



For Immediate Release

Hang Lung's Core Business Records Growth despite the Impact of COVID-19

Summary of 2020 Annual Results

- The revenue of core property leasing businesses of Hang Lung Properties and Hang Lung Group both grew year-on-year by 4%, respectively, primarily driven by respectable growth in our Mainland portfolio.
- The Mainland portfolio's leasing revenue recorded respectable growth, and retail sales surpassed pre-COVID-19 levels, led by a V-shaped rebound in luxury goods spending at our luxury-focused malls in Shanghai, Shenyang, Wuxi, and Kunming from April 2020. Growth momentum persisted through the rest of the year while our lifestyle malls showed a more gradual recovery.
- The COVID-19 pandemic continued to adversely affect the Hong Kong portfolio. Rent relief was provided to alleviate tenants' operating pressure.
- The full launch of our Customer Relationship Management (CRM) program "HOUSE 66" on the Mainland, together with the rollout of a new CRM program in Hong Kong in 2021, will further strengthen customer loyalty and tenant relationships.
- Marked progress was made in sustainability development by setting 2030 goals and targets and advancing sustainable financing with the launch of two sustainability-linked loans, green bonds and green loans totaling HK\$5.4 billion.

In HK\$ Million	Hang Lung Properties	Hang Lung Group
Total Revenue	+1% to 8,973	+1% to 9,526
Property Leasing Revenue	+4% to 8,911	+4% to 9,464
- Mainland China	+16% to 5,277	+14% to 5,694
- Hong Kong	-9% to 3,634	-9% to 3,770
Property Sales Revenue	-79% to 62	-79% to 62
Total Operating Profit	- to 6,481	- to 6,880
- Property Leasing	+2% to 6,437	+1% to 6,836
- Property Sales	-73% to 44	-73% to 44

Underlying Net Profit Attributable to Shareholders	-6% to 4,201	-25% to 2,834
- Property Leasing	-4% to 4,164	-1% to 2,812
- Property Sales	-73% to 37	-98% to 22
Net Loss Attributable to Shareholders	(2,571)	(1,541)
Total Dividends Per Share (HK\$)	- to 0.76	-24% to 0.82*
Interim (Paid)	- to 0.17	- to 0.19
Final (Proposed)	- to 0.59	- to 0.63
* Hang Lung Group: A special dividend of HK26 cents was declared in 2019		

(Hong Kong, January 28, 2021) Hang Lung Properties Limited (HKSE Stock Code: 00101) and Hang Lung Group Limited (HKSE Stock Code: 00010) today announced their financial results for the year ended December 31, 2020. Despite the adverse impact of COVID-19, the core property leasing business continued solid growth momentum, primarily contributed by respectable growth in our Mainland portfolio. Leasing revenues of Hang Lung Properties and Hang Lung Group grew by 4%, to HK\$8,911 million and HK\$9,464 million, respectively. Property sales revenue of Hang Lung Properties and Hang Lung Group dropped by 79% to HK\$62 million.

Total revenue of Hang Lung Properties and Hang Lung Group edged up by 1%, to HK\$8,973 million and HK\$9,526 million, respectively. Net loss attributable to shareholders of Hang Lung Properties and Hang Lung Group was HK\$2,571 million and HK\$1,541 million, mainly due to property revaluation losses of HK\$6,664 million for Hang Lung Properties and HK\$6,856 million for Hang Lung Group. Our investment properties are held to earn recurring rental income as long-term investments. The revaluation loss is non-cash in nature with no material effect on cash flows and dividend distribution capability.

The Boards of Directors of Hang Lung Properties and Hang Lung Group have recommended a final dividend of HK59 cents per share and HK63 cents per share, respectively, to be paid in cash on May 20, 2021, to shareholders whose names are listed on the register of members on May 6, 2021. Together with the interim dividends of HK17 cents per share paid by Hang Lung Properties and HK19 cents per share paid by Hang Lung Group, the full year dividends for 2020 being paid by the former will be HK76 cents per share, and the latter's will be HK82 cents per share.

Business Overview

For the financial year ended December 31, 2020, leasing revenue from the Mainland portfolio of Hang Lung Properties and Hang Lung Group rose by 17% to RMB4,675 million and 15% to RMB5,045 million, respectively, with overall retail sales for the year surpassing the previous year's level. Excluding income from properties opened in the third quarter of 2019—namely Spring City 66 in Kunming, Office Tower 2 at Center 66 in Wuxi, Conrad Shenyang at Forum 66 in Shenyang, and the new office tower at Heartland 66 in Wuhan ready for occupancy in November 2020—leasing

revenue increased by 11% for Hang Lung Properties and 10% for Hang Lung Group on a comparable basis.

As COVID-19 came under control in mainland China, luxury sales of our luxury-focused malls including Plaza 66 and Grand Gateway 66 in Shanghai, Forum 66 in Shenyang, Center 66 in Wuxi, and Spring City 66 in Kunming demonstrated a V-shaped rebound beginning in April 2020 with sustained growth momentum throughout the rest of the year. The growth in retail sales at these malls in the second half of 2020 more than compensated for their sales drop during the initial outbreak, contributing to a year-on-year retail sales growth ranging from 9% to 72%. Our lifestyle malls, including Palace 66 in Shenyang, Parc 66 in Jinan, Riverside 66 in Tianjin, and Olympia 66 in Dalian, showed a more gradual recovery, which reflected weaker spending in the non-luxury sector; however, we sighted the path to recovery with the overall retail sales of these properties returning to the same level in the last quarter of 2020 compared with the same period in 2019.

Hong Kong was still reeling from the prolonged adverse effects of the COVID-19 pandemic in 2020. Businesses located in our properties with more tourist-oriented trades in Causeway Bay and Mongkok, and the serviced apartments segment, were the hardest hit due to the slump in tourist arrivals, while our community malls including Kornhill Plaza and Amoy Plaza proved to be more resilient. Rent relief was granted to selective tenants to alleviate their operating pressure. New lease and renewal terms were mostly concluded at negative reversion rates during the reporting year. As a result, revenue from the Hong Kong portfolio of Hang Lung Properties and Hang Lung Group both fell by 9%, to HK\$3,634 million and HK\$3,770 million, respectively.

Mr. Ronnie C. Chan, Chair of Hang Lung Group and Hang Lung Properties, said: "The rental revenue of our Mainland leasing portfolio further expanded to account for approximately 60% of total revenue. Our solid portfolio of luxury-focused malls across the Mainland put us in the best position to capture the tremendous growth in luxury spending, which will continue to be spurred by travel restrictions from the COVID-19 pandemic as well as global luxury brands' increased investments and expansions in mainland China. With fresh revenue streams brought by new property developments, most notably the Heartland 66 mall in Wuhan, which will commence operations around the end of the first quarter this year, together with the organic growth of our existing portfolio, our Mainland portfolio will continue its strong performance in 2021."

As for the key milestones in 2020 that marked the 60th anniversary of Hang Lung Group, Ronnie said: "Grand Gateway 66 in Shanghai, our first commercial complex in mainland China, was relaunched as the 'GATEWAY TO INSPIRATION' in November 2020 following a large-scale Asset Enhancement Initiative of more than three years. With revenue growth of 15% in the reporting year, the mall is expected to deliver even stronger growth driven by its enhanced positioning as a premium regional shopping destination with rich luxury content. Spring City 66 in Kunming also celebrated its first year of operation with pleasing performance."

Mr. Adriel Chan, Vice Chair of Hang Lung Group and Hang Lung Properties, said: "2021 marks the beginning of Hang Lung entering an exciting new chapter of another 60 years. As a more

established company with a larger footprint and impact, we recognize that we have a bigger responsibility for future generations. We have stepped up our efforts in sustainable financing and have formulated a set of sustainability goals and targets to be achieved by 2030 that will guide us to become one of the most sustainable real estate companies in the world.”

Mr. Weber Lo, Chief Executive Officer of Hang Lung Group and Hang Lung Properties, said: “We continue to demonstrate our focus on customer-centricity with the full rollout of our nationwide CRM program, HOUSE 66, across all of our existing properties on the Mainland, offering customers unique experiences that money cannot buy. We will also launch a new CRM program in Hong Kong that will enable us to deepen our engagement with customers and tenants.”

Business Outlook

Riding on the momentum of the second half of 2020, our Mainland leasing portfolio is expected to sustain its revenue growth in 2021. The opening of Heartland 66 mall in Wuhan around the end of the first quarter of 2021, together with the office tower’s full-year effect, will bring additional income in the next reporting year on top of the organic growth of the existing portfolio. The malls at Center 66 in Wuxi, Olympia 66 in Dalian, and Spring City 66 in Kunming will further benefit from the continued development of their luxury content and market share. Coupled with the power of our portfolio-wide CRM program “HOUSE 66”, retail sales are expected to rise to new heights, adding impetus to our revenue growth. Our non-conventional office leasing models like the flexible office option, “HANGOUT”, will expand our office towers’ offerings and accelerate the pace of leasing for the new towers in particular.

In Hong Kong, the market conditions surrounding our leasing business will remain challenging. Recovery will depend on whether the pandemic will be brought under control to facilitate the relaxation of travel restrictions. While the return of tourists is uncertain, we will refine our tenant mix to capture local consumer spending.

On the property sales side, we will continue to look for opportunities to sell residential properties and recycle capital out of non-core properties in Hong Kong if the market allows. Construction works of two redevelopment projects are on schedule.

On the Mainland, the construction of apartments in Wuhan, Wuxi, Kunming, and Shenyang will continue as planned. Pre-sales of apartments will begin in the latter half of 2021, commencing with Heartland 66 in Wuhan.

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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