

## Press Release

### Strategic Reset Helps Hang Lung Navigate Market Consolidation

#### Highlights of 2024 Annual Results

- Financial
  - Total revenue of Hang Lung Group and Hang Lung Properties increased by 8% to HK\$11,760 million and 9% to HK\$11,242 million, respectively, including property sales revenue of HK\$1,538 million.
  - Underlying net profit attributable to shareholders of Hang Lung Group and Hang Lung Properties retreated by 21% to HK\$2,327 million and 25% to HK\$3,095 million, respectively, partly because certain provisions were made on development projects due to the challenging market conditions of property sales in Mainland and Hong Kong.
  - Affected by the market environment in both mainland China and Hong Kong, the underlying leasing profit attributable to shareholders of Hang Lung Group and Hang Lung Properties retreated by 14% to HK\$2,531 million and 18% to HK\$3,422 million, respectively.
- Navigating market consolidation through strategic optimization of finances and operations
  - Expanded loan facilities in both Hong Kong Dollars and Renminbi, as well as cash preservation measures such as scrip dividend scheme and dividend reset.
  - Enhanced and diversified tenant mix while pioneering customer experiences, as a result Hang Lung remains the first choice by international brands seeking store space expansion, new store openings, or store consolidation.
- In mainland China
  - The occupancy rates of most shopping malls have increased, and the overall retail portfolio's occupancy rate remained high.
  - Luxury malls faced softer market sentiment and competition, while sub-luxury malls achieved healthy revenue growth.
  - New growth drivers include:
    - Grand Hyatt Kunming opened in August 2024, solidifying Spring City 66 as a premier retail and lifestyle destination in Southwestern China.
    - Westlake 66 in Hangzhou is scheduled to commence phased completion in 2025, with strong pre-leasing interest and approximately 70% committed retail occupancy.



- Curio Collection by Hilton in Center 66, Wuxi is set to open in the second half of 2025.
  - Plaza 66 Pavilion Extension in Shanghai is due for completion in 2026.
  - Kimpton Xujiahui Shanghai in Grand Gateway 66 is expected to open in 2027.
- In Hong Kong
    - Overall retail occupancy remained high through tenant mix refinement catering for customer preferences.
    - Portfolio poised to seize opportunities from government policies for reviving tourism and retailing in Hong Kong.
  - Significant strides made in ESG
    - 50% of operating Mainland properties have been powered by renewable energy since April 2024, exceeding the Company's 25 x 25 Sustainability Targets.
    - The Plaza 66 Pavilion Extension in Shanghai is the first commercial real estate project in Mainland to use nearly 100% low carbon emissions steel, reducing embodied carbon emissions by 35%.



In HK\$ Million	Hang Lung Group	Hang Lung Properties
Total Revenue	8% to 11,760	9% to 11,242
Rental Revenue	-6% to 10,033	-6% to 9,515
- Mainland China	-5% to 6,851	-5% to 6,466
- Hong Kong	-9% to 3,182	-9% to 3,049
Property Sales Revenue	1,538	1,538
Hotel Revenue	23% to 189	23% to 189
Total Operating Profit/(Loss)	-12% to 6,826	-13% to 6,455
- Property Leasing	-9% to 7,134	-9% to 6,763
- Property Sales	-390% to (245)	-371% to (245)
- Hotels	(63)	(63)
Underlying Net Profit/(Loss) Attributable to Shareholders	-21% to 2,327	-25% to 3,095
- Property Leasing	-14% to 2,531	-18% to 3,422
- Property Sales	-650% to (165)	-560% to (264)
- Hotels	(39)	(63)
Net Profit Attributable to Shareholders	-43% to 1,613	-46% to 2,153
Total Dividend Per Share (HK\$)	- to 0.86	-33% to 0.52
Interim (Paid)	- to 0.21	-33% to 0.12
Final (Proposed)	- to 0.65	-33% to 0.40



(Hong Kong, January 24, 2025) Hang Lung Group Limited (SEHK Stock Code: 00010) and Hang Lung Properties Limited (SEHK Stock Code: 00101) today announced the companies' financial results for the year ended December 31, 2024. Total revenue of Hang Lung Group and Hang Lung Properties increased by 8% and 9% to HK\$11,760 million and HK\$11,242 million, respectively, with recognition of property sales revenue of HK\$1,538 million.

The underlying net profit attributable to shareholders of Hang Lung Group and Hang Lung Properties was HK\$2,327 million and HK\$3,095 million, respectively.

The Board of Directors of Hang Lung Group has recommended a final dividend of HK65 cents per share, to be paid in cash on June 16, 2025, to shareholders whose names are listed on the register of members of Hang Lung Group on May 9, 2025. Together with an interim dividend of HK21 cents per share paid by Hang Lung Group, the full-year dividend for 2024 will amount to HK86 cents per share.

In addition, the Board of Directors of Hang Lung Properties has recommended a final dividend of HK40 cents per share, to be paid on June 16, 2025, to shareholders whose names are listed on the register of members of Hang Lung Properties on May 9, 2025. Together with an interim dividend of HK12 cents per share paid by Hang Lung Properties, the full-year dividend for 2024 will amount to HK52 cents per share.

The Board of Directors of Hang Lung Properties proposed that eligible shareholders be given the option to elect to receive the final dividend in cash, or in the form of new shares in lieu of cash in respect of part or all of such dividend (the "Scrip Dividend Arrangement"). The Scrip Dividend Arrangement is conditional upon several criteria.

**Mr. Adriel Chan, Chair of Hang Lung Group and Hang Lung Properties**, said, "Despite uncertainty in China's retail market, particularly luxury retail in first-tier cities, there are several bright spots. The increase in retail sales and foot traffic across our Mainland China sub-luxury malls are welcome eddies within the tide of the broader market. As a result of this uncertainty, retailers are turning to shop consolidation. While tenants reassess their locations, partners, and strategies, Hang Lung must ensure that our malls remain the top choice for retailers. We continue to do this by offering novel experiences, fostering vibrant communities, and creating experiential retail environments. Where merited, we are primed to invest in highly selective and strategic projects. As we complete our 2024 reset, we remain committed to achieving operational excellence and sustainability, delivering lasting value to our stakeholders."

**Mr. Weber Lo, Chief Executive Officer of Hang Lung Group and Hang Lung Properties**, said, "Amid uncertain market challenges, we have optimized our financial and operational resources to address market divergence throughout the year. Our balance sheets have been strengthened by expanded loan facilities and various cash preservation measures. Active tenant mix upgrades have ensured high occupancy, complemented by enhanced customer engagement that is driving sales through our loyalty programs in Hong Kong and mainland



China. As our projects under development continue to advance, we will leverage our synergistic ecosystem to bolster our competitiveness.”

### **Business Overview**

**On the Mainland, overall mall occupancy remained high and demonstrated mild growth while foot traffic was stable.** This was achieved by optimizing the tenant mix through the introduction of first-in-market brands and implementing effective marketing strategies, including customer engagement and collaborations with international brands, complemented by loyalty programs to deliver distinctive and money-can't-buy retail experiences.

Revenue from the luxury mall portfolio saw a 4% decline, mainly due to reduced sales rents amid weakened market sentiment. Conversely, sub-luxury malls maintained a healthy growth in revenue of 4%, ranging from 1% at Parc 66 in Jinan to 12% at Riverside 66 in Tianjin, as occupancy continued to increase. The Mainland office portfolio has achieved satisfactory average occupancy rates of 84% despite sluggish demand and intense competition. This success is attributed to effective tenant retention strategies and the provision of quality property management services.

**Westlake 66 in Hangzhou is set to see a phased completion of multiple office towers starting in 2025, followed by the opening of a shopping mall.** Pre-leasing efforts are promising with a committed retail occupancy rate of approximately 70%, as prominent international brands, including existing tenants from the 66 Series, have expressed keen interest in this attractive location.

**The expanding hotel portfolio will create synergies with the existing office towers and malls, serving as new revenue contributors.** This is exemplified by the launch of the Grand Hyatt Kunming on August 6, 2024. Upcoming projects, including the Curio Collection by Hilton in Wuxi, Mandarin Oriental Hangzhou and Kimpton Xujiahui Shanghai, are due to be completed between the second half of 2025 and 2027. These developments are expected to boost foot traffic to the integrated complexes, attract high-caliber tenants for both offices and retail spaces, and inject vitality into the surrounding business districts.

Concerning property sales in mainland China, revenue of HK\$56 million was recognized for the sale of six units at Heartland Residences in Wuhan and three units at Grand Hyatt Residences Kunming.

**In Hong Kong, retail occupancy of Hang Lung Group and Hang Lung Properties remained at a high level of 94% and 95%, respectively,** supported by tenant mix refinement and proactive customer engagement programs that cater for the preferences and behaviors of local residents and tourists. The introduction of new brands from the watch and jewelry, athleisure, beauty, and food and beverage sectors also helped to diversify the retail mix and maintain foot traffic. For the office portfolio, shrewd tenant retention strategies led to a relatively high occupancy rate of Hang Lung Group and Hang Lung Properties at 89% and 88%, respectively.



As for property sales in Hong Kong, revenue of HK\$1,482 million was recognized for the sale of 120 residential units at The Aperture and two houses on Blue Pool Road in Hong Kong.

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

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### **About Hang Lung Properties**

Hang Lung Properties Limited (SEHK stock code: 00101) creates compelling spaces that enrich lives. Headquartered in Hong Kong, Hang Lung Properties develops and manages a diversified portfolio of world-class properties in Hong Kong and the nine Mainland cities of Shanghai, Shenyang, Jinan, Wuxi, Tianjin, Dalian, Kunming, Wuhan and Hangzhou. With its luxury positioning under the “66” brand, the company’s Mainland portfolio has established its leading position as the “Pulse of the City”. Hang Lung Properties is also recognized for leading the way in enhancing sustainability initiatives in the real estate industry, all the while pursuing sustainable growth by connecting customers and communities.

At Hang Lung Properties – **We Do It Well.**

For more information, please visit [www.hanglung.com](http://www.hanglung.com).

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