For Immediate Release

Hang Lung Achieves Healthy Growth in Core Leasing Business

(Hong Kong, July 30, 2018) Hang Lung Properties Limited (Stock Code: 00101) and Hang Lung Group Limited (Stock Code: 00010) today announced financial results for the six months ended June 30, 2018.

First Half of 2018 Performance at a Glance:

In HK$ Million	**Hang Lung Properties**			**Hang Lung Group**		
Total Revenue	-19%	to	5,150	-18%	to	5,457
Rental Revenue	+7%	to	4,118	+7%	to	4,425
- Mainland China	+11%	to	2,171	+11%	to	2,397
- Hong Kong	+3%	to	1,947	+3%	to	2,028
Property Sales Revenue	-59%	to	1,032	-59%	to	1,032
Total Operating Profit	-19%	to	3,682	-18%	to	3,902
- Property Leasing	+8%	to	3,117	+8%	to	3,337
- Property Sales	-66%	to	565	-66%	to	565
Net Profit Attributable to Shareholders	+22%	to	4,689	+27%	to	3,037
Underlying Net Profit Attributable to Shareholders	-24%	to	2,319	-19%	to	1,459
Interim Dividend Per Share (HK$)	-	to	0.17	-	to	0.19

Rental revenue from our leasing portfolio for Hang Lung Properties and Hang Lung Group increased to HK$4,118 million and HK$4,425 million, respectively, as a result of progressive tenant remixing and wide-ranging asset enhancement initiatives in Shanghai and Hong Kong to further heighten the competitiveness and attractiveness of our malls. The favorable business and consumption sentiment in both Hong Kong and the Mainland has boosted our results. Total operating profit of our leasing properties both increased by 8% to HK$3,117 million and HK$3,337 million for Hang Lung Properties and Hang Lung

Group, respectively.

Commenting on the performance, Mr. Ronnie C. Chan, Chairman of Hang Lung Group and Hang Lung Properties, said, "In the first half of 2018, our leasing performance was satisfactory as our projects were able to seize opportunities arising from the favorable economic environment. Our recent acquisition of a prime site for commercial development in Hangzhou has marked a new milestone for the Company. This, together with more projects coming on stream later this year and the next, will provide us with further impetus for sustainable growth."

With a proactive approach in optimizing our trade mix and offerings, our Mainland portfolio has been able to capture these positive factors to produce favorable results in both revenue and retail sales. Rental revenue of our Mainland leasing portfolio for Hang Lung Properties and Hang Lung Group both increased 2% to RMB1,764 million and RMB1,948 million, respectively.

Mr. Chan added, "Our second office tower in Wuxi was topped out recently and this will give us momentum for our expanding office leasing portfolio as the demand for premium office leasing in China intensifies. While expanding our footprint on the Mainland, it also goes beyond doubt that we will continue to invest in our home market. We shall continuously review and upgrade our assets in Hong Kong so as to optimize the value of, and returns on, our investments."

In Hong Kong, rental revenue of the Hong Kong commercial portfolio for Hang Lung Properties and Hang Lung Group both increased 3% to HK$1,155 million and HK$1,166 million, respectively. This was brought about by the steady rental uplift across the portfolio and the rental contribution from Kingston in the Causeway Bay portfolio after completion of its asset enhancement initiative.

On financial management, the Company issued its first architecture-related Green Panda Bond on the Mainland this month. The move laid down a solid financial position for Hang Lung, enabling it to take full advantage of appropriate opportunities in the capital market as they arise and support its long-term growth to meet its capital commitments and continue its program of expansion.

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 27, 2018, to shareholders registered as at September 13, 2018.

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

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

1. Total Revenue & Operating Profit

Total revenue and total operating profit both decreased 19% to HK$5,150 million and HK$3,682 million, respectively, due to lower property sales.

2. Property Leasing

Total rental revenue of property leasing increased 7% to HK$4,118 million. Income of the Hong Kong leasing portfolio grew 3% and that of the Mainland properties increased 11%. Total property leasing operating profit rose 8%.

a. Mainland China Portfolio

Revenue of the entire mainland China portfolio increased 2% to RMB1,764 million, and was up 5% when excluding areas closed for renovation at Grand Gateway 66 mall in Shanghai. Average margin increased two points to 67%.

Malls

The eight malls in mainland China collected 2% more in rents to RMB1,367 million. Benefitting from the successful completion of the major upgrade program last year, rental revenue and retail sales of Plaza 66 in Shanghai continued their strong growth, up 13% and 15%, respectively.

The performance of Grand Gateway 66 was affected by the three-year upgrading program started in 2017. By the end of June 2018, 32% of the leasable area of the mall was closed for renovation. Revenue of the mall decreased 9%, but advanced 1% if excluding the closed areas. The first phase of upgrade works will be handed over to tenants in the third quarter of 2018 while the second phase of renovation is in progress.

The overall performance of our six shopping malls outside of Shanghai showed signs of a positive upward trend. Income of the malls of Parc 66 in Jinan, Center 66 in Wuxi and Olympia 66 in Dalian increased period-on-period, with higher occupancy. The revenue of Palace 66 in Shenyang and Riverside 66 in Tianjin stayed flat amidst tenant reshuffling. Rental income of Forum 66 in Shenyang decreased because of a continuing major tenant reshuffling exercise.

Offices

Revenue of the office portfolio in mainland China increased 3% to RMB397 million.

Revenue of the offices at Plaza 66 in Shanghai dropped slightly. Following the completed relocation of a major tenant between towers, overall occupancy rate increased eight points to 94%.

Benefitting from higher occupancy, income of the office towers at Forum 66 in Shenyang and Center 66 in Wuxi grew favorably with occupancy increased to 85% and 91%, respectively.

b. Hong Kong Portfolio

Total revenue and operating profit of our Hong Kong leasing portfolio both increased 3% to HK$1,947 million and HK$1,670 million, respectively. Overall rental margin was 86%. Retail sales rose 10% period-on-period.

Commercial

Revenue of the Hong Kong commercial portfolio increased 3% to HK$1,155 million mainly as a result of a steady rental uplift across the portfolio combined with the rental contribution following the re-opening of Kingston in Causeway Bay upon completion of the final phase of renovation. Overall occupancy advanced four points to 97%.

The Peak Galleria continued its Phase 1 major renovation program during the period. The 60% of the leasable area currently closed for upgrading will re-open in phases from 2019. Pre-leasing was making good progress.

Offices

The Hong Kong office portfolio achieved a 3% rental growth to HK$638 million, attributable to positive rental reversions. Overall occupancy rate fell one point to 94%.

As part of the ongoing commitment to enhance our core properties, the refurbishment of Gala Place in Mongkok has commenced. The works cover the façade, elevator lobbies and car park of the office tower. The entire program is scheduled for completion in 2019 and will have minimal adverse impact on revenue.

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

3. Property Sales

Property sales revenue decreased 59% to HK$1,032 million and operating profit decreased 66% to HK$565 million because of fewer completed sales of residential units during the period. Overall profit margin was 55%.

The sales comprised three semi-detached houses at 23-39 Blue Pool Road (2017: Nil) and five units of The Long Beach apartments (2017: 197 units).

4. Property Revaluation

An overall revaluation gain of HK$2,456 million was recorded in the first half of 2018. Properties in Hong Kong and the Mainland recorded revaluation gains of HK$2,216 million and HK$240 million, respectively.

5. Profit Attributable to Shareholders

Underlying net profit attributable to shareholders decreased 24% to HK$2,319 million. After including a revaluation gain on properties, net profit attributable to shareholders advanced 22% to HK$4,689 million.

6. Projects under Development

All projects under development in mainland China are progressing as planned. The mall at Spring City 66 in Kunming is expected to open in mid-2019. Heartland 66 in Wuhan is planned for completion in stages from 2020 onwards.

The second office tower at Wuxi Center 66 was topped out on June 29, 2018. The new tower will be ready for occupancy in the second half of 2019. The master plan for Wuxi Phase 2 development was submitted for government approval in April 2018. The project includes luxury serviced apartments and a small boutique hotel.

The conversion of the upper 19 floors of the office tower at Forum 66 in Shenyang into a five-star Conrad hotel is in progress and the hotel is expected to open in the first half of 2019.

On May 28, 2018, Hang Lung Properties won the bidding for a prime land site in Hangzhou at RMB10.7 billion. We will develop the site into a large-scale commercial mixed-use complex, comprising a world-class mall and office tower(s).

7. Financial Position

As of June 30, 2018, Hang Lung Properties had cash and bank balances of HK$17,786 million and total borrowings of HK$25,534 million, resulting in a net debt position of HK$7,748 million (December 31, 2017: HK$2,714 million).

The net debt to equity ratio was 5.4% (December 31, 2017: 1.9%) while the debt to equity ratio was 17.8% (December 31, 2017: 17.4%).

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

1. Total Revenue & Operating Profit

Total revenue and total operating profit both decreased 18% to HK$5,457 million and HK$3,902 million, respectively, because fewer residential units were sold during the period.

2. Property Leasing

Total rental revenue of property leasing increased 7% to HK$4,425 million. The Hong Kong leasing portfolio collected 3% more in rents and income of the Mainland properties increased 11%. Total property leasing operating profit rose 8%.

a. Mainland China Portfolio

Our mainland China leasing portfolio collected 2% more in rents to RMB1,948 million, up 5% when excluding the short-term rental disruption at Grand Gateway 66 mall in Shanghai. Average margin was up one point to 67%.

Malls

The eight malls in mainland China collected 2% more in rents to RMB1,367 million. Mainly driven by the successful completion of the major upgrade program last year, rental income and retail sales of Plaza 66 in Shanghai continued their strong growth, up 13% and 15%, respectively.

The performance of Grand Gateway 66 was affected by the three-year upgrading program started in 2017. Revenue of the mall decreased 9% to RMB410 million, but was up 1% if excluding 32% of the leasable area closed for renovation. The first phase of the upgrading program will be handed over to tenants for fitting out in the third quarter of 2018 while the second phase of renovation is in progress.

The performance of our six shopping malls outside of Shanghai showed signs of a positive upward trend. Income of the malls of Parc 66 in Jinan, Center 66 in Wuxi and Olympia 66 in Dalian increased period-on-period, with higher occupancy. The revenue of Palace 66 in Shenyang and Riverside 66 in Tianjin stayed flat amidst tenant reshuffling. Rental income of Forum 66 in Shenyang decreased because of the continuing major tenant reshuffling exercise.

Offices

Revenue of the office portfolio in mainland China increased 3% to RMB513 million.

Revenue of the offices at Plaza 66 in Shanghai dropped slightly. Following the completed relocation of a major tenant between towers, overall occupancy rate increased eight points to 94%.

Income of the office tower at Grand Gateway 66 in Shanghai increased 4% because of higher occupancy. The upgrading works of the tower have commenced, but are not expected to have a major adverse impact on revenue.

Benefitting from higher occupancy, income of the office towers at Forum 66 in Shenyang and Center 66 in Wuxi grew favorably with occupancy increased to 85% and 91%, respectively.

b. Hong Kong Portfolio

Total revenue and operating profit of our Hong Kong leasing portfolio both grew 3% to HK$2,028 million and HK$1,735 million, respectively. Overall rental margin was at 86%.

Commercial

Revenue of the Hong Kong commercial portfolio increased 3% to HK$1,166 million mainly as a result of a steady rental uplift across the portfolio combined with the rental contribution following the re-opening of Kingston in Causeway Bay upon completion of the final phase of renovation. Overall occupancy rose three points to 97%.

The Peak Galleria continued its Phase 1 major renovation program during the period. The 60% of the leasable area currently closed for upgrading will re-open in phases from 2019. Pre-leasing was making good progress.

Offices

The Hong Kong office portfolio recorded a 3% rental growth to HK$708 million because of positive rental reversions. Overall occupancy was flat at 94%.

As part of the ongoing commitment to enhance our core properties, the refurbishment of Gala Place in Mongkok has commenced. The works cover the façade, elevator lobbies and car park of the office tower. The entire program is scheduled for completion in 2019 and will have minimal adverse impact on revenue.

3. Property Sales

Property sales revenue decreased 59% to HK$1,032 million and operating profit decreased 66% to HK$565 million because of fewer completed sales of residential units during the period. Overall profit margin was 55%.

The sales comprised three semi-detached houses at 23-39 Blue Pool Road (2017: Nil) and five units of The Long Beach apartments (2017: 197 units).

4. Property Revaluation

An overall revaluation gain of HK$2,532 million was recorded in the first half of 2018. The Hong Kong portfolio recorded a revaluation gain of HK$2,292 million and the corresponding amount of our properties in mainland China was HK$240 million.

5. Profit Attributable to Shareholders

Underlying net profit attributable to shareholders decreased 19% to HK$1,459 million. After including a revaluation gain on properties, net profit attributable to shareholders advanced 27% to HK$3,037 million.

6. Projects under Development

All projects under development in mainland China are progressing as planned. The mall at Spring City 66 in Kunming is expected to open in mid-2019. Heartland 66 in Wuhan is planned for completion in stages from 2020 onwards.

The second office tower at Center 66 in Wuxi was topped out on June 29, 2018. The new tower will be ready for occupancy in the second half of 2019. The master plan for Wuxi Phase 2 development was submitted for government approval in April 2018. The project includes luxury serviced apartments and a small boutique hotel.

The conversion of the upper 19 floors of the office tower at Forum 66 in Shenyang into a five-star Conrad hotel is in progress and the hotel is expected to open in the first half of 2019.

On May 28, 2018, Hang Lung Properties won the bidding for a prime land site in Hangzhou at RMB10.7 billion. We will develop the site into a large-scale commercial mixed-use complex, comprising a world-class mall and office tower(s).

7. Financial Position

As of June 30, 2018, Hang Lung Group had cash and bank balances of HK$18,062 million and total borrowings of HK$28,653 million, resulting in a net debt position of HK$10,591 million (December 31, 2017: HK$5,816 million).

The net debt to equity ratio was 7.0% (December 31, 2017: 3.9%) while the debt to equity ratio was 19.0% (December 31, 2017: 18.7%).