



**For immediate release**

## **Hang Lung Sees Sustainable Growth in Core Property Leasing Business**

(Hong Kong, July 30, 2015) Hang Lung Properties Limited (HKSE Stock Code: 101) and Hang Lung Group Limited (HKSE Stock Code: 10) today announced solid financial results for the six months ended June 30, 2015.

### **First Half of 2015 Performance at a Glance:**

in HK\$ Million	<b>Hang Lung Properties Ltd</b>	<b>Hang Lung Group Ltd</b>
Total Turnover	+3% to 4,607	+3% to 4,893
Rental Turnover	+9% to 3,862	+8% to 4,148
- Mainland China	+10% to 2,118	+8% to 2,332
- Hong Kong	+7% to 1,744	+7% to 1,816
Property Sales Turnover	-17% to 745	-17% to 745
Total Operating Profit	+3% to 3,523	+3% to 3,725
Underlying Net Profit Attributable to Shareholders	-1% to 2,448	- to 1,509
Interim Dividend Per Share (HK\$)	- to 0.17	- to 0.19

The core property leasing business across Hong Kong and on the Mainland continued to report steady growth in both rental turnover and operating profit against the backdrop of a challenging business environment. Rental turnover of Hang Lung Properties and Hang Lung Group rose by 9% and 8% to HK\$3,862 million and HK\$4,148 million, respectively, while rental operating profit was up 3% year-on-year for both companies.

Commenting on the performance, Mr. Ronnie C. Chan, Chairman of Hang Lung Group and Hang Lung Properties, said, "In the midst of persistent headwinds in retail sales in Hong

Kong and on the Mainland, we continued to achieve a steady growth in our core business thanks to steadfast management efforts. The decisions we made at certain times, particularly amid tough macro conditions, in optimizing our tenant mix as well as enhancing our assets will enable Hang Lung to thrive in the future. These initiatives for our Hong Kong and mainland China investment properties will further boost our competitiveness and revenue.”

Anti-opulence measures continued to affect retail sales of luxury goods in mainland China. Despite this, rental turnover of our Mainland leasing portfolio for Hang Lung Properties and Hang Lung Group grew 10% and 8% to HK\$2,118 million and HK\$2,332million respectively in the first half of 2015, while operating profit was maintained at a similar level to last year.

Mr. Chan added, “We will see the grand opening of Olympia 66 in Dalian in the fourth quarter of this year. It will be our eighth operating project on the mainland and will join the other landmark projects of the Group in the northeast in creating exciting synergies, augmenting our array of world-class developments in the region and enabling us to fully capture market opportunities.”

In Hong Kong, our diversified investment properties portfolio was resilient in the face of a sluggish economy. All business segments recorded advancement in terms of turnover and operating profit. A series of asset enhancement initiatives which commenced in 2012 at a number of prime locations have started to bear fruit.

In the first half of 2015, we sold a total of 26 apartments and some car parking spaces. The 18 semi-detached houses on 23-39 Blue Pool Road will be ready for sale when the market environment is in Hang Lung's favor. The Group will closely monitor market trends.

Sound and prudent financial management strategies remain in place to maintain a strong balance sheet with a high degree of liquidity appropriate for Hang Lung’s future growth.

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 on September 30, 2015, to shareholders registered as at September 16, 2015.

## Financial Highlights

### For the Six Months Ended June 30, 2015 (Unaudited)

#### Results

in HK\$ Million	Hang Lung Properties Ltd			Hang Lung Group Ltd		
	Jan - Jun		Change	Jan - Jun		Change
	2015	2014		2015	2014	
<b>Turnover</b>	<b>4,607</b>	<b>4,457</b>	<b>+3%</b>	<b>4,893</b>	<b>4,746</b>	<b>+3%</b>
Property Leasing	3,862	3,556	+9%	4,148	3,845	+8%
Property Sales	745	901	-17%	745	901	-17%
<b>Operating Profit</b>	<b>3,523</b>	<b>3,408</b>	<b>+3%</b>	<b>3,725</b>	<b>3,613</b>	<b>+3%</b>
Property Leasing	2,961	2,868	+3%	3,163	3,073	+3%
Property Sales	562	540	+4%	562	540	+4%
Net Profit Attributable to Shareholders	2,841	3,217	-12%	1,779	2,060	-14%
Earnings per Share (HK\$)	0.63	0.72	-13%	1.31	1.52	-14%
Interim Dividend per Share (HK\$)	0.17	0.17	-	0.19	0.19	-

#### Underlying Results

in HK\$ Million	Hang Lung Properties Ltd			Hang Lung Group Ltd		
	Jan - Jun		Change	Jan - Jun		Change
	2015	2014		2015	2014	
Underlying Net Profit Attributable to Shareholders (Note)	2,448	2,484	-1%	1,509	1,516	-
Underlying Earnings per Share (HK\$)	0.55	0.55	-	1.11	1.12	-1%

Note: This is presented by excluding the revaluation gain on investment properties and related deferred tax and non-controlling interests from net profit attributable to shareholders.

# Hang Lung Properties Limited (Stock Code: 101)

## Key Highlights of 2015 Interim Results

### Total Turnover & Operating Profit

1. Total turnover increased by 3% to HK\$4,607 million year-on-year. Rental income growth was partly offset by smaller property sales turnover. Total operating profit rose 3% to HK\$3,523 million.

### Property Leasing

2. Property leasing achieved a 9% rental growth to HK\$3,862 million driven by good results of the Hong Kong portfolio and the two malls in Shanghai, as well as contributions from new properties which commenced operations since the second half of 2014 in mainland China. Leasing operating profit increased by 3% to HK\$2,961 million.

### Mainland China Portfolio

- a. Rental turnover of our mainland China portfolio expanded 10% to HK\$2,118 million. That included new contributions from the Riverside 66 shopping mall in Tianjin which commenced operation last September, and office towers at Center 66 in Wuxi and Forum 66 in Shenyang which opened in October 2014 and January 2015, respectively.
- b. Our seven malls in mainland China collectively posted an 11% rental income growth to HK\$1,684 million. The two malls in Shanghai realized a 9% rental growth and were almost fully let. The four Grade A office towers on the Mainland contributed 3% more in rents to HK\$434 million.

### Hong Kong Portfolio

- a. Rental turnover of the Hong Kong portfolio rose 7% to HK\$1,744 million. The commercial sector collected 6% more in rents to HK\$1,028 million mainly attributable to positive rental reversions. Our malls in Hong Kong were virtually fully let.
- b. Rental turnover of the entire office portfolio increased by 9% to HK\$559 million. The occupancy rate of the office portfolio improved by two points to 96%. Benefitting from higher occupancy, residential and serviced apartments collected 14% more in rents to HK\$157 million.

# **Hang Lung Properties Limited (Stock Code: 101)**

## **Key Highlights of 2015 Interim Results (Con't)**

### **Property Sales**

3. The Group sold a total of 26 apartments (first half of 2014: 88 units) and some car parking spaces in the first six months of 2015. Total property sales turnover was HK\$745 million, down 17% year-on-year. Due to a different product mix, operating profit rose 4% to HK\$562 million. The overall profit margin realized was 75%.

### **23-39 Blue Pool Road**

Relevant information on the 18 semi-detached houses at 23-39 Blue Pool Road was released to the market in April 2015. The houses will be launched for sale when appropriate.

### **Revaluation Gain**

4. Revaluation gain of investment properties was HK\$427 million, including gains of the Hong Kong portfolio of HK\$334 million and mainland China properties of HK\$93 million, compared to a total gain of HK\$748 million recognized in the corresponding period last year.

### **Profit Attributable to Shareholders**

5. Underlying net profit attributable to shareholders was down 1% to HK\$2,448 million year-on-year. After including a smaller revaluation gain on investment properties, net profit attributable to shareholders decreased by 12% to HK\$2,841 million.

### **Projects under Development**

6. Olympia 66 in Dalian is scheduled for opening in the fourth quarter of 2015. This stunning development comprises almost 222,000 square meters of retail area and 1,200 car parking spaces.

Other mainland China projects under development are progressing as planned, including Spring City 66 in Kunming, Heartland 66 in Wuhan and the remaining phases of Forum 66 in Shenyang and Center 66 in Wuxi.

### **Financial Position**

7. As at June 30, 2015, the Group had a cash and bank balance of HK\$36,069 million and total borrowings of HK\$35,134 million, resulting in a net cash position of HK\$935 million.

# Hang Lung Group Limited (Stock Code: 10)

## Key Highlights of 2015 Interim Results

### Total Turnover & Operating Profit

1. Total turnover increased by 3% to HK\$4,893 million year-on-year. The income growth from our core business property leasing was partly offset by smaller property sales turnover. Total operating profit rose similarly by 3% to HK\$3,725 million.

### Property Leasing

2. Property leasing realized an 8% rental growth to HK\$4,148 million driven by good results of the two malls in Shanghai and the Hong Kong portfolios, as well as contributions from new properties which commenced operations since the second half of 2014 in mainland China. Leasing operating profit increased by 3% to HK\$3,163 million.

### Mainland China Portfolio

- a. Rental turnover of our mainland China portfolio expanded 8% to HK\$2,332 million.
- b. The entire mall portfolio (seven malls) in mainland China collectively achieved an 11% rental income growth to HK\$1,684 million. That included contribution from the Riverside 66 shopping mall in Tianjin which commenced operation last September. The two malls in Shanghai realized a 9% rental growth and were almost fully let at the end of June 2015.
- c. The entire office portfolio on the Mainland, consist of five Grade A office towers, contributed 3% more in rents to HK\$585 million. That included contributions from the office tower at Center 66 in Wuxi which commenced operation last October and the newly opened office tower at Forum 66 in Shenyang in January 2015.

### Hong Kong Portfolio

- a. Rental turnover of the Hong Kong portfolio rose 7% to HK\$1,816 million. Benefitting from positive rental reversions, the commercial portfolio collected 6% more in rents to HK\$1,040 million with all the malls virtually fully let at the end of June 2015.
- b. Rental turnover of the entire office portfolio increased by 9% to HK\$619 million. The occupancy rate of the office portfolio was up two points to 96%. Residential and serviced apartments collected 14% more in rents to HK\$157 million as a result of higher occupancy.

# **Hang Lung Group Limited (Stock Code: 10)**

## **Key Highlights of 2015 Interim Results (Con't)**

### **Property Sales**

3. For the first six months of 2015, the Group sold 26 apartments in total (first half of 2014: 88 units) and some car parking spaces. Total property sales turnover was HK\$745 million, representing a 17% decrease from a year ago. Due to a different product mix, operating profit rose 4% to HK\$562 million. The overall profit margin realized was 75%.

### **23-39 Blue Pool Road**

Relevant information on the 18 semi-detached houses at 23-39 Blue Pool Road was released to the market in April 2015. The houses will be launched for sale when appropriate.

### **Revaluation Gain**

4. Revaluation gain of investment properties was HK\$445 million, including gains of the Hong Kong portfolio of HK\$352 million and mainland China properties of HK\$93 million, compared to a total gain of HK\$763 million recognized in the corresponding period last year.

### **Profit Attributable to Shareholders**

5. Underlying net profit attributable to shareholders remained flat at HK\$1,509 million year-on-year. After including a smaller revaluation gain, net profit attributable to shareholders decreased by 14% to HK\$1,779 million.

### **Projects under Development**

6. Final preparations are underway for the opening of Olympia 66 in Dalian, scheduled for the fourth quarter of 2015. This new landmark in Dalian comprises about 222,000 square meters of retail area and 1,200 car parking spaces.

Other mainland China projects under development are progressing as planned, including Spring City 66 in Kunming, Heartland 66 in Wuhan and the remaining phases of Forum 66 in Shenyang and Center 66 in Wuxi.

### **Financial Position**

7. As at June 30, 2015, the Group had a cash and bank balance of HK\$36,481 million and total borrowings of HK\$39,428 million, resulting in a net debt position of HK\$2,947 million. Net debt to equity ratio was 2%.

The press release is available for download from the Hang Lung Website at [www.hanglung.com](http://www.hanglung.com)

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