

Press Release

Hang Lung's Mainland Rental Revenue Records Growth in RMB Terms Despite Challenging Operating Environment

Summary of 2022 Annual Results

- Total revenue of Hang Lung Properties and Hang Lung Group for the year ended December 31, 2022 stayed flat against 2021 at HK\$10,347 million and HK\$10,941 million, respectively, amid negative headwinds.
- Rental revenue of the Mainland portfolio rose by 1% in RMB terms, reflecting the effectiveness of our geographical and business diversification strategies and our relentless focus on customer-centricity with our nationwide customer relationship management (CRM) program HOUSE 66.
 - A healthy recovery in the second half of 2022 was recorded with 8% increase in rental revenue against the first half of 2022, and was on par with the historical-high rental revenue achieved in the corresponding period in 2021.
 - Luxury malls outside of Shanghai recorded growth momentum with revenue advancing by 17% year-on-year.
- The quality office portfolio was a bright spot, recording 11% and 9% of revenue growth by Hang Lung Properties and Hang Lung Group year-on-year, respectively, mainly driven by an increase in occupancy rates of the younger office towers in Wuxi, Kunming, and Wuhan.
- Great strides were made on the sustainability front, including 1) Hang Lung Properties being the first real estate developer in Hong Kong and mainland China to receive approval from the Science Based Target initiative (SBTi) for its near- and long-term company-wide emission reduction targets in line with SBTi Net-Zero Standard; 2) almost 25% of Hang Lung Properties' landlord electricity (scope 2 emissions) in its mainland China portfolio being met by renewable energy; 3) the launch of a first-of-its-kind model of sustainability partnership with LVMH to accelerate climate and sustainability action over a three-year period across mainland China; 4) Plaza 66 in Shanghai becoming mainland China's first operating property and the largest to receive platinum ratings for LEED V4.0 Existing Building: Operations and Maintenance (LEED V4.0 EB: O+M) and WELL V2 Core certifications, and 5) Hang Lung Properties' sustainable finance accounted for 46% of its total debts and available facilities in 2022.



- Rolled out a nationwide program named “Hang Lung Future Women Leaders Program” in Hong Kong and mainland China to support young women in unleashing their potential and to build more diverse and inclusive communities.
- Set up the “Hang Lung COVID-19 Relief Fund 2.0” with over HK\$13 million injected to support urgent counter-pandemic measures in Hong Kong and mainland China.

In HK\$ Million	Hang Lung Properties	Hang Lung Group
Total Revenue	- to 10,347	- to 10,941
Rental Revenue	-3% to 10,031	-3% to 10,625
- Mainland China	-3% to 6,752	-2% to 7,218
- Hong Kong	-3% to 3,279	-3% To 3,407
Property Sales Revenue	316	316
Total Operating Profit	-2% to 7,253	-2% to 7,683
- Property Leasing	-4% to 7,166	-4% to 7,596
- Property Sales	87	87
Underlying Net Profit Attributable to Shareholders	-4% to 4,199	- to 3,002
- Property Leasing	-7% to 4,135	-2% to 2,964
- Property Sales	64	38
Net Profit Attributable to Shareholders	-1% to 3,836	5% to 2,718
Total Dividends 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



(Hong Kong, January 31, 2023) 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, 2022. With a strong competitive edge supported by the Companies' long-standing geographical and business diversification strategies, as well as our relentless focus on customer-centricity demonstrated through the nationwide HOUSE 66 CRM program and hello Hang Lung Malls Rewards Program in Hong Kong, the total rental revenue of Hang Lung Properties and Hang Lung Group prevailed against challenging environments brought about by COVID-19 in both mainland China and Hong Kong, as well as Renminbi (RMB) depreciation since the second quarter of 2022, and both reported a slight drop of 3% to HK\$10,031 million and HK\$10,625 million, respectively. Our Mainland leasing portfolio continued to demonstrate resilience and maintain overall business growth despite the outbreak of Omicron, the highly contagious COVID variant, bearing down heavy on the retail sector. The portfolio posted a healthy recovery in the second half of 2022 with rental revenue in RMB terms on par with the historical high achieved in the corresponding period in 2021. Property sales revenue of HK\$316 million for Hang Lung Properties and Hang Lung Group was recognized for the year.

The total revenue of Hang Lung Properties and Hang Lung Group for the year ended December 31, 2022 stayed flat against 2021 at HK\$10,347 million and HK\$10,941 million, respectively. Underlying net profit attributable to shareholders of Hang Lung Properties and Hang Lung Group was HK\$4,199 million and HK\$3,002 million, respectively.

The Boards of Directors of Hang Lung Properties and Hang Lung Group have recommended a final dividend of HK60 cents per share and HK65 cents per share, respectively, to be paid in cash on May 19, 2023, to shareholders whose names appeared on their respective registers of members on May 5, 2023. Together with the interim dividend of HK18 cents per share paid by Hang Lung Properties and HK21 cents per share paid by Hang Lung Group, full-year dividends for 2022 will be HK78 cents per share and HK86 cents per share, respectively.

Business Overview

For the year ended December 31, 2022, **rental revenue from the Mainland businesses of Hang Lung Properties and Hang Lung Group edged up by 1%** to RMB5,790 million and RMB6,190 million, respectively.

Performance of the mall portfolio remained solid despite the challenging year. The business suspension at the malls caused by COVID-19 in Shanghai and Shenyang was largely compensated by **the solid improvement in performance of the luxury malls outside of the two cities, with revenue advancing by a range of 6% to 52% year-on-year, driven primarily by continuous improvement in occupancy levels and refinement of tenant mix.** In particular, Center 66 in Wuxi performed relatively well with revenue and tenant sales up by 7% and 1%, respectively, as it benefited from its strong positioning as the city's undisputed leader in luxury retail and from strategic marketing campaigns. Olympia 66 in Dalian performed impressively leveraging its success in transforming into a luxury-led mall, which saw its revenue climbing



40% year-on-year to RMB229 million and tenant sales rising by 67%. The Spring City 66 mall in Kunming generated 6% more revenue thanks to positive rental reversions and strong base rents. Heartland 66 in Wuhan continued to gather momentum and posted revenue of RMB232 million, up by 52%, with tenant sales up by 158% despite the mall closing for three weeks in October and November due to local pandemic containment measures.

The quality office portfolio was a bright spot during the year, providing the companies with a stable and resilient income stream despite the weak market sentiment. The total revenue of Hang Lung Properties and Hang Lung Group from the portfolio grew by 11% to RMB1,110 million and 9% to RMB1,361 million, respectively. Occupancy levels at newer projects, such as the office towers in Kunming and Wuhan, continued to increase satisfactorily.

In Hong Kong, COVID-19 control measures dampened travel demand and office demand from foreign corporations—even after quarantine requirements for travelers were lifted later in the year. Nevertheless, **occupancy was well managed and remained at a satisfactory level**, thanks to the refinement of the tenant mix at the malls to accommodate local consumption patterns, the marketing campaigns launched via the “hello Hang Lung Malls Rewards Program”, and also the government’s electronic Consumption Voucher Scheme. Rent relief reduced notably in the second half of the year against the first half, as tenants who had to completely or partially suspend operations were able to resume business during the period after the fifth wave of COVID-19 subsided. Our retail portfolio’s performance continued to recover as the year progressed, with overall rental revenue of Hang Lung Properties and Hang Lung Group retreating by 3%, to HK\$3,279 million and HK\$3,407 million, respectively.

On the property sales front, 126 residential units of The Aperture were pre-sold since its launch in December 2021, with total sales amounting to HK\$1,108 million, which is expected to be recognized in 2023 when sale completes. Meanwhile, revenue of HK\$316 million was recognized from the sale of one house on Blue Pool Road, completed in 2022. As a result, an operating profit of HK\$87 million was posted from property sales in 2022.

Mr. Ronnie C. Chan, Chair of Hang Lung Group and Hang Lung Properties, said, “2022 was another roller-coaster year for most sectors across mainland China and Hong Kong. The intermittent resurgence of COVID-19 cases in various Mainland cities added to the challenges in the overall operating environment. Leadership and foresight are particularly essential in turbulent times. Our long-standing geographical and business diversification strategies have proven effective in maintaining overall business growth. Despite the business suspensions at our malls caused by COVID-19 in Shanghai and Shenyang, the solid performance of luxury malls in other cities had largely compensated for the negative impacts felt. Center 66 in Wuxi, Spring City 66 in Kunming, Olympia 66 in Dalian and Heartland 66 in Wuhan stood out as undisputed leaders in the high-end consumption segment in their respective cities. Our market-leading Shanghai portfolio ramped up satisfactorily with businesses back on a healthy path by the second half of 2022. Our quality office portfolio has also solidified our business defences against



market headwinds. Now, with the pandemic situation gradually subsiding and China’s emphasis on economic development and stability, we are confident that the distinctive market positioning of our quality portfolio and diversified businesses will put us in the best position to capture pent-up demand once the market starts to pick up.”

Mr. Adriel Chan, Vice Chair of Hang Lung Group and Hang Lung Properties, said, “Our solid business growth amid such a challenging environment in 2022 is a real showcase of the long-term value brought by our enduring commitment to and investment in sustainability. During the year, we once again made significant progress toward sustainability leadership. The three-year sustainability partnership between Hang Lung Properties and LVMH has reimagined the way that the real estate and retail sectors can collaborate on and accelerate sustainability and climate action. We have also become the first real estate company in Hong Kong and mainland China to receive approval for our net-zero targets in line with SBTi Net-Zero Standard. Sustainable finance accounted for 46% of total debts and available facilities. At the project level, renewable energy will provide almost 25% of the electricity mix in our mainland China portfolio with Parc 66 in Jinan, also the first commercial development in Jinan and Shandong Province, 100% powered by wind power beginning in 2023. Our flagship Plaza 66 in Shanghai had also obtained platinum ratings for LEED and WELL certifications – a first in mainland China among commercial complexes in operation.”

Mr. Weber Lo, Chief Executive Officer of Hang Lung Group and Hang Lung Properties, said, “Our perseverance in delivering on our strategy of customer-centricity is key to sustainable growth even amid an unfavourable operating environment. Our nationwide CRM program and meticulously developed marketing campaigns enabled us staying connected with our customers and members during COVID downtime and poised for prompt recovery once the situation subsided. We are also glad to see that our projects under development including hotels and residences are progressing on track. Amid various headwinds in 2022, we continued our efforts to promote community wellbeing in 2022. We launched the ‘Hang Lung COVID-19 Relief Fund 2.0’, with over HK\$13 million to support various targeted community groups in Hong Kong and mainland China adversely impacted by COVID-19. We also rolled out the nationwide ‘Hang Lung Future Women Leaders Program’ to support young women in unleashing their potential and to build more diverse and inclusive communities. We are more confident than ever in our ability to tap on any market opportunities that arise and will continue to do our best to achieve our vision of creating compelling spaces that enrich lives for our customers, tenants, employees and communities.

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

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For inquiries, please contact:

Helen Lee

Senior Manager –

Corporate Communications

+852 2879 0282

HelenHTLee@HangLung.com

Rex Yip

Assistant Manager –

Corporate Communications

+852 2879 0717

RexKNYip@HangLung.com