



Our Mainland portfolio posted a respectable year-on-year growth in leasing revenue with retail sales surpassing pre-COVID-19 levels, led by a V-shaped rebound in luxury goods spending as the pandemic was brought under control in mainland China.

Market Landscape

The commercial leasing sector had a bumpy ride in 2020, as lockdowns introduced to contain the COVID-19 pandemic stifled retail sales in the early months before the relaxation of controls from April triggered rebounds in household spending, making China the world's only major economy to make headway. The recovery was most pronounced at the luxury end of the market as curbs on international travel spurred a repatriation of high-end purchases that have been fueled by cuts in import tariffs and a subsided parallel trade. Global luxury brands' continued efforts to launch new products in Mainland stores and to narrow the price gap between products sold on the Mainland and overseas also help stimulate luxury goods spending. The luxury goods in mainland China was projected to grow 48% in 2020, according to the joint report by Bain & Company and Tmall released in December 2020. The mid-market sector experienced more modest gains and spending recoveries in northeastern cities such as Dalian, Shenyang and Tianjin did not take hold until the last quarter as the region took longer to shake off the virus.

The office leasing sector had a challenging year, as elevated vacancy rates across many of the Mainland's first- and second-tier cities heightened competition for tenants amid a global recession that hit earnings in industries including banking, energy and travel. Technology, media, telecommunications,

pharmaceuticals, and professional services were among the more resilient and growing sectors during the period.

Business Overview

Our Mainland shopping malls recorded respectable growth in leasing revenue, and retail sales surpassed pre-pandemic levels led by the luxury-focused properties in Shanghai, Shenyang, Wuxi and Kunming. Sub-luxury malls had a more gradual recovery, with overall retail sales returning to the same level in the last quarter of 2020 compared with the same period in 2019, though not sufficient to cover the loss at the height of the pandemic in the first half of the year. Our malls at Center 66 in Wuxi, Olympia 66 in Dalian and Spring City 66 in Kunming will continue to enrich their luxury contents to expand their market share in the luxury goods sector. The emphasis on deepening tenant engagement and customer loyalty through marketing initiatives and the full roll-out of the HOUSE 66 Customer Relationship Management (CRM) program across all Mainland portfolios helped attract new interest from quality brands and encouraged existing tenants to expand. Grand Gateway 66 in Shanghai got off to a flying start following a three-year AEI that burnished its credentials as a premium regional shopping destination rich in luxury content.

REVIEW OF OPERATIONS MAINLAND CHINA PROPERTY LEASING

For our office portfolio, revenue growth was largely attributable to full-year contributions from Office Tower 2 at Center 66 in Wuxi and the new office tower at Spring City 66 in Kunming that opened in the second half of 2019, along with a smaller contribution from the office tower at Heartland 66 in Wuhan, which was completed for occupancy in late 2020. Situated at prime locations with state-of-the-art facilities, our properties remained the preferred choice among multinational corporations and leading Chinese companies. Our flexible office business model, HANGOUT, which was first launched at the office tower at Center 66 in the second half of 2020, along with pre-fitted modular offices in both Spring City 66 and Heartland 66, will expand our office towers' offerings and accelerate the pace of leasing at office towers opened in over the past two years.

Conrad Shenyang at Forum 66, the first hotel in our mainland China portfolio, had a tough year as COVID-19 stifled travel, although it showed some signs of recovery in the fourth quarter. Separately, an agreement was signed with Hyatt Hotels Corporation for a Grand Hyatt Kunming to open in mid-2023 at the new hotel and residential tower being built at Spring City 66.

Among our development projects on the Mainland, the construction works at Heartland 66 in Wuhan are progressing well despite a temporary work suspension in the first quarter of 2020 resulting from the COVID-19 outbreak. Its shopping mall is scheduled to open for business in March 2021. The main construction work at Westlake 66 in Hangzhou, which comprises a retail mall, five Grade A office towers and a luxury hotel, is in good progress.

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



Gross Floor Area of Our Mainland China 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 66

For a detailed breakdown of gross floor area of our properties under developments, please refer to table "A. Major Properties under Development" on page 63



OUR NEW “66” BRAND



“With the new ‘66’ brand image, we are committed to becoming a national brand that is the pulse of the city and a highly admired and leading national real estate company.”

Mr. Weber Lo
Chief Executive Officer

The new “66” logo carries multiple meanings

The two digits “66” are connected by a curved line and angled at 66 degrees, alluding to the close relationship Hang Lung has with its tenants and customers as well as symbolizing Hang Lung bridging the Mainland to the rest of the world. The logo resembles the infinite possibilities and combinations brought by “people” in a vibrant city, further echoing the “Pulse of the City” concept. Moreover, the bespoke Chinese typeface of “66” and “Hang Lung” complements the uniquely designed logo, combining attention to detail with simplicity.

Pulse of the City

It started with one. One pulse coming from the heart of the action, at 1266 West Nanjing Road. From these 66 floors of urban dynamism rising from the Shanghai skyline, Hang Lung 66 was born. Our first Plaza 66 development soon followed, and then another, each time building on the vibrance of China’s most up-and-coming cities.

We believe it is the people who create the pulse of a city. That’s why we design every Hang Lung 66 development to connect young movers and shakers to the most cutting-edge brands from China and across the world. It’s where they can enjoy being at the beating heart of it all, through an array of exhilarating experiences designed to be enjoyed together.



Scan to Watch
the Hang Lung “66”
Brand Video

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Plaza 66 collaborated with around 90 high-end brands for its annual “Home to Luxury” Party

Plaza 66, Shanghai

Shopping Mall

Home to more than 100 global luxury and dining outlets, Plaza 66 experienced another year of growth in rentals as travel restrictions stemming from the COVID-19 pandemic spurred a repatriation of high-end spending to Shanghai from cities such as Hong Kong, Milan and Paris. Income from advertising and marketing events also increased as top marques focused more heavily on the mainland China market, while our HOUSE 66 CRM program along with unique VIC programs in collaboration with brands helped strengthen customer loyalty and boost tenants’ sales. The mall further strengthened its “Home to Luxury” positioning during the period with Cartier, BVLGARI and Fendi expanding and upgrading flagship stores, and new outlets were opened by brands including Herno, Moynat, Montblanc, Moncler Kids, Pomellato. CELINE, Goyard and Saint Laurent are relocating to larger premises during the first half of 2021 amid an ongoing reshuffling of tenants that aims to expand their product categories and enrich the customer experience. Hermès will also take on more space during the year.

The performance of Plaza 66’s retail sales is expected to remain strong in 2021 as COVID-related travel curbs will continue to be in force in the foreseeable future and that luxury brands are stepping up their expansion

plans and marketing campaigns. Continuous refinement of luxury brand mix and introduction of exclusive brands will reinforce Plaza 66’s positioning as “Home to Luxury”, HOUSE 66 initiatives with unique VIC programs to bolster customer loyalty, and anchor brands expansion and upgrade will also support growth.

Office Tower

The twin Grade A office towers attracted and retained quality tenants from renowned multinational corporations and leading domestic firms in the fields of financial services, retail and professional services despite challenging market conditions of which companies were cautious about expansion. On the other hand, competition for tenants has intensified amid aggressive push by landlords in more peripheral districts to fill office space. Overall performance remained stable with occupancy rate standing at 93% at the end of 2020.

Despite the softer market, performance in 2021 is expected to be fairly stable, with the confirmation of lease renewal by anchor tenants against a backdrop of limited new supply coming through in the Jing’an District. Plaza 66 will strive to enhance its offering by focusing on customer service and organizing more cross-promotions that will benefit office and retail tenants.



Grand Gateway 66, Shanghai

Shopping Mall

The mall's performance bounced back strongly from May after COVID-19 kept shoppers away in early 2020. The end of a three-year AEI in September 2020 at the property propelled luxury spending to new heights, with rental income, retail sales, and occupancy rates all increasing significantly. Celebrated with a grand opening party, the facelifted Grand Gateway 66 has become the "Gateway to Inspiration" – an eye-catching landmark that added Van Cleef & Arpels, Fendi, and Cartier to its line-up of luxury anchor tenants during the reporting year. Several first-in-China stores, such as X-Large and Marionnaud Paris, were also introduced to sustain the mall's freshness and cement its position as a regional lifestyle center with rich luxury content.

Retail sales at Grand Gateway 66 surged 42% in 2020, while rental income climbed 15%. As the completion of the AEI freed up retail and advertising space, the occupancy rate increased to 98% at the end of 2020. Although footfall for the entire period was down by

6%, it was 4% higher in the second half compared with a year earlier, with customer loyalty bolstered by the introduction of HOUSE 66.

Going into 2021, growth is predicted to remain positive as the mall's repositioning as one of Shanghai's finest luxury shopping destinations attracts affluent customers. Diesel is due to unveil its global flagship store, while Coach, Emporio Armani, and Tod's are also planning openings. The mall, located above Shanghai's largest metro station, is also seeking to introduce more upscale dining outlets that will prove a drawcard for its target market.

Office Tower

The office tower delivered a strong performance in 2020, boosting rental income to a record high even as COVID-19 weighed on demand in the over-supplied Shanghai market. While the pandemic prompted some tenants to downsize or relocate to more affordable districts, the year-end occupancy rate of the office tower rose three points to 99% as we secured a whole-floor new tenant and various major renewals.



Grand Gateway 66 has transformed its appearance and sophisticatedly modified its tenant mix to further consolidate its high-end positioning

REVIEW OF OPERATIONS MAINLAND CHINA PROPERTY LEASING

Looking ahead, the market will remain challenging as companies relocate to decentralized areas, and Shanghai landlords become more aggressive in filling up office space. The office tower's occupancy rate is expected to be holding up in 2021 as efforts are made to meet the expansion requirements of some fast-growing existing tenants and major lease renewals are secured. In addition, new tenants will be targeted in industries such as professional services, technology, media and pharmaceuticals that were best able to weather the COVID-19 outbreak.

Residential and Serviced Apartments

The serviced apartments achieved an occupancy rate of 86% as at the end of 2020 as reduced demand from expatriates amid the COVID-19 pandemic was mitigated by a pickup in rentals to affluent locals, drawn by the property's high standards for safety and cleanliness. Expatriate demand did pick up in the fourth quarter amid a gradual easing of travel restrictions. While prospects for the coming year are uncertain, we will focus our efforts on maintaining high service standards, keeping ourselves at the top of the list for quality expatriate living, and increasing our exposure to domestic clients. 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.

Palace 66, Shenyang

The COVID-19 pandemic severely impacted the performance of Palace 66 shopping mall in 2020, dragging down sales and driving some small-scale tenants out of business. Spending at the mall, which offers a contemporary mix of food and fashion outlets that are popular with young families, was also held back in the second and third quarters as customers were deterred by government construction works aimed at enhancing the appeal of the surrounding Zhongjie Lu shopping district. The works were completed in late September and proved an immediate draw, with Palace 66's footfall jumping 20% in October from a year earlier amid a flurry of marketing activities and sales promotions. During the year, a number of popular new brands that was either first opened in Northeast China or Shenyang was introduced to the mall, these included Nakyuki's BlaBlaBar and Lian Cheng Seafood Buffet.



Celebratory events marked the reopening of Zhongjie Lu in September 2020, leading to a significant increase in retail sales and footfall compared with the same period in 2019



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The mall, which saw a significant sales improvement in the final quarter of last year, aims to take advantage of the area upgrade to attract premium lifestyle brands and enhance richness of its food and beverage contents, with new store openings planned by Sephora during 2021. With the capability to analyze HOUSE 66 members' preferences, interests and shopping behavior, the mall will be able to further enhance its provision of customized services and launching of members-only events in collaboration with brands to improve customers' loyalty.

Forum 66, Shenyang

Shopping Mall

Retail sales at the high-end mall grew by about 9% in 2020 as reduction in international travel led to increased spending on luxury goods in China and enhanced tenant collaboration and more effective promotional campaigns with the launch of HOUSE 66. The emphasis on top brands was reinforced with new store openings by marques including Burberry, Fred, Tasaki, and Tod's, while Balenciaga almost doubled the size of its outlet. Although retail sales increased, rental income declined along with the occupancy rate due to the COVID-19 pandemic.

Forum 66 will bring in more varieties in its tenant mix, and expects new store openings, marketing initiatives, and a renewed focus on customer service to fuel more spending at its stores and restaurants in 2021. The mall will further integrate HOUSE 66 and Mallcoo system for better customer experience.

Office Tower

The Grade A office tower's occupancy rate increased during the reporting year, even as economic uncertainty stemming from the pandemic affected demand in Shenyang's over-supplied market. Rental income declined by 2% as companies became more cost-conscious amid increased overall vacancy rates across the city. Forum 66's resilience in the face of weakening market conditions was helped by the strong representation of multinationals and quality domestic companies in its tenant mix, with these groups accounting for 72% of leased area, up from 67% in 2019. Adding to a tenant list that already included Bank of China, Deloitte, and Siemens, new leases signed with HSBC, NTT, Woori Bank and Tsingtao as well as expansion of existing tenants such as Generali China, PricewaterhouseCoopers and Ctrip reinforced the landmark position of Forum 66 office tower in the market. We will continue to enhance our tenants' quality and profile in 2021 for long-term sustainability.



In July 2020, Forum 66 hosted the "Enjoy Summer Festival" with promotion from Conrad Shenyang, successfully driving retail sales and footfall

REVIEW OF OPERATIONS MAINLAND CHINA PROPERTY LEASING

Hotel

The five-star Conrad Shenyang's first full year of operation was disrupted by the COVID-19 outbreak, which severely impacted travel and leisure in the first half of 2020. The second quarter saw a gradual recovery as domestic travel and the local economy picked up, boosting restaurant and event spending at the hotel, which occupies the top 19 floors of the office tower, the city's tallest building. According to Smith Travel Research data, the property's revenue per available room was consistently the highest in Shenyang since the recovery started from the second quarter and income showed a healthy split between room sales and dining. Going into 2021, the market remains challenging as COVID-19 continues to weigh on the global economy and international travel. Nevertheless, Conrad Shenyang will further tighten its collaboration with Forum 66 mall and office tower to drive awareness and maximize synergy of different components of the entire Forum 66 commercial complex.

Parc 66, Jinan

Parc 66 had a challenging year as COVID-19 curbed footfall and spending, forcing some tenants to shut down and prompting several brands to postpone new store openings. The easing of the pandemic in the second half of the reporting year led to a rebound in the number of shoppers and diners, helping lift retail sales in the corresponding period notably. Year-end

occupancy rate was high at 94% due to the continued brand improvement exercise at the mall. Daily turnover at the mall exceeded RMB10 million for the first time on the final day of October 2020 as the launch of a James Goldcrown art installation was combined with activities including a fashion show and a street dance performance. The launch of HOUSE 66 has proved successful as member sales and contribution grew in 2020 compared to a year ago.

The mall's location in the Central Business District and its proximity to tourist attractions continue to make it the first choice in Jinan for mid-to-upmarket brands, with Karl Lagerfeld, Tesla, DEGAIA and Acupuncture among those taking on new premises in 2020.

Floor tiles and lighting were upgraded during 2020 to enhance the appeal of the site and a phased facelift is planned for the next two years that will improve the appearance of the exterior and interior, including a revamp of the atrium.

While disruption caused by the works may weigh slightly on sales, 2021 is forecast to be a good year with the local government's plans to boost tourism and domestic consumption, along with the foreseeable international travel curbs that will drive domestic consumption. HOUSE 66 will also continue to strengthen customer ties and marketing campaigns will draw tourists from nearby cities.



Parc 66 showcased art installations by James Goldcrown for the first time in Jinan alongside a fashion show, street dance, rap performance, skateboard competition, and other fashion experiences



The Member Engagement Specialist Team at Center 66 offers an array of personalized services to HOUSE 66 members, increasing customer loyalty and boosting sales for luxury brands

Center 66, Wuxi

Shopping Mall

The mall reinforced its position as Wuxi's leading luxury shopping destination, which helped drive growth in 2020 as high-end spending was repatriated amid the fallout of the COVID-19 pandemic. Retail sales recovered from first-quarter weakness to post a gain for the year as top-end brands lured customers who were restricted from traveling overseas. Rental income and the occupancy rate both increased as BVLGARI and Cartier migrated across from competing malls in Wuxi, while new stores were also opened by CELINE, Louis Vuitton, Piaget, and Saint Laurent. Apart from the luxury stores on the first floor, Chanel Beauty, % Arabica and Lululemon added to the lifestyle brands on offer with the launch of their first outlets in Wuxi. 2020 also saw the number and spending of HOUSE 66 members rise healthily.

Looking ahead, growth will be driven by ongoing upgrades of the tenant mix as well as HOUSE 66 marketing initiatives such as fashion previews and customized product launches that heighten customer engagement.

Office Tower

Center 66 continued to attract quality tenants in 2020, targeting financial institutions, professional services providers, and companies in technology, media and telecommunications. Multinationals and leading domestic corporations accounted for over half of the tenant mix. The year-end occupancy rate of Office Tower 1 dropped while Office Tower 2, which opened in September 2019 has satisfactory leasing progress. The combined occupancy of two towers was 72% at year-end 2020. A multi-functional workspace named HANGOUT was launched during the year, seeking to attract small-size quality tenants requiring flexible lease terms and access to world-class conference, training and entertaining facilities. The launch party attracted more than 120 guests, and almost half of the available spaces were taken up by year-end. Looking ahead, the Wuxi office market will remain challenging as high vacancy rates in competing buildings put pressure on rents. Center 66 will seek to attract tenants by differentiating its offering from that of rivals as well as catering to the expansion of existing clients.

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The Dimoo Space Journey offline exhibition in collaboration with POP MART launched at Riverside 66 with a surge in footfall and retail sales. This campaign was concurrently held at our other properties on the Mainland including Palace 66 in Shenyang, Center 66 in Wuxi, Parc 66 in Jinan, Olympia 66 in Dalian, and Spring City 66 in Kunming

Riverside 66, Tianjin

2020 was a tough year for Riverside 66 as efforts to contain the COVID-19 pandemic weighed on the local economy during the first three quarters and forced the mall to close for more than a month in early 2020. Retail sales declined with footfall, while rental income and occupancy rates also fell as some tenants applied for early termination of leases or rent reductions. Nevertheless, the launch of HOUSE 66 in July has helped enhance the awareness and branding of tenants' events and in-mall campaigns, offset pandemic impact to footfall, and thus lifting up retail sales.

Looking to 2021, Riverside 66 will continue its transition from a family lifestyle mall to one offering a greater range of affordable luxury and premium fashion, with new store openings planned by brands including UDX, CNC and LELECHA. It is expected that sales and rental income will climb significantly in 2021 as its repositioning pays off and marketing initiatives bear fruit in a recovering local economy. In addition, minor renovations are planned to improve pedestrian access from the adjacent Central Business District as well as those arriving on metro trains. Measures will also be implemented to enhance the experience of customers coming by car.



Olympia 66, Dalian

Olympia 66 has started the year on a bright note and was on track for a record January in terms of sales, before the COVID-19 pandemic which recurrence stretched into the fourth quarter of the year, caused massive disruption to the mall's business and operation, severely resulted in footfall reduction and negative impact on sales, rental income, and occupancy rate. Despite the challenging period when a number of tenants, notably in the food and beverage sector, terminated leases early due to business unsustainability, Olympia 66 has managed to source and introduce reputable food and beverage tenants such as Sichuan Restaurant, Wangfei Mingdong and Taier grill fish restaurant as replacements. For luxury sector, Bottega Veneta and Saint Laurent have opened their exclusive stores at the mall during the summer of 2020, and CRM program – HOUSE 66 was launched successfully in June.

Footfall and sales have recovered gradually from September 2020, and the uptrend is continuing into year 2021, which will be a very crucial year of transformation for Olympia 66. With the opening of

top luxury brands including BVLGARI, Louis Vuitton, Dior, CELINE, Tiffany & Co., Chaumet, Emporio Armani, Moncler, Burberry, Gucci, Fendi, Balenciaga and others from mid-year, Olympia 66 is transforming into a regional lifestyle with luxury positioning by end of 2021. Another important project, the MTR tunnel which connects a nearby station and our site will be completed in April. Ambience upgrading, trade mix improvement and adjustment including the expansion of the D-House gym, will be carried out in first half of the year as well.

With the continuous improvement of the non-luxury category, which will satisfy general consumers; the introduction of top luxury content, which will attract fans of brands and quality shoppers; the completion of MTR tunnel project, which will bring young customers; the consolidation of HOUSE 66 memberships, which will help us analyze members' profile and habits, going forward in year 2021, adopting the two-tier marketing strategy, we are confident that footfall and sales of Olympia 66 will improve significantly, resulting in positive impact on revenue and occupancy rate.



Olympia 66 collaborated with the Consulate General of France in Shenyang to host the cultural Uramado AR exhibition between October and November 2020

Spring City 66, Kunming

Shopping Mall

The mall fortified its position as Kunming's hub of prime luxury in its first full year of operation, adding Cartier to a line-up of prestigious international brands that includes Louis Vuitton, Dior, Gucci, Rolex, CELINE and BVLGARI. Disruption caused by the pandemic proved short-lived and luxury retail led the recovery as international travel bans prompted affluent customers to boost spending locally. Footfall returned to pre-COVID levels and an increased occupancy rate helped boost rental income. HOUSE 66 marketing initiatives in collaboration with tenants proved a great success in building customer loyalty, and a gala party to celebrate the mall's first anniversary helped make Spring City 66 the talk of the town. Prospects for 2021 continues to be positive with its unique positioning in Southwest China.

Office Tower

This Kunming's premier Grade A office tower is also the city's tallest building and is part of the mixed-use development that offers a full range of shopping, dining, lifestyle and entertainment experiences. It has attracted various multinational corporations and quality domestic firms and achieved significant growth in occupancy to 41% at the end of its first full year of operation. Competition for tenants is keen as vacancy rates in the local Grade A office market are running at around 40%, leading to declines in rents with demand cooling amid economic uncertainty stemming from the pandemic.

Spring City 66 aims to boost its share of the market by accommodating the expansion of existing tenants while also seeking new business in industries such as technology, media, telecommunications, pharmaceuticals, and professional services that were least affected by the downturn in the economy.



About one-third of the brands at Spring City 66 made their debuts in Kunming or Yunnan province



Heartland 66, Wuhan

Office Tower

Opened for occupancy in November 2020, the office tower at Heartland 66 is the seventh office tower project in our Mainland portfolio designed to be the preferred choice of office space among professional companies across insurance, banking and securities industries as well as leading local companies. Despite the weak economy due to the impact of COVID-19, continuous high supply of office spaces and fierce competition from competitors in Wuhan, Heartland 66's year-end occupancy reached 15% with Ping An Life Insurance Company, DHL, TOTAL, Daifuku and UDG Design among the first wave of tenants moving in.

Looking ahead, Heartland 66 will continue to acquire quality tenants from industries that are more resilient to varying market conditions such as technology, media and telecommunications, pharmaceutical and professional services. A new offering named "modular office" will be launched to capture small and middle-sized quality tenants.



Our Grade A office tower at Heartland 66 in Wuhan