

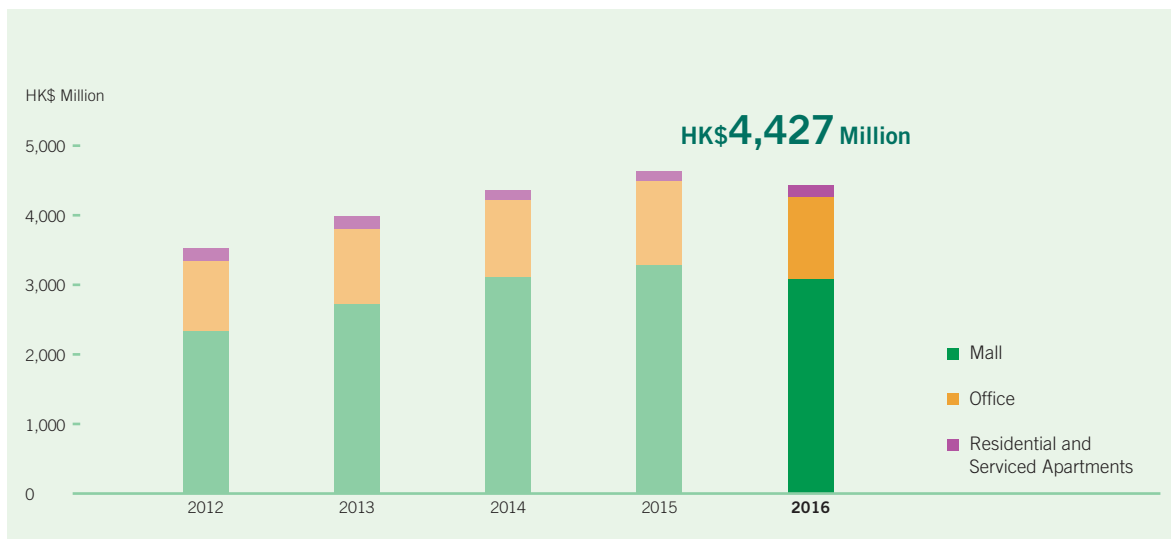
Mainland China Property Leasing

Revenue of the entire mainland China leasing portfolio was up 2% to RMB3,785 million, mainly driven by contribution from the new Dalian Olympia 66 mall and higher revenue from the Shenyang Forum 66 office tower. Overall margin was 64%.

Our eight shopping malls in mainland China generated RMB2,633 million in rents collectively during 2016, stayed flat year-on-year. The contribution from the new Dalian Olympia 66 mall was largely offset by rental interruption to the Shanghai Plaza 66 mall due to renovation works and negative rental reversions at some malls outside Shanghai.

Rental income of our entire office portfolio in mainland China increased 5% to RMB1,015 million, mainly driven by higher contributions from the new office towers in Wuxi and Shenyang.

REVENUE OF MAINLAND CHINA PORTFOLIO



SEGMENTAL ANALYSIS OF MAINLAND CHINA INVESTMENT PROPERTIES

For the year ended December 31

	Rental Revenue (HK\$ Million)		Occupancy Rate (at year-end)(%)	
	2016	2015	2016	2015
Mall	3,079	3,287	83%	81%
Office	1,187	1,203	78%	77%
Residential and Serviced Apartments	161	135	92%	81%
Total	4,427	4,625	82%	79%



Revenue of residential and serviced apartments at Grand Gateway 66 in Shanghai rose 26% to RMB137 million after adopting a different marketing strategy. Occupancy rate was up 11 points to 92% by the end of 2016.

Our Mainland property leasing portfolio has had to contend with the effects of a mixed economic performance and a general slowing of growth across China. The weaker Yen and Euro encouraged outbound spending to some degree, which contributed to a sluggish local retail landscape with a more selective attitude to spending, particularly on premium goods.

The oversupply of retail properties in the market contributed to a fiercely competitive environment. Across the board our shopping malls faced a significantly more challenging year than in 2015, as most brands reoriented their business strategy from expansion to consolidation. On a more positive note, VAT (Value Added Tax) reforms implemented in May 2016 went some way to making luxury retailers adjust their global pricing schedules. The adjusted price point for the RMB will help to retain spending in the local market particularly on luxury goods and provide a platform for sustainable sales growth in the long term.

The office leasing sector faced its own headwinds. Office demand from multinationals has shifted to the relatively decentralized locations that can provide office premises at a lower cost. On the other hand, domestic companies, which would have been the main source of demand in the market, were depressed by the prevailing local economic downturn which has impacted all of China, particularly the northeast.

Given this negative backdrop, the average rental for Grade A office space has remained stable for the most part, with some variation by subsector.





BRIEF ON PROPERTIES

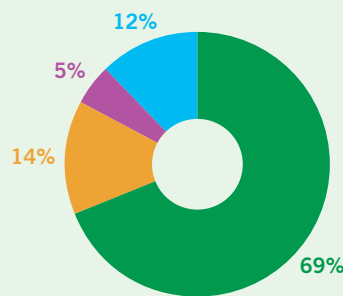
PLAZA 66, SHANGHAI



Renowned as one of the most successful commercial complexes in mainland China, Plaza 66 comprises a five-story high-end shopping mall, housing renowned luxury goods and fashion brands, and the two prestigious Grade A office towers, soaring 66 stories and 48 stories, respectively, attract prominent local and international businesses as tenants. The entire complex has become one of the city's most admired landmarks.

Commercial Segment Distribution (by Leased Floor Area)

- Fashion & Accessories
- Food & Beverage
- Lifestyle & Entertainment
- Others



Key Statistics

Gross floor area (sq.m.)	Commercial	53,700
	Office	159,555
	Residential and Serviced Apartments	N/A
Number of car parking spaces		804
Occupancy rate (at year-end)	Commercial	93%
	Office	95%
	Residential and Serviced Apartments	N/A
Number of shopping mall tenants		126

GRAND GATEWAY 66, SHANGHAI

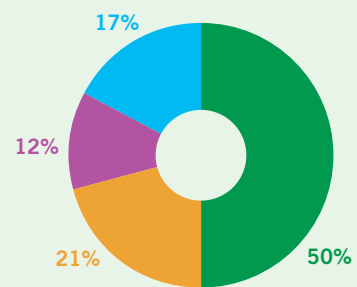


Located at the commercial hub of Xujiahui, Grand Gateway 66 is an interconnected complex comprising a shopping mall, an office tower and residential and serviced apartments. Grand Gateway 66 has a unique and contemporary style that sets it apart from similar developments in the city.

The shopping mall of Grand Gateway 66 offers unmatched opportunities for business and leisure. With its superb location above the Xujiahui station, Grand Gateway 66 is a true one-stop shopping complex in Shanghai.

The office tower of Grand Gateway 66 houses prominent local and international businesses as tenants. Serviced apartments at Grand Gateway 66 comprise of three buildings offering 629 suites for lease.

Commercial Segment Distribution (by Leased Floor Area)



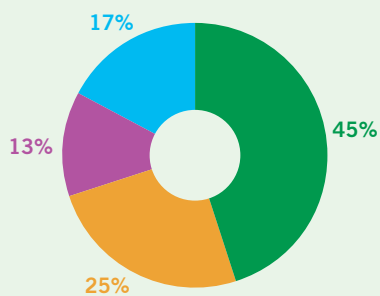
Gross floor area (sq.m.)	Commercial	120,188
	Office	67,200
	Residential and Serviced Apartments	83,200
Number of car parking spaces		835
Occupancy rate (at year-end)	Commercial	96%
	Office	89%
	Residential and Serviced Apartments	92%
Number of shopping mall tenants		356

PALACE 66, SHENYANG



The magnificent Palace 66 shopping mall is located right in the vibrant financial and commercial heart of Shenyang. Situated on Zhongjie Lu, a famous commercial street in Shenhe district, Palace 66 houses an alluring blend of international and local brands. These encompass fashion and accessories, lifestyle and entertainment, beauty and cosmetics, as well as quality restaurants.

Commercial Segment Distribution (by Leased Floor Area)



109,307

N/A

N/A

864

93%

N/A

N/A

213

FORUM 66, SHENYANG

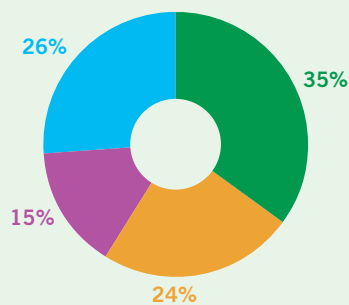


Forum 66 sits ideally on Qingnian Da Jie, the Golden Corridor thoroughfare that runs through the city center, and is close to Shenyang's best known landmarks.

The shopping mall at Forum 66 houses a number of world-leading high-end brands that have chosen Forum 66 as the home for their first stores in Shenyang. The Metro line No. 2 offers direct access to Forum 66 from the station, providing an additional boost to traffic flows to the project.

The office tower has 88-story, soaring more than 350 meters into the city skyline. It is a rare and superior high-rise building in Shenyang and is a magnet for renowned multinational companies.

Commercial Segment Distribution (by Leased Floor Area)



101,960

144,677 (excluded hotel)

N/A

2,139

84%

67% (low- and mid-zones)

N/A

110





BRIEF ON PROPERTIES

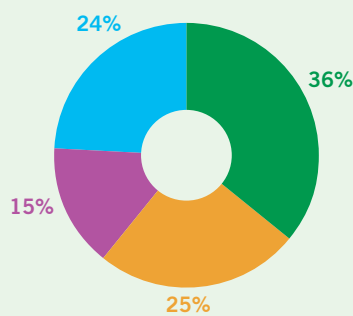
PARC 66, JINAN



Situated on Jinan’s Golden Avenue, Quancheng Lu, Parc 66 introduced a number of international brands launched for the first time in the Jinan market. The shopping mall is a most welcome lifestyle destination for Jinan residents with its cinema, supermarkets and cafés.

The architectural design of Parc 66 blends well with the surrounding environment. Taking its theme from the nearby lakes and springs, Parc 66 embodies a flowing design, an undulating roof, green spaces and curved façades. Its two triangular-shaped shopping buildings are linked by an undulating bridge, the Dragon.

Commercial Segment Distribution (by Leased Floor Area)



- Fashion & Accessories
- Food & Beverage
- Lifestyle & Entertainment
- Others

Key Statistics

Gross floor area (sq.m.)	Commercial	171,074
	Office	N/A
	Residential and Serviced Apartments	N/A
Number of car parking spaces		789
Occupancy rate (at year-end)	Commercial	91%
	Office	N/A
	Residential and Serviced Apartments	N/A
Number of shopping mall tenants		313

CENTER 66, WUXI

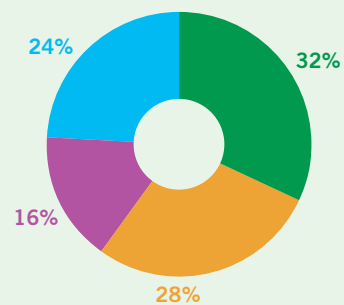


Situated ideally at the heart of Wuxi’s Liangxi central business district on Renmin Zhong Lu, Center 66 (Phase 1) is a commercial complex currently comprising a shopping mall and a Grade A office tower.

The shopping mall houses a selection of global brands, food & beverage outlets as well as lifestyle offerings.

The 52-story office tower of Center 66 began operation in October 2014 and is home to a number of international and domestic leading corporations.

Commercial Segment Distribution (by Leased Floor Area)



Gross floor area (sq.m.)	Commercial	104,906
	Office	85,438
	Residential and Serviced Apartments	N/A
Number of car parking spaces		1,292
Occupancy rate (at year-end)	Commercial	80%
	Office	65%
	Residential and Serviced Apartments	N/A
Number of shopping mall tenants		167

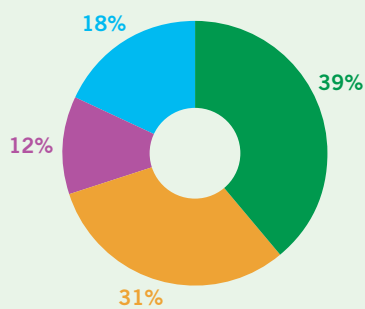
RIVERSIDE 66, TIANJIN



Located strategically in the heart of Tianjin's Haihe central business district, Riverside 66 houses an extensive tenant list encompassing an alluring mix of internationally renowned fashion brands, food & beverage outlets and lifestyle retailers. A number of tenants have also chosen Riverside 66 as the home for their first stores in Tianjin.

The unique and eye-catching architectural design of Riverside 66 extends approximately 380 meters from east to west amid the most hectic and bustling pedestrian zone in Tianjin.

Commercial Segment Distribution (by Leased Floor Area)



152,831

N/A

N/A

800

82%

N/A

N/A

261

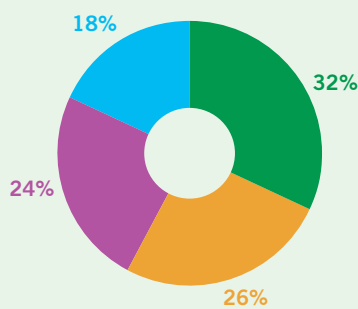
OLYMPIA 66, DALIAN



Centrally situated on Wusi Lu, one of the most prominent commercial thoroughfares in the city of Dalian, Olympia 66 is Hang Lung's 8th commercial project on the Mainland. This world-class building boasts a unique architectural style, with its grand curving geometric design reflecting the concept of the auspicious Chinese Tai Chi twin dancing carps.

With a retail sales area of over 220,000 square meters, Olympia 66 is Hang Lung's largest shopping mall to date. It provides diversified choices of shopping, dining and entertainment, attracting a number of international brands to debut and open their flagship and concept stores in Dalian.

Commercial Segment Distribution (by Leased Floor Area)



221,900

N/A

N/A

1,214

66%

N/A

N/A

259





PLAZA 66 – SHOPPING MALL

The ongoing asset enhancement initiatives at Plaza 66 have seen an expansion of its customer base and strengthened customer loyalty through a trade-mix refinement strategy, the implementation of a VIC (Very Important Customer) program, and the successful execution of a diverse range of promotional campaigns. The refreshed Plaza 66 has provided an exciting new backdrop for the upgrading of the mall's exclusive upscale dining, retail and lifestyle options. These include the expansion of Bottega Veneta's and Prada's flagship stores and the arrival of Saint Laurent Paris, Zimmerli and Pure Yoga. This has drawn new customers from the burgeoning middle and elite classes, strengthening the mall's unique position as the Home to Luxury. Two major promotional campaigns in the course of the year also contributed to increased footfall. The My Style My Way campaign, sponsored by various retail brands in the mall, and Santa's Atelier featuring a giant outdoor Christmas tree and lighting ceremony in partnership with Cartier, gained popular acclaim. The upgrading work of the new Basement 1 of the mall was completed in September with the handover of some 30 new shops. These included Delvaux, Loro Piana, Dior Homme, Balmain, Mikimoto, Brunello Cuccinelli, Etro, Bally, Krizia, Moncler, Dsquared, Mulberry, Damiani, Vertu, Jaeger-Lecoultre, Chopard, Panerai and Hublot, together with the expansion of Ermenegildo Zegna's flagship store from Levels 1 and 2 into the new basement. Of the brands in the basement, Chiara Ferragni and Valextra are opening their first stores in China while Golden Goose Deluxe Brand, Mr. and Mrs. Italy and Krizia are opening their first stores in Shanghai. Around 70% of the new shops opened for business before Chinese New Year 2017.

The major asset enhancement program of Plaza 66 has been largely completed



Above ground, 95% of the enhancements were completed in the meantime. Looking forward, the introduction of more luxury “best of breed” stores will continue along with the tailoring of the multi-dimensional offerings on different floors to further enhance the unique and leading position of Plaza 66 in Shanghai. Attention to customer loyalty will continue with the opening of the new VIC Lounge in the 3rd quarter of 2017 and the offering of privileges and exclusive services to VICs. Tenant-mix will also continue to be reviewed, with the addition of more upscale dining options. With the completion of the remaining enhancement works at Levels 5 and 6 by the 3rd quarter of 2017, all the physical changes will be in place for an exciting new chapter of growth for the mall.

PLAZA 66 – OFFICE TOWERS

The overall performance in office leasing has been stable despite the competitive environment and tight controls on the P2P industry. The merging of the Jing’an and Zhabei districts has enriched the trade varieties in the newly formed district by attracting more companies from further afield. The year has seen Plaza 66’s anchor tenant KPMG expand and upgrade. Among new tenants acquired during the course of the year, the well-known financial institution Guotai Junan International is a significant gain. The upgrading and renovation of Office Tower 1, including the main lobby area, lifts, and most floor lobbies, were completed during the course of the year. Asset enhancement work for Office Tower 2 commenced in the 4th quarter of 2016 and is earmarked for completion by the end of 2017.

A number of international brands open their flagship stores and specialty shops at Plaza 66





GRAND GATEWAY 66 – SHOPPING MALL

Despite retailers' expansion plans being cautious amid the soft market sentiment, Grand Gateway 66 remains one of their top priorities as they establish their presence in the market. That explains why Omega, Mont Blanc, Coach, Loewe, Weekend by Max Mara, IRO, Tesla, Timberland, Boy London, adidas originals, and Bang either opened their doors in the mall or expanded and revamped their premises during the year.



Grand Gateway 66's marketing events draw significant media attention and public support

Pop-up stores like IWC, Qeelin, Tumi and Kingbaby along with marketing events played an important role in boosting the public profile of the mall and generating significant increases in footfall and sales. The Shanghai Disney Themed Exhibition in April, the Shake as One event in August, and the Halloween Haunted Playground in October were successful in drawing significant media attention and public support. Grand Gateway 66 was also the proud host of celebrity movie premiers, welcoming superstar Tom Cruise, actress Cobie Smulders and renowned director Edward Zwick for the premier of *Jack Reacher: Never Go Back*, and Jackie Chan and Fan Bingbing for the premier of *Skiptrace*.

The asset enhancement works of our mall commenced in January 2017. In addition to the existing connection to the Metro Line 1, the newly approved link to Metro Line 9 will bring a significant increase of footfall to our mall. The new escalators connecting basement car parks and the mall will also greatly enhance the shopping experience of our customers. Inevitably, the substantial asset enhancement works will likely usher in a temporary drop in footfall, sales and rents in 2017. However, similar to the upgrading works in Plaza 66, the benefits of the asset enhancement, along with the upgrading of the supermarket, cinema, and the mall's food and beverage offerings, will far outweigh the short-term disruptions. The enhancements are part of a plan to raise the stature and quality of our offering to strengthen Grand Gateway 66 as the market leader.

GRAND GATEWAY 66 – OFFICE TOWER

Despite the challenging business environment, with 43% of the leased area up for renewal and a further 8% terminated early due to consolidations or business failures, the occupancy rate at the Grand Gateway 66 office tower stood at an average of 93% during the year. This was attributable to the expansion and renewal of existing high-profile tenants including Uniqlo, BBDO, West Rock, and NIVEA, and the recruitment of reputable new names such as SAS, Qantas and Verystar. Taking advantage of the lull in market sentiment, the asset enhancement initiative at the office tower commenced in October 2016 and will be completed in phases by mid-2018. Renovation of the lobby is targeted for unveiling in mid-2017. We expect these improvements will position Grand Gateway 66 as a premium choice for big-name businesses when the market rebounds.



GRAND GATEWAY 66 – SERVICED APARTMENTS

Revenues grew by 26% in the serviced apartments this year amid the subdued demand for such top-tier residences as multinationals continued to reduce their expatriate posts and housing budgets. This decline in demand was somewhat mitigated by our leasing strategy designed to attract more interest from wealthy local entrepreneurs. In 2017, we will continue to upgrade our facilities, adopt flexible long- and short-term leasing strategies and improve rental margins by tapping into short-term leases with higher rent.

PALACE 66

Careful management of the trade and brand mix over the past few years has proven successful, with the mall maintaining its stable upward trend in revenue growth and achieving a respectable increase in operating profit despite keen competition and a sluggish economic environment. The addition of fresh and trend-setting brands such as Armani Jeans, Guess, Avirex, fingercross, Sisyphé, Pepper Lunch and Wise Bro Dessert drew more patrons to the mall, while marketing events including iO Girls and Summer Theatres piqued public interest and achieved double-digit gains in sales during the event cycles. The additions already confirmed for 2017 are Les Benjamins and Superdry on Level 1.



FORUM 66 – SHOPPING MALL

Marking its 4th anniversary with a much celebrated Fashion Week, the mall generated significant footfall and sales with its Anniversary Fashion Show and Summer Bazaar marketing events. Among the new introductions to the trade mix have been designer and contemporary luxury, cosmetics, fitness and child education brands. Establishing their sole retail presence in Shenyang were youthful fashion and accessories brands such as Trussardi, Nicolas Andreas Taralis, By Creations, bebe and Reoar Kiss. Throughout the year, our marketing team has leveraged our social media presence on platforms such as WeChat and Weibo to create exciting new inroads into viral marketing. In 2017, Forum 66 will establish a dedicated VIC team with an eye to providing superior and unmatched services to our high-end customers.

The iO Girls marketing event piques public interest and achieves a double-digit gain in sales during the event cycle



Forum 66 celebrates its 4th anniversary with a fantastic Fashion Week





Mainland China Property Leasing

Forum 66 has achieved satisfactory growth

FORUM 66 – OFFICE TOWER

Recognized as a landmark with premier facilities, the office tower at Forum 66 has outperformed its competitors and achieved satisfactory growth despite fierce competition. Anchor tenant Bank of China expanded its occupancy from four to six floors, making its Liaoning Province headquarters a staggering 17,000 square meters in size. Other distinguished tenants including Deloitte, Ping An Securities and Generali Insurance also prepared to expand their offices at Forum 66 this year. In addition, Forum 66 welcomed such esteemed names as ARCADIS, APP and C-trip as new tenants during the course of the year. Building on the successes of 2016, steady growth is expected in the year ahead with our team mobilized to recruit more prominent multinational and domestic firms so as to secure long-term sustainability.



PARC 66

Parc 66 has maintained its favorable rental income figures and occupancy rates in the year under review amidst the prevailing economic conditions, which have hampered its competitors. With the mall not being immune to external factors, some large retail units were forced into early termination, but suitable replacements were successfully recruited. New anchor tenant Apple opened its doors in May. Pandora, Les Nereides, apm.mc and Trussardi also entered as the mall extended its reach into contemporary luxury accessories and formed new retail clusters. The mall's food and beverage offering was also reorganized with the integration of popular brands such as Godiva and



Parc 66 has maintained its favorable rental income figures and occupancy rates

Hui Lau Shan. Among the mall's existing tenants, 16 completed upgrading works in 2016 and three others have expressed their intention of following suit in 2017 to create new, more exciting shopping experiences. The mall has fostered a number of successes in 2016 with top-performing tenants including MO&Co., JNBY, Lily and Peoleo achieving higher retail sales and contributing higher sales-based rents as a result. The mall has carried out two exciting marketing events that boosted footfall and sales and generated extensive social media chatter. These were the T-Rex Revealed – The Augmented Reality Experience dinosaur exhibition and the Cool Bear event.

Looking ahead to 2017, Parc 66 is committed to maintaining its leadership position amidst intensifying competition from new malls opening in the area. The focus will be on brand upgrading with the introduction of additional contemporary international fashion brands, ladies wear boutiques, high-end lifestyle outlets and popular chain restaurants. COS, Theory, Rose Only, Thomas Sabo and Y3 are among the names already committed to joining Parc 66's list of celebrated retailers in 2017.

CENTER 66 – SHOPPING MALL

The Center 66 shopping mall continues its upward growth trajectory with sales by luxury brands situated at Level 1 growing steadily as the year progressed and the Basement 1 shopping area gaining popularity. The year under review saw the addition of prestigious brands Loewe, Giada, Pandora and Vacheron Constantin to strengthen the mall's luxury mix, while existing tenants expanded their retail space. Growth was supported by marketing endeavors which saw the execution of two major events, the Teddy Star Show and the Halloween Haunted Playground. The launching of creative, targeted marketing

campaigns will continue in the coming year as the team focuses on refining the trade mix and recruiting suitable tenants for vacant retail space on the upper floors to maximize income. Among the new additions already confirmed for 2017 are internationally celebrated audio brand Bowers & Wilkins, whose store will open on Level 2, Bright Mind and Princess Ting Ballet, whose learning centers will operate on Level 3, and UK fashion brand New Look in Basement 1.



The Teddy Star Show brings to Wuxi over 500 cute teddy bears in adorable costumes





Center 66 is already engaged in recruiting multinational and domestic giants from various industries

CENTER 66 – OFFICE TOWER

The first half of the year saw lease terminations resulting from P2P turmoil, but occupancy rates rebounded in the second half with much effort dedicated to recruiting new businesses to enhance the tower's tenant-mix profile. Global financial services brand UBS was a significant acquisition, leasing two whole floors with further expansion plans for 2017. Other notable additions included Toyota Tsusho, Shiseido and Ping An Group, whose presence has helped us to establish a significant market differentiation in relation to our main competitors. Whilst the expansion requirements of the tower's existing quality tenants remain strong, there is also growing momentum for a steady increase in the occupancy rate as new tenants are drawn by Center 66's attractive qualities. The leasing team is already engaged in recruiting more multinationals and domestic business giants from various industries to diversify the tenant mix and add to the prestigious names that the tower already houses.

RIVERSIDE 66

In 2016, progress was made in consolidating the mall's positioning with strategic additions to the retail mix shoring up footfall and sales. During the course of the year, leading global technology brand Apple opened its flagship store in Riverside 66, joined later by the Xiaomi experience store. Popular fashion brands including APM Monaco, Mandarina Duck and Boy London opened their shops at the mall in 2016. In addition, Godiva, Longines and the VR (Virtual Reality) experience store also committed to starting operations in the mall in 2016.

The mall's marketing events have incorporated EST (Experience, Service and Technology) initiatives including the T-Rex Revealed – The Augmented Reality Experience dinosaur exhibition, the 2nd Anniversary Celebration and the Halloween Haunted Playground, all of which were well-received by customers and helped to develop online marketing tools.



Riverside 66 has incorporated EST initiatives into its marketing events

The year of 2017 will see another cycle of lease expirations among fashion brands occupying a significant proportion of the mall's leased area. The mall's main task is to enhance its prime positioning within Tianjin and to continue improving its occupancy rate. To achieve this, priority will be given to enriching the current contemporary luxury and international fashion offerings, as well as to broadening the trade mix with the addition of new entertainment and lifestyle brands.

OLYMPIA 66

Olympia 66 was launched on September 9, 2016. In addition to receiving the Gold Award in LEED, Olympia 66 has been named as the sole commercial property providing the best barrier-free environment and facilities in Dalian. In addition to the WeChat App and indoor location tracking services, the mall provides a parking tracker function with mobile payment options.

Although opening at a time of subdued retail sentiment, Olympia 66 has all the fundamentals required to lift it from its slow start once the political instability in Dalian, which has affected brand confidence in the local market, subsides. Olympia 66 has already unveiled a number of exclusive, first-in-town brands including Trussardi, Moschino, COS, Edimass, PALACE Cinema, Blue Ice ice-skating rink, Coterie and G Givenchy. Additionally, EST initiatives integrated seamlessly into a program of events to celebrate the grand opening and the subsequent Cool Bear marketing event have excited consumers and established an excellent level of customer engagement on which to build in the coming year. As the mall springs further into life with exciting brands such as Hearts On Fire, Tommy Hilfiger, Aape, Fingercroxx, Fred Perry, Thomas Sabo and Sisyphus Bookstore on Level 1, and CK Jeans on Level 2, Olympia 66 will carve out its position as the city's premier shopping and entertainment nexus. Meanwhile, the mall's marketing team will collaborate with tenants to build awareness of our various retail zones via multiple media channels and word-of-mouth publicity while at the same time leveraging on partnerships with credit card companies, sports and family clubs and other associations to excite interest in all that the mall has to offer the local community.



Olympia 66 will carve out its position as the city's premier shopping and entertainment nexus

