanghai, where Plaza 66 started its enhancement work last June, while work for Grand Gateway 66 will start in late 2016. In Hong Kong, more enhancement programs are being planned after Grand Plaza and Fashion Walk. These initiatives will further boost our competitiveness and allow us to fare better than the overall industry amidst the weak market condition." Mr. Chan added.

Rental revenue of our Mainland leasing portfolio for Hang Lung Properties and Hang Lung Group grew 7% and 6% to HK\$4,194 million and HK\$4,625 million, respectively. Benefitting from asset enhancement initiatives and ensuing rent increases, revenue of our Hong Kong leasing portfolio of Hang Lung Properties and Hang Lung Group both advanced 8% year-on-year.

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 a final dividend of HK58 cents per share and HK61 cents per share, respectively, to be paid on May 18, 2016, to shareholders registered as at May 5, 2016.

Financial Highlights

For the Year Ended December 31, 2015 (Audited)

Results

In HK\$ Million	Hang Lung Properties Ltd			Hang Lung Group Ltd		
	2015	2014	Change	2015	2014	Change
Revenue	8,948	17,030	-47%	9,528	17,606	-46%
Property Leasing	7,751	7,216	+7%	8,330	7,792	+7%
Property Sales	1,197	9,814	-88%	1,198	9,814	-88%
Operating Profit	6,548	13,008	-50%	6,955	13,406	-48%
Property Leasing	5,704	5,589	+2%	6,110	5,987	+2%
Property Sales	844	7,419	-89%	845	7,419	-89%
Net Profit Attributable to Shareholders	5,092	11,704	-56%	3,211	6,825	-53%
Earnings per Share (HK\$)	1.13	2.61	-57%	2.37	5.04	-53%
Dividends per Share (HK\$)						
Full Year	0.75	0.76	-1%	0.80	0.81	-1%
Interim (Paid)	0.17	0.17	-	0.19	0.19	-
Final (Proposed)	0.58	0.59	-2%	0.61	0.62	-2%

Underlying Results

In HK\$ Million	Hang Lung Properties Ltd			Hang Lung Group Ltd		
	2015	2014	Change	2015	2014	Change
Underlying Net Profit Attributable to Shareholders ^(Note)	4,387	10,022	-56%	2,700	5,730	-53%
Underlying Earnings per Share (HK\$)	0.98	2.24	-56%	1.99	4.23	-53%

Note: This is presented by net profit attributable to shareholders excluded changes in fair value of investment properties net of related deferred tax and non-controlling interests.

Hang Lung Properties Limited (Stock Code: 00101)

Key Highlights of 2015 Annual Results

Total Revenue & Operating Profit

1. Rental revenue posted a 7% growth to HK\$7,751 million. With fewer residential units sold during 2015, total revenue of Hang Lung Properties decreased by 47% to HK\$8,948 million year-on-year. Correspondingly, total operating profit dropped by 50% to HK\$6,548 million.

Property Leasing

2. Property leasing achieved a 7% rental growth to HK\$7,751 million. The growth was driven by higher contributions from the Hong Kong portfolio, the Shanghai portfolio, and new properties which commenced operations since the third quarter of 2014 in mainland China. Total leasing operating profit increased by 2% to HK\$5,704 million.

Mainland China Portfolio

- a. Rental revenue of our mainland China portfolio advanced 7% to HK\$4,194 million. That included the full year effect of the shopping mall at Riverside 66 in Tianjin and the office tower at Center 66 in Wuxi which commenced operations in September 2014 and October 2014, respectively; and the first time contribution of the office tower at Forum 66 in Shenyang which opened in January 2015 and the shopping mall at Olympia 66 in Dalian which had its soft opening on December 18, 2015.
- b. Our eight shopping malls in mainland China collectively posted a 6% rental growth to HK\$3,287 million. The two flagship malls in Shanghai posted a 6% rental growth to HK\$2,081 million driven by positive rental reversions. The four Grade A office towers on the Mainland contributed 12% more in rent to HK\$907 million.

Hong Kong Portfolio

- a. Rental revenue of the Hong Kong portfolio was up 8% to HK\$3,557 million. Benefitting from various asset enhancement initiatives and ensuing rent increases, the commercial portfolio collected 8% more in rent to HK\$1,972 million.
- b. Rental revenue of our entire office portfolio in Hong Kong increased by 9% to HK\$1,140 million driven by positive rental reversions of the Central portfolio, Hang Lung Centre in Causeway Bay and the Mongkok portfolio.

Hang Lung Properties Limited (Stock Code: 00101)

Key Highlights of 2015 Annual Results (Continued)

Property Sales

3. A total of 63 apartments (2014: 412 units) were sold in 2015. Due to fewer residential units sold compared to a year ago, property sales revenue decreased to HK\$1,197 million, down 88% year-on-year. Overall profit margin realized was 71%.

Revaluation Gain

4. Revaluation gain of investment properties was HK\$631 million in 2015, compared to a gain of HK\$1,705 million recognized in 2014. The Hong Kong portfolio had a valuation gain of HK\$897 million driven by higher valuation of the Causeway Bay and Mongkok portfolio after asset enhancement initiatives. The Mainland China properties had a valuation loss of HK\$266 million mainly due to lower valuation of the malls at Forum 66 in Shenyang and Center 66 in Wuxi.

Profit Attributable to Shareholders

5. Underlying net profit attributable to shareholders decreased by 56% to HK\$4,387 million due to less contribution from property sales. After including a smaller revaluation gain on investment properties, net profit attributable to shareholders decreased similarly to HK\$5,092 million.

Projects under Development

6. All projects under development in mainland China are progressing as planned. The mall at Spring City 66 in Kunming is scheduled to open in late 2018 and Heartland 66 in Wuhan is scheduled for completion, in phases, from late 2019.

Financial Position

7. As at December 31, 2015, Hang Lung Properties had cash and bank balances of HK\$31,289 million and total borrowings of HK\$32,771 million, resulting in a net debt position of HK\$1,482 million (2014: net cash of HK\$4,848 million). Net debt to equity ratio was 1.1%. Debt to equity ratio was 24.3% (2014: 25.2%).

Hang Lung Group Limited (Stock Code: 00010)

Key Highlights of 2015 Annual Results

Total Revenue & Operating Profit

1. Revenue from property leasing increased by 7% to HK\$8,330 million. Total revenue of Hang Lung Group decreased by 46% to HK\$9,528 million because of fewer residential units sold during 2015. Correspondingly, total operating profit decreased by 48% to HK\$6,955 million.

Property Leasing

2. Rental revenue advanced 7% to HK\$8,330 million. The growth was driven by higher contributions from the Hong Kong portfolio, the Shanghai portfolio, and contributions from new properties which commenced operations since the third quarter of 2014 in mainland China. Total leasing operating profit advanced 2% to HK\$6,110 million.

Mainland China Portfolio

- a. Rental revenue of our mainland China portfolio increased by 6% to HK\$4,625 million.
- b. Our eight shopping malls in mainland China collectively generated 6% more in rent to HK\$3,287 million. That included the shopping mall at Riverside 66 in Tianjin which commenced operation in September 2014 and the shopping mall at Olympia 66 in Dalian which had its soft opening on December 18, 2015. Benefitting from positive rental reversions, the two flagship malls in Shanghai, Plaza 66 and Grand Gateway 66, realized a 6% rental growth to HK\$2,081 million.
- c. Rental revenue of our entire office portfolio on the Mainland, consisting of five Grade A office towers, increased by 9% to HK\$1,203 million. That included the office tower at Center 66 in Wuxi which commenced operation in October 2014 and the newly opened office tower at Forum 66 in Shenyang in January 2015.

Hong Kong Portfolio

- a. Rental revenue of the Hong Kong portfolio rose 8% to HK\$3,705 million. The commercial portfolio collected 8% more in rent to HK\$1,983 million as the benefits of the asset enhancement programs continued to flow through during 2015.
- b. Rental revenue of our entire office portfolio in Hong Kong increased by 9% to HK\$1,261 million, attributable to positive rental reversions of the Central portfolio, Hang Lung Centre in Causeway Bay and the Mongkok portfolio.

Hang Lung Group Limited (Stock Code: 00010)

Key Highlights of 2015 Annual Results (Continued)

Property Sales

3. A total of 63 apartments (2014: 412 units) were sold in 2015. Total property sales revenue was HK\$1,198 million, down 88% year-on-year, as fewer apartments were sold compared to a year ago. Overall profit margin realized was 71%.

Revaluation Gain

4. Revaluation gain of investment properties was HK\$676 million in 2015, compared to a gain of HK\$1,712 million recognized in 2014. The Hong Kong portfolio had a valuation gain of HK\$947 million driven by higher valuation of the Causeway Bay and Mongkok portfolio after asset enhancement initiatives. The Mainland China properties had a valuation loss of HK\$271 million mainly due to lower valuation of the malls at Forum 66 in Shenyang and Center 66 in Wuxi.

Profit Attributable to Shareholders

5. Underlying net profit attributable to shareholders decreased by 53% to HK\$2,700 million due to less contribution from property sales. After including a smaller revaluation gain on investment properties, net profit attributable to shareholders decreased similarly to HK\$3,211 million.

Projects under Development

6. All projects under development in mainland China are progressing as planned. The mall at Spring City 66 in Kunming is scheduled to open in late 2018 and Heartland 66 in Wuhan is scheduled for completion, in phases, from late 2019.

Financial Position

7. As at December 31, 2015, the Group had cash and bank balances of HK\$31,482 million and total borrowings of HK\$37,330 million, resulting in a net debt position of HK\$5,848 million (2014: net cash of HK\$228 million). Net debt to equity ratio was 4.2%. Debt to equity ratio was 26.6% (2014: 27.7%).

The press release is available for download from the Hang Lung Website at www.hanlung.com

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