For Immediate Release

Hang Lung Reports Robust Performance
Amidst A Challenging Market

(Hong Kong, January 26, 2017) 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, 2016.

2016 Annual Performance at a Glance:

In HK$ Million	**Hang Lung Properties**			**Hang Lung Group**		
Total Revenue	+46%	to	13,059	+43%	to	13,648
Rental Revenue	-	to	7,737	-	to	8,326
- Mainland China	-5%	to	3,995	-4%	to	4,427
- Hong Kong	+5%	to	3,742	+5%	to	3,899
Property Sales Revenue	+345%	to	5,322	+344%	to	5,322
Total Operating Profit	+36%	to	8,919	+34%	to	9,338
- Property Leasing	-	to	5,710	-	to	6,129
- Property Sales	+280%	to	3,209	+280%	to	3,209
Net Profit Attributable to Shareholders	+22%	to	6,195	+16%	to	3,713
Underlying Net Profit Attributable to Shareholders (Note)	+45%	to	6,341	+40%	to	3,772
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

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.

Our core property leasing business across Hong Kong and the Mainland continued to be resilient against the backdrop of a challenging market. Rental revenue of Hang Lung Properties and Hang Lung Group was both up 3% after excluding the 6% year-on-year Renminbi (RMB) depreciation during 2016, but the rental revenue stayed flat when comparing like-for-like in the previous year.

Mr. Ronnie C. Chan, Chairman of Hang Lung Group and Hang Lung Properties, said, "We have achieved a robust rental performance, particularly respectable amid a tough economic climate and RMB depreciation. Taken together with the sales of residential units at the right time in Hong Kong, these results confirm the great appeal of our properties and the success of our efforts to choose the best course for our business through strategic planning and management."

"The management has taken steps to protect our competitive advantage by carefully planning asset enhancement initiatives for our Hong Kong and Shanghai investment properties during an economic down cycle. We can already see favorable results in Hong Kong as the benefits of the completed asset enhancement initiatives continue to flow through. Our newer malls have made improvements by constantly monitoring and adjusting their tenant mix so as to strengthen our positioning and enhance customer experiences. These initiatives will further boost our competitiveness and profitability in the long run," Mr. Chan added.

Rental revenue of our Mainland leasing portfolio for Hang Lung Properties and Hang Lung Group increased 1% and 2% to RMB3,416 million and RMB3,785 million, respectively. For our Hong Kong leasing portfolio, rental revenue of Hang Lung Properties and Hang Lung Group both increased 5% to HK$3,742 million and HK$3,899 million year-on-year, respectively.

During the year, Hang Lung has closely monitored the market and captured several favorable windows of opportunity to launch property sales in Hong Kong, including 436 residential units at The Long Beach, two semi-detached houses at 23-39 Blue Pool Road, one duplex unit at The HabourSide and the last two Carmel-on-the-Hill apartments. Benefitting from these much sought-after property launches, total revenue of Hang Lung Properties and Hang Lung Group increased 46% and 43% to HK$13,059 million and HK$13,648 million, respectively.

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.

We will continue to monitor the property market in Hong Kong and sell some of the residential units on hand and may further build our land bank when opportunities arise.

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, 2017, to shareholders registered as at May 5, 2017.

Hang Lung Properties Limited (Stock Code: 00101)
Key Highlights of 2016 Annual Results

1. Total Revenue & Operating Profit

Total revenue increased 46% to HK$13,059 million attributable to higher property sales. Total operating profit advanced 36% to HK$8,919 million.

2. Property Leasing

Total rental revenue of property leasing stayed flat at HK$7,737 million, or up 3% when excluding the 6% RMB depreciation effect during 2016. Revenue of the Hong Kong leasing portfolio advanced 5% while the mainland China portfolio recorded a moderate rental growth in RMB terms. Total property leasing operating profit was flat at HK$5,710 million. Overall rental margin was 74%.

a. Mainland China Portfolio

Rental income of the mainland China leasing properties increased 1% to RMB3,416 million, mainly driven by contribution from the new Dalian Olympia 66 mall and higher revenue from the Shenyang Forum 66 office tower. Overall margin was 63%.

Shopping Malls

Revenue of our eight shopping malls in mainland China stayed flat at RMB2,633 million. Rental income of the Shanghai Plaza 66 mall decreased 5% because of the closure of the basement for renovation, but was up 6% on a like-for-like basis. The entire basement at the Plaza 66 mall representing over 13% of the leasable area was closed for renovation from March 2016. The almost fully leased brand new basement will re-open for business in early 2017. The Plaza 66 mall has been in operation since 2001. This major asset enhancement program was carefully planned, taking the opportunity of an economic down cycle to minimize the adverse impact on income and profit.

Benefitting from positive rental reversions, revenue of the Shanghai Grand Gateway 66 mall posted a moderate growth of 1%. Following the well-executed renovation program at Plaza 66, the Grand Gateway 66 mall commenced its major renovation in the last quarter of 2016.

Revenue of our six shopping malls outside Shanghai increased 1%. In a challenging environment, the Shenyang Palace 66 mall collected 4% more in rents driven by higher occupancy. Amidst tenant reshuffling, revenue of Jinan Parc 66 and Tianjin Riverside 66 slipped 3% and 1%, respectively. Total revenue of the malls at Shenyang Forum 66 and Wuxi Center 66 decreased 18% as they were hit by negative rental reversions.

Offices

Revenue of the office portfolio in mainland China increased 7% to RMB783 million.

Revenue of the two office towers at Shanghai Plaza 66 was stable despite of a lower occupancy. The relocation of a major tenant from Tower One to Tower Two resulted in a transitional void.

Total rental income of the office towers at Wuxi Center 66 and Shenyang Forum 66 advanced 58%, with a better tenant profile.

b. Hong Kong Portfolio

Rental revenue of the Hong Kong portfolio rose 5% to HK$3,742 million. Overall margin improved to 85%.

Commercial

Revenue of the commercial portfolio advanced 9% to HK$2,255 million as the benefits of asset enhancement initiatives continued to flow through. Overall occupancy by the end of 2016 was 96%.

The Causeway Bay commercial portfolio generated 12% more in rents. Revenue of our properties in Mongkok increased 21%, mainly attributable to rental reversions resulting from completion of the asset upgrade at Gala Place.

The performance of our two community malls, Kornhill Plaza in Hong Kong East and Amoy Plaza in Kowloon East, was resilient in a challenging environment. Kornhill Plaza collected 6% more in rents while Amoy Plaza posted a 5% rental growth.

Offices

Rental revenue of our entire office portfolio in Hong Kong increased 2% to HK$1,199 million driven by positive rental reversions. Overall occupancy was 91% by the end of 2016.

Our offices in Central collected 2% more in rents. Hang Lung Centre in Causeway Bay posted a 5% rental growth. Revenue of the Mongkok offices slipped 1% due to some recent lease expiries.

3. Property Sales

Property sales revenue surged 345% to HK$5,322 million and operating profit increased 280% to HK$3,209 million. Overall profit margin was 60%.

A larger number of apartments were sold during the year. The sales comprised 436 units of The Long Beach flats, two semi-detached houses at 23-39 Blue Pool Road, one duplex at The HarbourSide and the last two apartments of Carmel-on-the-Hill.

4. Property Revaluation

An overall revaluation loss of HK$286 million was recorded in 2016, compared to a gain of HK$631 million in 2015.

The mainland China portfolio had a revaluation loss of HK$809 million due to a valuation loss of the malls at Shenyang Forum 66 and Wuxi Center 66.

The Hong Kong portfolio recorded a revaluation gain of HK$523 million, of which HK$340 million was attributable to the revaluation gain of some car parking spaces as a result of changing the holding intention from properties for sales previously to investment properties for leasing.

5. Profit Attributable to Shareholders

Underlying net profit attributable to shareholders increased 45% to HK$6,341 million. After including a revaluation loss on investment properties, net profit attributable to shareholders increased 22% to HK$6,195 million.

6. Projects under Development

All projects under development in mainland China are progressing as planned. The foundation work of the second office tower at Wuxi Center 66 is in progress. The construction work is expected to be completed in 2019. The mall at Spring City 66 in Kunming is scheduled to open at the end of 2018. Heartland 66 in Wuhan is scheduled for completion, in stages, from 2019 onwards.

In July 2016, the conversion of the upper 19 floors of the 67-story Grade A office tower at Shenyang Forum 66 into a hotel was officially approved. Under the esteemed Conrad Brand, this five-star hotel with 315 rooms is expected to open in 2019.

7. Financial Position

As at December 31, 2016, Hang Lung Properties had cash and bank balances of HK$24,325 million and total borrowings of HK$27,082 million, resulting in a net debt position of HK$2,757 million (2015: HK$1,482 million). Net debt to equity ratio was 2.1% (2015: 1.1%). Debt to equity ratio was 20.5% (2015: 24.3%).

Hang Lung Group Limited (Stock Code: 00010)
Key Highlights of 2016 Annual Results

1. Total Revenue & Operating Profit

Total revenue of the Group was up 43% to HK$13,648 million driven by higher property sales. Correspondingly, total operating profit increased 34% to HK$9,338 million.

2. Property Leasing

Property leasing revenue was flat at HK$8,326 million, or up 3% when excluding the 6% RMB depreciation effect during 2016. Revenue of the Hong Kong leasing portfolio increased 5%. In RMB terms, the mainland China portfolio posted a moderate rental growth. Property leasing operating profit stayed flat at HK$6,129 million and margin was 74%.

a. Mainland China Portfolio

Revenue of the entire mainland China leasing portfolio was up 2% to RMB3,785 million, mainly driven by contribution from the new Dalian Olympia 66 mall and higher revenue from the Shenyang Forum 66 office tower. Overall margin was 64%.

Shopping Malls

Total rental income of our entire shopping malls in mainland China, comprising eight malls, was stable at RMB2,633 million. Taking the opportunity of an economic down cycle, the Group executed a major asset enhancement program at the Shanghai Plaza 66 mall, which has been in operation for about 15 years. The entire basement at the Plaza 66 mall representing over 13% of the leasable area was closed for renovation from March 2016. Consequently, revenue of the Shanghai Plaza 66 mall decreased 5%, but was up 6% on a like-for-like basis without the renovated areas. The almost fully leased brand new basement will re-open for business in early 2017.

The Shanghai Grand Gateway 66 mall recorded a moderate rental growth of 1% driven by positive rental reversions. Like Plaza 66, the Grand Gateway 66 mall commenced its major renovation in the last quarter of 2016.

Our six shopping malls outside Shanghai posted a mild rental growth of 1%. Their performance was mixed. The performance of the Shenyang Palace 66 mall was resilient, posting a 4% rental growth. Amidst tenant reshuffling, revenue of Jinan Parc 66 and Tianjin Riverside 66 slipped 3% and 1%, respectively. The malls at Shenyang Forum 66 and Wuxi Center 66 were hit by negative rental reversions. This caused their total revenue to decrease by 18%.

Offices

Revenue of our five office towers in mainland China increased 5% to RMB1,015 million.

Revenue of the two office towers at Shanghai Plaza 66 stayed flat as occupancy was lower by three points due to a transitional void resulting from the relocation of a major tenant from Tower One to Tower Two. Revenue of the office tower at Shanghai Grand Gateway 66 slipped 2% because of some leases expiring before year-end.

During the year, the tenant profile of the office towers at Wuxi Center 66 and Shenyang Forum 66 was enhanced. Their total rental income increased by 58% year-on-year.

b. Hong Kong Portfolio

Rental revenue of the Hong Kong portfolio increased 5% to HK$3,899 million. Overall margin was 85%.

Commercial

Benefitting from the asset enhancement initiatives that continued to flow through during the year, revenue of the commercial portfolio rose 9% to HK$2,275 million. Overall occupancy was 96% by the end of 2016.

The Causeway Bay commercial portfolio generated 12% more in rents. Driven by rental reversions resulting from completion of the asset upgrade at Gala Place, revenue of our properties in Mongkok increased 21% over a year ago.

In a challenging environment, the performance of Kornhill Plaza in Hong Kong East and Amoy Plaza in Kowloon East, our two community malls, was resilient. Rental income of Kornhill Plaza advanced 6%. Driven by a better tenant mix, Amoy Plaza collected 5% more in rents.

Offices

Benefitting from positive rental reversions, revenue of our entire office portfolio in Hong Kong increased 3% to HK$1,336 million. Overall occupancy was 92% by the end of 2016.

Revenue of the Central office portfolio was up 2%. Hang Lung Centre in Causeway Bay posted a 5% rental growth. Revenue of the Mongkok offices slipped 1% due to some recent lease expiries.

3. Property Sales

Benefitting from a larger number of apartments sold during the year, property sales revenue leaped 344% to HK$5,322 million. Correspondingly, operating profit increased 280% to HK$3,209 million. Overall profit margin was 60%.

The sales comprised 436 units of The Long Beach flats, two semi-detached houses at 23-39 Blue Pool Road, one duplex at The HarbourSide and the last two apartments of Carmel-on-the-Hill.

4. Property Revaluation

An overall revaluation loss of HK$254 million was recorded in 2016, compared to a gain of HK$676 million a year ago.

The mainland China portfolio had a revaluation loss of HK$798 million due to a valuation loss of the malls at Shenyang Forum 66 and Wuxi Center 66.

The Hong Kong portfolio recorded a revaluation gain of HK$544 million, of which HK$340 million was attributable to the revaluation gain of some car parking spaces as a result of changing the holding intention from properties for sales previously to investment properties for leasing.

5. Profit Attributable to Shareholders

Underlying net profit attributable to shareholders increased 40% to HK$3,772 million. After including a revaluation loss on investment properties, net profit attributable to shareholders increased 16% to HK$3,713 million.

6. Projects under Development

All projects under development in mainland China are progressing as planned. The foundation work of the second office tower at Wuxi Center 66 is in progress. The construction work is expected to be completed in 2019. The mall at Spring City 66 in Kunming is scheduled to open in end of 2018. Heartland 66 in Wuhan is scheduled for completion, in stages, from 2019 onwards.

In July 2016, the conversion of the upper 19 floors of the 67-story Grade A office tower at Shenyang Forum 66 into a hotel was officially approved. Under the esteemed Conrad brand, this five-star hotel with 315 rooms is expected to open in 2019.

Hang Lung Group Limited (Stock Code: 00010)
Key Highlights of 2016 Annual Results (Continued)

7. Financial Position

As at December 31, 2016, Hang Lung Group had cash and bank balances of HK$24,524 million and total borrowings of HK$31,119 million, resulting in a net debt position of HK$6,595 million (2015: HK$5,848 million). Net debt to equity ratio was 4.8% (2015: 4.2%). Debt to equity ratio was 22.5% (2015: 26.6%).

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

For any inquiries, please contact:

Betty Law
Senior Manager
Corporate Communications
(852) 2879-0282
BettyLaw@hanglung.com

Jennifer Tam
Manager
Corporate Communications
(852) 2879-0617
JenniferZYTam@hanglung.com