恒隆集團 HANG LUNG GROUP 恒隆地產 HANG LUNG PROPERTIES

Press Release

Hang Lung Reports Sustained Core Business Growth in the "New Normal"

Summary of the 2023 Annual Results

- Overall rental revenue of Hang Lung Properties and Hang Lung Group increased by 3% to HK$10,316 million and 2% to HK$10,879 million, respectively. The solid leasing performance can be attributed to our best-in-class customer relationship management (CRM) programs, continual tenant mix upgrade, and business diversification. It is a testimony of our effective strategies under the "new normal" marked by a shift in customer behavior in the post -pandemic world.

- On the Mainland, overall rental revenue grew by 8% and 7% for Hang Lung Properties and Hang Lung Group in RMB terms, respectively. After capturing the initial upsurge in the first quarter of 2023 with an effective marketing push, we launched numerous promotional events and innovative marketing initiatives throughout the year while leveraging HOUSE 66, Hang Lung's CRM program, to solidify our market position and engage loyal customers and new members.

    - Luxury malls on the Mainland continued to deliver a strong performance, achieving growth ranging from 6% at Grand Gateway 66 in Shanghai to 19% at Olympia 66 in Dalian (except Forum 66 in Shenyang, which faced intense competition), as the latter emerges as the city's leading luxury mall.

    - The office portfolio maintained a steady foundation of growth, with rental revenue from the Mainland office portfolio increasing by 5% and 3% for Hang Lung Properties and Hang Lung Group, respectively. The growth was mainly driven by the strong performance of our office tower at Plaza 66 in Shanghai and the growth from the younger office towers in Kunming and Wuhan.

- The Hong Kong portfolio recorded 2% growth in rental revenue. The government's "Happy Hong Kong" and "Night Vibes Hong Kong" campaigns and a new round of consumption vouchers, together with our "hello Hang Lung Malls Rewards Program," boosted consumer sentiment and drove sales momentum.

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只選好的 只做對的
We Do It Well

- Hang Lung's bespoke HOUSE 66 CRM program curated waves of immersive placemaking events across our shopping malls that further strengthened customer engagements and generated a strong impact on social media and other platforms to drive awareness and underline Hang Lung's mission to become the Pulse of the City.

In HK$ Million	**Hang Lung Properties**			**Hang Lung Group**		
Total Revenue	-	to	10,316	-1%	to	10,881
Rental Revenue	3%	to	10,316	2%	to	10,879
- Mainland China	3%	to	6,967	3%	to	7,399
- Hong Kong	2%	to	3,349	2%	to	3,480
Property Sales Revenue	-100%	to	-	-99%	to	2
Total Operating Profit/(Loss)	2%	to	7,389	1%	to	7,794
- Property Leasing	4%	to	7,441	3%	to	7,844
- Property Sales			(52)			(50)
Underlying Net Profit/(Loss) Attributable to Shareholders	-1%	to	4,137	-2%	to	2,931
- Property Leasing	1%	to	4,177	-	to	2,953
- Property Sales			(40)			(22)
Net Profit Attributable to Shareholders	3%	to	3,970	3%	to	2,811
Total Dividend Per Share (HK$)	-	to	0.78	-	to	0.86
Interim (Paid)	-	to	0.18	-	to	0.21
Final (Proposed)	-	to	0.60	-	to	0.65

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(Hong Kong, January 30, 2024) Hang Lung Properties Limited (SEHK Stock Code: 00101) and Hang Lung Group Limited (SEHK Stock Code: 00010) today announced their financial results for the year ended December 31, 2023. As a result of its best-in-class CRM programs, continual tenant mix upgrade, and business diversification, the property leasing revenue of Hang Lung Properties and Hang Lung Group increased by 3% and 2% to HK$10,316 million and HK$10,879 million, respectively. The growth was primarily driven by the recovery of both the Mainland and Hong Kong portfolios.

The underlying net profit attributable to shareholders of Hang Lung Properties and Hang Lung Group was HK$4,137 million and HK$2,931 million, respectively.

The Board of Directors of Hang Lung Properties has recommended a final dividend of HK60 cents per share, to be paid on or about June 14, 2024, to shareholders whose names are listed on the register of members on May 10, 2024. Together with an interim dividend of HK18 cents per share paid by Hang Lung Properties, full-year dividends for 2023 will be amounted to HK78 cents per share.

The Board of Directors of Hang Lung Properties proposes 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: (1) the granting of a general mandate by the shareholders of Hang Lung Properties to the Board of Directors to allot, issue and deal with such additional shares of the Company representing 20% of the number of shares in issue on the date of passing such resolution at the Annual General Meeting to be held on April 26, 2024 (the "AGM"); (2) the approval of the proposed final dividend at the AGM; and (3) The Stock Exchange of Hong Kong Limited granting the listing of and permission to deal in the new shares to be issued pursuant to the Scrip Dividend Arrangement.

Besides, 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 14, 2024, to shareholders whose names are listed on the register of members on May 10, 2024. Together with an interim dividend of HK21 cents per share paid by Hang Lung Group, full-year dividends for 2023 will be amounted to HK86 cents per share.

Business Overview

During the year, **both the Mainland and Hong Kong portfolios recorded a growth**, with the overall rental revenue from the Mainland businesses of Hang Lung Properties and Hang Lung Group increasing by 8% and 7% to RMB6,263 million and RMB6,651 million, respectively. The Hong Kong portfolio recorded 2% growth in rental revenue.

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On the Mainland, luxury malls achieved solid growth of a 9% increase in revenue, ranging from 6% at Grand Gateway 66 in Shanghai to 19% at Olympia 66 in Dalian (except Forum 66 in Shenyang, which faced intense competition). Center 66, the leading luxury retail mall in Wuxi, achieved another record year, with revenue and tenant sales climbing by 12% and 19%, respectively. Revenue from our sub-luxury malls remained flat. Among these malls, Parc 66 in Jinan reported 4% growth in revenue after multiple beauty and first-in-town brands opened there in the second half of 2022 following the completion of the first stage of its Asset Enhancement Initiative (AEI).

The total revenue from the premium office portfolio of Hang Lung Properties and Hang Lung Group maintained a firm foundation of growth, rising by 5% and 3%, respectively, spurred mainly by the strong performance of our office tower at Plaza 66 in Shanghai, as well as the growth from the younger office towers in Kunming and Wuhan. In March 2023, the Heartland 66 Office Tower in Wuhan launched a new HANGOUT workspace, offering versatile areas and amenities for tenants and further strengthening the Grade A office tower's market positioning and competitiveness. **HANGOUT has attracted numerous influential corporations, including Fortune 500 pharmaceutical companies and several of China's top 500 insurance companies.**

In Hong Kong, retail leasing sentiment achieved a healthy recovery, and demand from tourist-oriented trades continued to improve. Supported by a series of promotional campaigns under the "hello Hang Lung Malls Rewards Program" and another round of government consumption vouchers, total tenant sales of Hang Lung Properties and Hang Lung Group grew by 14% and 13%, respectively. Sales rent of Hang Lung Properties and Hang Lung Group both grew by 17%. The Central Business and Tourist District Portfolio experienced a notable overall rental growth of 6%, driven by enhanced inbound tourism. The Community Mall Portfolio delivered a strong performance, with overall revenue rising by 2%. Occupancy rate of Kornhill Plaza in Hong Kong East stayed high at 98%, whereas that of Amoy Plaza in Kowloon East rose to 89% as of the reporting date. Accelerated by proactive measures to maintain a relatively high occupancy level of 89%, office revenue of Hang Lung Properties and Hang Lung Group both climbed by 1%, despite a soft leasing market reflecting economic uncertainty. Hang Lung Group recognized property sales revenue of HK$2 million during the year for the sale of 4 car parking spaces.

Mr. Ronnie C. Chan, Chair of Hang Lung Group and Hang Lung Properties, said, "2023 recorded another year of solid growth in our core business, with rental revenue from the mainland China portfolio reaching new heights in RMB terms. This underscores our consistent track record of growth through changing market conditions. As we look to 2024, the ongoing geopolitical and economic challenges will continue bringing plenty of headwinds to our operations and business environment. We are firmly committed to our strong pipeline of projects, including the opening of the Grand Hyatt Kunming hotel, and phased completions at the award-winning Westlake 66 mixed-use development. These valuable additions to our high-quality portfolio are expected to generate stable income well into the future, reinforcing Hang Lung's leadership in the real estate industry. The management team remains resolute in creating sustainable value for our shareholders, just as we have done for some two decades."

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Mr. Adriel Chan, Vice Chair of Hang Lung Group and Hang Lung Properties, said, “The first four months showed a very strong pace of growth, which began tapering in mid-May. The second half saw a continuation of the tapering trend, which ultimately resulted in this year's single-digit rental growth in RMB terms. Even with such strong headwinds, our performance was supported by our non-Shanghai luxury properties, investments for which began in the late 2000s, and which we have been continuously building for the past decade.”

Mr. Chan continued, “The same pursuit of excellence extends to our approach to sustainability. This helped us win over 35 awards in 2023. Our commitment to sustainability continues to underpin our efforts as we invest in environmental, employee, and community initiatives. The MSCI ESG rating for Hang Lung Properties was upgraded from ‘A’ to ‘AA’ during the year. Embracing new green technologies, such as our collaboration with CLEANCO2 to reduce embodied carbon at Westlake 66, exemplifies Hang Lung’s dedication to decarbonizing our business. The scholarship that we introduced with the Ebenezer School & Home for the Visually Impaired reinforces our support for the holistic development of exceptional students. Furthermore, we teamed up with a green startup and an NGO to promote circularity during the rejuvenation of Hang Lung’s Hong Kong offices, demonstrating our commitment to investing in wellbeing and sustainability.”

Mr. Weber Lo, Chief Executive Officer of Hang Lung Group and Hang Lung Properties, said, “As we navigate through a shift in customer behavior, we continue to focus on curating unparalleled experiences for customers that strengthen our portfolio’s resilience. To thrive in the new normal, the continual upgrade and optimization of the tenant and brand mix, complemented by our best-in-class CRM programs, have enhanced foot traffic, improved product-market fit, and fostered customer loyalty across Hang Lung’s properties, elevating our long-term competitiveness and profitability.”

This press release and full results announcements are available for download from the Hang Lung website at www.hanglung.com.

End

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