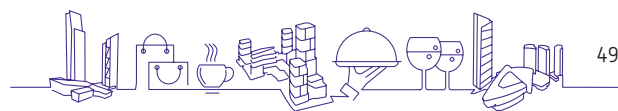


MAINLAND CHINA PROPERTY LEASING



Our Mainland portfolio recorded sequential growth in both retail sales and revenue, mainly resulting from strong luxury spending and new revenue streams from properties commencing operations in the reporting year.

Market Landscape

Despite slowing national GDP growth and broader market uncertainties due to the ongoing US-China trade dispute, the commercial leasing sector in mainland China had seen strong growth, largely attributable to the repatriation of spending, especially on high-end luxury items. Efforts on the part of international luxury brands to narrow the price gap between products sold on the Mainland and overseas, the depreciation of the Renminbi, and favorable central government policies, including a reduction in import duties, tightening of customs controls at points-of-entry, and the enactment of an e-commerce law to combat parallel imports, have contributed to the rise in the domestic consumption of luxury goods.

According to the Bain & Company Luxury Study released in November 2019, the global personal luxury goods market grew 4% to 281 billion euros in 2019, with mainland China's luxury market grew the most by 26% at constant exchange rates to reach 30 billion euros. Chinese customers accounted for 35% of the total value of luxury goods globally.

The office leasing sector, however, faced its own headwinds with over-supply and moderated demand, particularly among multinational corporations in many of the Mainland's first-and second-tier cities.

Business Overview

The sequential growth in retail sales and revenue of our mainland China portfolio in 2019 was largely due to the strategic positioning and continuing expansion of our properties across the nation. The brand value and emphasis on customer-centricity, service excellence, and relationship building has further strengthened the positioning of our developments. In our malls, the focus on deepening tenant engagement and customer loyalty through marketing initiatives and the introduction of HOUSE 66, our Customer Relationship Management (CRM) program, to a total of six projects in the year served as a significant pull factor in attracting interest from new quality brands and promoting expansions from our existing tenants.

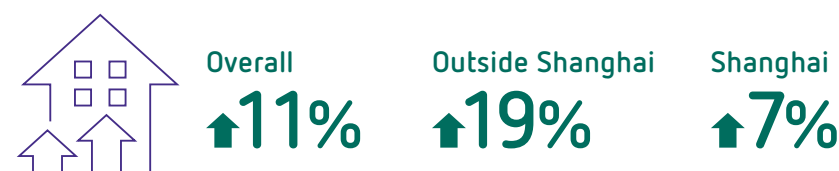
For our office towers and serviced apartments, stable growth was achieved despite softening demand. Situated at prime locations with state-of-the-art facilities, our properties remained the preferred choice among multinational corporations and industry leaders in the domestic market. The opening of Conrad Shenyang at Forum 66 in Shenyang, the first hotel in our mainland China portfolio, serves as a catalyst for growth at the adjacent mall and office tower at Forum 66 and will further strengthen their prime positioning.

MAINLAND CHINA PROPERTY LEASING

2019 also signified a major milestone for Hang Lung with the commencement of construction at the Westlake 66 site in Hangzhou, the Company's 11th project in mainland China. Situated in the prime location of Bai Jing Fang in the Xiacheng District of Hangzhou, Westlake 66 will be developed into a landmark commercial complex comprising a world-class shopping mall, five Grade A office towers, and a luxury hotel. The project is scheduled for completion in phases from 2024, involving an estimated investment of around RMB 16 billion.

At the close of 2019, our mainland China portfolio had fared exceptionally well in the face of a competitive environment and economic jitters. It is well positioned to continue its growth trajectory with a focus on the core elements that have established it as a significant and successful presence in markets across the Mainland.

Year-on-Year Growth of Our Mainland China Leasing Revenue (in RMB terms)



Gross Floor Area of Our Mainland China Investment Properties (excluding car park area)



* For a detailed breakdown of gross floor area of our completed properties, please refer to table "C. Major Investment Properties" on page 75

For a detailed breakdown of gross floor area of our properties under developments, please refer to table "A. Major Properties under Development" on page 72



Over 70 of the world's most coveted brands showcased exclusive, limited edition products and activities available only to the inner circle of luxury at the Home to Luxury Party

Plaza 66, Shanghai Shopping Mall

Home to over 100 global luxury and dining brands in Shanghai, Plaza 66 experienced another stellar year of growth following the completion of the major asset enhancement program in 2017. During the reporting year, the mall further strengthened its positioning as the Home to Luxury with the enhancement of its portfolio of prestigious tenants, along with deepening engagement with its most loyal customers through the HOUSE 66 CRM program, leveraging positive market sentiment to push revenue to new heights.

In 2019, major reshuffling of brands on the basement and the third floors was implemented to improve tenant mix and sales performance, with the former being upgraded to feature top luxury brands while the latter was fine-tuned to be more designer fashion-label driven. A total of 22 new brands established their presence at the mall, including CELINE (Men's store)'s first standalone boutique on the Mainland, Byredo and Yves Salomon's debut in mainland China, Pronovias' Asia flagship store, and the first Stella McCartney Kids boutique in eastern China. The opening of regionally- or nationally-exclusive pop-up stores such as those by Balenciaga and Maison Kitsune also attracted interest from the market.

MAINLAND CHINA PROPERTY LEASING

Since its launch in September 2018, the HOUSE 66 program has presented opportunities for customer engagement and tenant cooperation on new exciting levels with a positive impact on retail sales. Among the many privileges of membership for the mall's most distinguished patrons was an invitation to the exclusive annual Home to Luxury Party, which saw close to 3,000 guests enjoying a night of sophistication, entertainment, and luxury. Leveraging technology to enhance customer engagement, the mall made use of a WeChat mini-program as a personal party guide for guests to find their way through the maze of exciting activities, which included twice-hourly lucky draws and vending machines dispensing special gifts prepared by tenants.

Looking ahead, Plaza 66 will continue to enhance its customer-centric initiatives to maximize growth. Despite increased competition in the local market with new projects in both Pudong and Puxi, the well-established positioning of Plaza 66 provides a solid foundation to sustain its momentum with continuing efforts to attract new brands and tailor the tenant mix to keep pace with market demand, supported by HOUSE 66 to foster customer loyalty. The opening-up of additional retail space through leasable area optimization will provide room for further expansion. Plans are also in place to grasp opportunities for cross-promotion between retail and office tower tenants in order to maximize synergies.

Office Tower

The twin Grade A office towers continued to attract quality tenants from renowned multinational corporations and leading domestic firms in the fields of financial services, retail, and professional services. The occupancy rate remained strong amid uncertain economic conditions, standing at 93% at the end of 2019. New lettings had been secured from the professional services sector and the in-house expansion of major anchor tenants like the LVMH Group. Pressure on rental prices is set to continue into

2020 and the effects of decentralization, particularly in the more price-conscious tenant market, will undoubtedly be felt despite limited office supply in Jing'an District. Nonetheless, being the landmark mixed development in Shanghai and having completed an enhancement of buildings and facilities in 2017, Plaza 66 shall maintain its competitive edge.

Grand Gateway 66, Shanghai Shopping Mall

Grand Gateway 66 maintained its leading position in the market despite undergoing a major facelift, which commenced in late 2016 and is making good progress. The phased reopening of the shopping mall (the North Building in the fall of 2018 and the basement in mid-2019), has seen new brands taking up residence, leveraging buoyant market sentiment, resulting in increased footfall and retail sales since mid-2019. Retail sales achieved double-digit growth of 17% in the second half of 2019 versus first-half figures, while the occupancy rate rose to 91% with the addition of luxury anchor tenants in the South Building including Louis Vuitton, Gucci, Tiffany & Co., Bottega Veneta, and CELINE.

Grand Gateway 66 has also shaped its tenant mix to fit a contemporary luxury demographic. Significant effort has been made to acquire new unique merchants including the Starbucks Reserve Princi Bakery Café, which opened its first and only outlet in China in February 2019, as well as 15 international brands in the new cosmetic zone on the basement, and leading fashion retailers like Zara and i.t that are popular among younger customers.

Meanwhile, an increasing number of top luxury brands will establish their presence at the mall in 2020. Together with the launch of HOUSE 66 in December 2019 and the addition of a host of contemporary designer brands, the outlook for Grand Gateway 66 is promising in the long run.

Office Tower

The office tower achieved resilient performance during the reporting year mainly due to positive rental reversions that helped to lift growth in leasing revenue into positive territory. In addition to lease renewals, new tenants from the quality professional services, trading, and telecommunications, media and technology sectors have kept the year-end occupancy rate stable at 96%.

New office supply in the Xuhui Bund District (which is yet to be fully absorbed) and softened market demand continue to put pressure on rental income. To maintain growth into 2020, optimization of the tenant mix will continue, with a focus on the acquisition of new quality tenants.

Serviced Apartments

The weakening of global economic sentiment had seen a softening in leasing demand with fewer expatriate arrivals. Yet, occupancy at the Grand Gateway 66 serviced apartments remained strong at 88% and the

customer base shifted from expatriates to domestic corporate tenants. Renewal rates remained high and the property also benefited from more short-leases from corporate tenants.

Although the market outlook for 2020 remains challenging with new supply exceeding demand, the Grand Gateway 66 serviced apartments are known for the provision of high-quality services and will maintain its competitive edge. Strengthening digital and social media marketing efforts and exploring collaborations with social media channels will enhance exposure and engagement beyond the current customer base to reach domestic enterprises and entrepreneurs from the Cao He Jing Hi-Tech Industrial Zone, West Bund, and Hongqiao, while efforts to form stronger alliances with multinational corporations in the West Bund will also be a priority in the year ahead. Leveraging the synergies within the entire Grand Gateway 66 project can also highlight the complete lifestyle experience that the mall, office tower, and serviced apartments provide.



The Grand Gateway 66 mall's entire Asset Enhancement Initiative will be completed in the third quarter of 2020



Palace 66 is a meeting point for a broad cross-section of the Shenyang population

Palace 66, Shenyang

Healthy performance was recorded in 2019, thanks to Palace 66's efforts in successfully positioning itself as the leading contemporary lifestyle mall on the Zhongjie Lu in Shenhe District in Shenyang. Retail sales and occupancy rate advanced 20% and seven points respectively as a result of enhancing engagement with tenants, and identifying innovative ways to help them promote their businesses.

Enrichment of the mall's tenant mix with the combination of new acquisitions including Air Jordan and FILA, and the optimization of the kids' zone helped position the mall to suit the tastes and needs of the market. Existing tenant upgrades also demonstrated a high level of confidence in the mall as a meeting point for a broad cross-section of the city's population.

Palace 66 will focus its attention on further refinement of its tenant mix in the areas of premium cosmetics brands and ladies' fashion and accessories. Reputable

brands will also be acquired to fit the evolving needs of customers. With the newly integrated CRM systems combining MALLCOO, IMS and SmartPOS, the mall will be able to leverage the data captured by the system concerning customer preferences, interests, and shopping behavior to improve the overall customer experience.

Forum 66, Shenyang

Shopping Mall

The overall performance of the mall has been enhanced by large-scale city-level investments that raised the profile of Shenyang, but the competition in the local retail market continued to affect growth in footfall and spending. Efforts to reshuffle the tenant portfolio and diversify the trade mix with a focus on the needs of families have yielded positive results with the addition of new food and beverage, services, and entertainment outlets. Retail sales and the occupancy rate increased by 6% and one point respectively.

Marketing events during the course of the reporting year also enhanced recognition among current and prospective customers.

The opening of Conrad Shenyang in the third quarter of 2019 is expected to contribute to an increase in traffic and sales at the mall in the year ahead. Upcoming major tenant additions such as Burberry, Gucci Timepiece, and Huawei will continue to enhance the mall's competitive advantage.

Office Tower

With the in-house expansion of Bank of China as well as the addition of various quality tenants such as ANA, 360, OSSTEM, and Shengheng Law Firm this year, market acceptance and recognition of Forum 66's positioning as a much sought-after address among multinational corporations and reputable domestic firms in Shenyang has been further reinforced. The opening of Conrad Shenyang presents opportunities for continued upgrading of the office tower's tenant mix as well as growth in occupancy. Engagement with tenants will be a priority in the coming year with measures to actively seek input on improving services and addressing customer needs.

Hotel

Officially opened in September 2019, the 315-room, five-star Conrad Shenyang residing on the top 19 floors of the Office Tower, is the first hotel in our Mainland portfolio. Conveniently located in the city center, the hotel is designed with the highest level of guest services, state-of-the-art amenities, and innovative dining options, raising the bar of modern luxury in hospitality for business and leisure guests.

Conrad Shenyang's revenue met targets with a healthy split between rooms at 43% of revenue, food and beverage at 54%, and other sources representing 3%. To date, the guestrooms business has seen good support from the leisure segment at 62% of room nights sold, corporate guests at 30%, and group business clients at 8%. Although the overall market remains somewhat challenging, the opening of Conrad Shenyang realizes Hang Lung's determination to further strengthen the luxury positioning of Forum 66 as the best retail, dining, lifestyle, and business center in northeast China.



The year-end Luminous Winter marketing campaign achieved significant increases in footfall and retail sales

Parc 66, Jinan

Parc 66 is one of the largest and most prestigious malls in Jinan. Despite intensifying competition from other shopping malls in the city and neighboring cities, it remains the first choice for mid-to-upmarket brands, capitalizing on the competitive advantage of its location and positioning in the market.

During the reporting year, significant effort was directed towards upgrading the tenant portfolio and zoning with a good mix of new contemporary luxury brands including FOSS and Karl Lagerfeld, and new flagship stores including Tommy Hilfiger, Starbucks Reserve, and Heytea Lab (which made their debuts in Shandong Province) on the first floor, while the upper floors featured themed zones including a sports zone housing leading brands such as Nike Beacon and

adidas MEGA, and a family and children zone on the fourth and fifth floors where the newly opened Toys "R" Us was situated. Enriched food and beverage offerings were added to the seventh floor, which is the top floor.

With the high development potential of Jinan, the outlook is optimistic for Parc 66. The mall will continue to upgrade its tenant mix, with major upcoming tenants such as Lululemon, Under Armour and various international cosmetics brands. The planned revamp of the first floor will introduce more varieties of international fashion brands to our customers. Integrated marketing initiatives leveraging themed marketing campaigns will drive cross-category sales and boost online-to-offline conversion. Meanwhile, the expansion of HOUSE 66 will continue to improve sales and promote customer loyalty while curating one-of-a-kind Hang Lung branded experiences.



The third YAO Music Festival at Parc 66 collaborated with close to 100 cross-category tenants, successfully heightening the mall's status as Jinan's contemporary lifestyle hub



More international luxury brands are establishing their presence at Center 66

Center 66, Wuxi Shopping Mall

Strong performance was recorded at Center 66 with the mall benefiting from an enriched tenant mix and improved the occupancy rate. Retail sales improved year-on-year with international luxury brands such as Gucci migrating to Center 66, and the opening of popular brands such as Heytea and Lady M. The occupancy rate improved with the opening of a new cinema and the migration of luxury brands. Marketing events also helped to boost footfall. In particular, the LEGO campaign in conjunction with the Lunar New Year celebrations saw a collaboration with LEGO and over 50 tenants to provide themed exhibitions and workshops, with exclusive gifts and promotions. Footfall soared 37% during the campaign period and retail sales at the mall increased by 32%.

Looking to 2020, the migration of top luxury brands such as CELINE, and the upgrading of the overall tenant mix is expected to continue. The mall will also benefit from the opening of the intercity express railway and a future Metro line, which is expected to

commence operations by the end of 2023. Leveraging targeted promotions and CRM systems, we expect that more customized and interactive engagement with customers can be realized.

Office Tower

Center 66's leading position in the Wuxi office market was maintained amidst a challenging year due to economic uncertainty. The opening of Office Tower 2 in August 2019 presented opportunities for Center 66 to attract new, quality, sizable tenants such as Taikang Life Insurance, Kuaishou, and Sichuan Trust. Various existing tenants such as Huawei and PingAn Securities also expanded at Office Tower 1. Tenant mix continued to be optimized, comprising some 46% multinational corporations and leading domestic companies.

In the face of aggressive leasing strategies from competitors, it will be necessary to reinforce the image and positioning of Center 66, as well as its competitive advantage. Center 66 will continue to secure quality tenants across different industries for long-term sustainable growth.



The Starbucks Reserve flagship store, situated at the century-old heritage building, Zhejiang Xingye Bank, is a stone's throw from Riverside 66

Riverside 66, Tianjin

The solid and appealing tenant portfolio at Riverside 66 has had the chain effect of attracting similar quality tenants, which has in turn provided the basis for stable growth amidst a market that was lagging behind national averages in terms of GDP growth and economic buoyancy during the reporting year. The unveiling of the Starbucks Reserve flagship store at the historic Zhejiang Xingye Bank Building served as a magnet for both footfall and leasing interest while the mall welcomed other new anchor tenants such as adidas, SWC, FILA and LEGO. Retail sales increased by 5% while the occupancy rate fell one point to 89% in 2019 as tenant mix refinement continues. The completion of improvement works at the Binjiang Dao Pedestrian Street also helped to direct traffic to the mall, and marketing events played a role in raising the mall's profile and appeal.

Looking ahead, Riverside 66 will continue to upgrade the mall's food and beverage offerings and rezone other floors and boost footfall along with the Tianjin government's initiative to upgrade Heping Road. The launch of HOUSE 66 in the second quarter of 2020 will also present new opportunities to enhance the customer experience and boost customer loyalty through relationship building and targeted collaborations with tenants. Existing MALLCOO members will be transferred to HOUSE 66 with several special events to generate interest and growth in membership.

Olympia 66, Dalian

Against flat economic and population growth in Dalian, Olympia 66 achieved remarkable growth in both revenue and retail sales during the reporting year. The occupancy rate increased three points as a result of concerted efforts to create a complementary tenant mix comprising popular contemporary lifestyle brands and food and beverage concepts. The mall's established anchor tenants, Palace Cineplex and Ole' Supermarket, have benefited from additional footfall generated by the opening of the CNSC duty free concept flagship store in June 2019 and the NIKE Kicks Lounge in October 2019, both of which achieved high retail sales.

To sustain further growth in coming years, the positioning of Olympia 66 will be upgraded from a regional lifestyle hub to a regional hub with both lifestyle and luxury elements. Top international luxury brands such as Balenciaga, Bvlgari, CELINE, and Saint Laurent will be introduced with the opening of the Level 1 Atrium and Level 1 of the West Zone starting from 2020, along with plans to upgrade existing food and beverage offering with the introduction of new brands and cuisines. With the launch of HOUSE 66 in April 2020, a more engaging customer experience and improved customer loyalty is expected to be achieved. Footfall at the mall is also expected to increase following the completion of the tunnel that connects the mall and the subway station scheduled by early 2021.



Olympia 66's HI YA B.Duck marketing campaign involved 146 tenants and was hugely successful in boosting retail sales and footfall



The popular teamLab event at Spring City 66

Spring City 66, Kunming

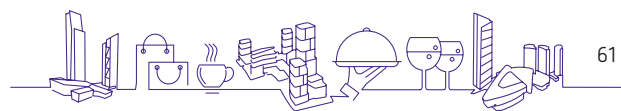
Shopping Mall

The opening of the mall at Spring City 66 in late August 2019, our first project in the southwest region of mainland China, received an overwhelming response from the market. Positioned as a premium lifestyle center showcasing the best international labels and luxury brands, Spring City 66 was 91% leased or had rental contracts being finalized as at the end of 2019 and is home to a portfolio of prestigious international brands including Gucci, Jimmy Choo, Qeelin, GGDB, Blancpain, Chopard, IWC, and Jaeger-LeCoultre. The world-renowned teamLab exhibition, being hosted for the first time in China's southwest region at Spring City 66, is drawing crowds from across the Yunnan region.

Looking to 2020, the mall targets to expand its offering with brands that complement the luxury portfolio. Upcoming major tenant additions include Piaget, Bottega Veneta, and Dior Beauty.

Office Tower

The Spring City 66 Office Tower, which was opened in late August 2019, stands as Kunming's premium location and offers the unique quality combination of design, amenities, and services for which Hang Lung is known throughout mainland China. The accessible location and suite of facilities and services gives the office tower the edge in capitalizing on upgrade demand as well as in establishing itself as the home to multinationals and prestigious domestic enterprises seeking to grow their presence in Kunming. Despite the overall softened office market, the occupancy rate at the office tower is set on a stable growth trajectory and various multinational corporations and leading domestic firms like Ernst & Young, Schneider, Hitachi, FILA, JD, 51Job, Haitong Securities, among others, have confirmed their leases, reflecting the premium positioning and quality of the office tower.



HONG KONG PROPERTY LEASING

In Hong Kong, the performance of our core leasing properties demonstrated resilience despite the adverse impact of the social unrest.

Market Landscape

During the reporting year, overall retail performance, already weakened by the drop in domestic spending due to the US-China trade dispute, took a battering amidst the prolonged social unrest which created disruptions to inbound tourism and consumption-related activities. Hong Kong’s retail sales dropped 11.1% in value year-on-year to HK\$431.2 billion* in 2019. Retailers situated in districts popular with tourists directly impacted by the demonstrations such as Causeway Bay and Mongkok saw even sharper declines in sales.

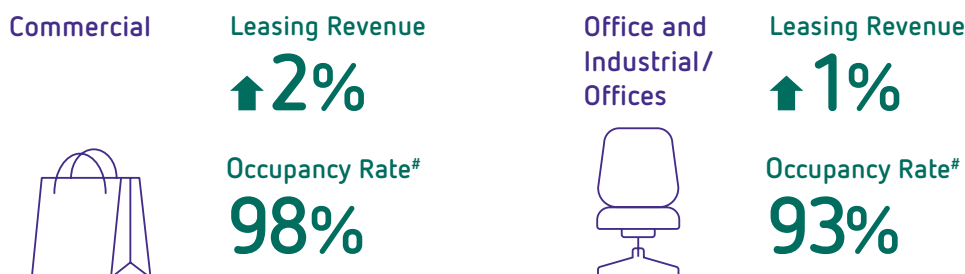
Similarly, the overall Grade A office leasing demand was weakened by the challenging macroeconomic environment and the social unrest in Hong Kong, with some companies deferring their expansion plans. During the reporting year, office rents declined and vacancy rates in Hong Kong increased.

Business Overview

Our balanced portfolio comprises shopping malls tailored to the needs of a diverse group of consumers as well as office buildings at prime locations where quality semi-retail companies and local key industry players are our key tenants. This has enabled us to maintain stable occupancy rates and leasing revenues in 2019. Our focus on refining the trade mix by recruiting unique and attractive concepts across the portfolio coupled with enhanced engagement with shoppers allows us to provide a better and more customized consumer experience, which is key to lifting spending and footfall in times of tough retail sentiment.

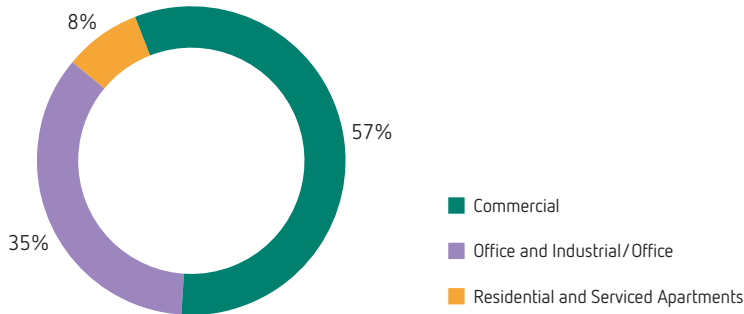
* Source: Census and Statistics Department

Year-on-Year Growth of Our Hong Kong Leasing Revenue and Occupancy



All occupancy rates stated therein were as of December 31, 2019

Distribution of Revenue of Our Hong Kong Property Leasing Portfolio in 2019



Fashion Walk

Fashion Walk presents a fashionable neighborhood with an exciting medley of the hottest shopping, dining, and entertainment offerings in town. Over 100 renowned global brands and 40 flagships and concept stores are featured, where fashion aficionados discover the latest trends in a unique indoor and outdoor

environment. Paterson Street has completed its makeover and been transformed into a new beauty boulevard with the introduction of exclusive boutiques such as the Chanel Beauty Studio, the Asia flagship of GOUTAL PARIS with a beautifully-designed Sensory Lounge, the KÉRASTASE Hair Spa by La Vie, and the flagship of SkinCeuticals.



Fashion Walk is the destination for trendsetters



The leasing performance of our Central portfolio remained solid in 2019

A select collection of new fashion labels and food and beverage outlets was also added to the Fashion Walk tenant portfolio, including much heralded firsts such as the debut of the world's largest seafood chain restaurant, Red Lobster. Special collaborations with market leaders ensured the continuation of marketing events and promotions for which Fashion Walk is famed. Impactful customer experiences were curated with the hosting of the Coco Flash Club pop-up store by Chanel Beauty, the global launch of Star Wars' Triple Force Friday in collaboration with Disney, and the global launch of Polaroid Lab by Polaroid Original. Celebrity appearances also drew enthusiastic crowds with visits by David Beckham, Manchester City Football Club, Laurinda Ho and Leanne Li, among many others.

Joint mall promotional campaigns, such as Fortune Walk, which was held in collaboration with Sesame Street, were successful in increasing both footfall and retail sales during the promotional period. With its effective use of online-to-offline marketing strategies,

the Fortune Walk campaign garnered three awards at the PR Awards 2019, being named Campaign of the Year – Silver; Best Result-driven Campaign – Silver; and Best Experiential Campaign – Bronze.

As a key element of Fashion Walk, Hang Lung Centre continues to be a highly popular destination for leading operators in the travel, fashion wholesale and medical sectors with stable occupancy rates.

Central Portfolio

Our Central portfolio which comprises four office buildings including Standard Chartered Bank Building, 1 Duddell Street, Printing House and Baskerville House, continued to deliver stable rental growth in 2019. Mott 32, Duddell's, Foxglove, Wolfgang's Steakhouse, Sushi Sase, and Sushi Sase Hanare are some of the unique and renowned dining concepts that we have in our portfolio. Our office leasing performance remained solid with high occupancy rates throughout the reporting year.



Monopoly Dreams Hong Kong is one of the new tenants making its debut in Hong Kong at Peak Galleria

Peak Galleria

Peak Galleria unveiled a fresh new look and an enhanced tenant mix in August 2019 following the completion of a two-year extensive Asset Enhancement Initiative. It is poised to be a must-visit destination for both locals and international travelers. The occupancy rate stood at 91% as of December 2019, taking into account withdrawals and delays from prospective opening tenants. However, the occupancy rate is expected to increase as momentum builds, with food and beverage tenants in particular reporting highly satisfactory revenues as local consumers seek high-quality dining experiences in one of the territory's best-loved scenic venues. In addition, over 40 new tenants including a number of first-in-Hong Kong food and beverage offerings such as 37 Steakhouse & Bar and Mina House from Japan, and Nayuki fruit tea and bakery café, have been introduced to Peak Galleria, while other debut also helped draw footfall among young families, such as the popular Monopoly Dreams Hong Kong, which is the world's first Monopoly-themed pavilion.



Kornhill Plaza remained fully let at the end of 2019

Kornhill Plaza

As a community mall serving nearby residents and office workers with the largest Japanese department store in Hong Kong, AEON STYLE, diversified food and beverage offerings, a cinema with 4DMX technology, and an all-in-one education hub, Kornhill Plaza recorded sound performance and remained fully let at the end of 2019.

Looking ahead, continuing refinement of the tenant mix will keep the mall in tune with the needs and expectations of local residents. This will stimulate retail demand and create additional revenue streams. Communication channels with tenants and customers will also be enhanced to better understand changes in retail sentiment and consumer behavior.

Mongkok Portfolio

Shopping Malls

Mongkok was one of the areas that was most severely affected by the prolonged social unrest. However, our malls in this area, Gala Place, Grand Plaza, and Hollywood Plaza, demonstrated resilience with stable occupancy rates due to the fine-tuning of tenant mix, which further strengthened their positioning as fashion, lifestyle, and dining hubs.

Looking ahead, the malls will continue to strengthen their fashion and lifestyle and food and beverage appeal through further enhancement of tenant mix. Digital platforms will be more broadly used to deepen consumer engagement and raise brand awareness.

Office Towers

Stable occupancy rates were achieved in 2019 amidst the challenging socio-economic environment. During the reporting year, we were able to maintain stable rental income by optimizing the usage of the premises. At Gala Place, the eighth floor was converted from a typical office floor to a food and beverage hub which offers unique dining experiences, and new semi-retail tenants were recruited to generate higher rental income. Grand Plaza, which is home to players in the medical field, continued to attract more medical tenants such as the Quality Healthcare Specialty Centre, with existing medical tenants expanding their businesses in 2019.

Going forward, more effort will be made to consolidate the trade mix into sectors that are more resilient to changes in the macroeconomic environment. Upon the completion, in the first quarter of 2020, of the Asset Enhancement Initiative to convert more floors for medical use at Grand Plaza, its appeal to medical players will be increased and is expected to attract more tenants from this sector. There are also plans to

actively recruit new tenants from the international education, emigration consultancy, and international property sectors.

Amoy Plaza

The popular Kowloon East mall maintained solid performance due to the strategic reshuffling of its tenant mix and interactive marketing campaigns. As a shopping mall focused on daily life and necessities, which are more resilient to socio-economic upheaval, Amoy Plaza had enriched its offering in the provision of food and beverage, grocery shopping, and education outlets, with new tenants recruited such as Watami, MOS Café, DS Groceries, Bricks Exchange, Babington, Dunn's Education, and Techbob Academy, and has successfully maintained the appeal of the mall and stabilized footfall.

Amoy Plaza will continue to enhance its attractiveness to families with the introduction of tenants from the entertainment, lifestyle, food and beverage, education, and kidult and toy segments. Looking to the opening of the East Kowloon Cultural Centre in 2021, the mall is in a position to benefit from additional traffic. Keeping abreast of changing market dynamics, customer demands, and local demographics will be key to shaping the tenant mix for the future.



Grand Plaza is home to professionals in the medical field



The enhanced range of offerings at Amoy Plaza has successfully maintained its appeal to customers

HONG KONG PROPERTY SALES AND DEVELOPMENT

Depending on market conditions, we will continue to sell down residential units in Hong Kong and look for opportunities to unlock more value from our property portfolio through the disposal of non-core properties.

After a strident start to the year with rising prices and sales volume in the first half of 2019, Hong Kong's residential property market began to slow in the third quarter with demand impacted by socioeconomic conditions. Sentiment was influenced by the ongoing US-China trade dispute and the social unrest in Hong Kong but had been buoyed by low interest rates. The luxury residential market, however, has remained largely resilient with capital values generally flat while buyers adopted a wait-and-see stance.

Property Sales

Our property sales business in Hong Kong focuses primarily on luxury residential projects. One duplex unit at The Long Beach (a high-end development of eight towers of apartments in southwest Kowloon offering spectacular sea view), and nine houses at

23-39 Blue Pool Road (a development of 18 luxurious semi-detached houses in one of Hong Kong's most exclusive locations), remain available for sale.

During the reporting year, one unit at 23-39 Blue Pool Road was sold. We also disposed of certain non-core investment properties in Hong Kong, including 111 car parking spaces at Laichikok Bay Garden.

Property Development

Two redevelopment projects had commenced construction in Hong Kong during the reporting year.

In collaboration with our subsidiary, HLP, we began a redevelopment project at 226-240 Electric Road in North Point. The site will be developed into a Grade A office tower with a gross floor area of 9,754 square meters inclusive of a retail area on the podium floors. The project is expected to be completed in 2022.

In April 2019, the entire ownership of the Amoycan Industrial Centre in Ngau Tau Kok was consolidated through the Compulsory Sale for Redevelopment Order. The site will be redeveloped into residential units for sale with commercial use on the podium floors, taking advantage of an excellent location close to MTR Kowloon Bay Station and the future East Kowloon Cultural Centre. The project is slated for completion in 2023.

We will continue to consider strategic disposal opportunities for our residential properties, which are well-positioned in the luxury segment. Together with the two redevelopment projects which are targeted for completion in 2022 and 2023 respectively, we remain optimistic about our overall performance in the years ahead.



23-39 Blue Pool Road won the International Architecture Award from The Chicago Athenaeum 2019