

Press Release

Hang Lung's Unique Positioning and Disciplined Execution Deliver Solid Core Business Growth Amid Macro Uncertainty

Summary of the 2023 Interim Results

- For the six months ended June 30, 2023, the overall rental revenue of Hang Lung Properties and Hang Lung Group increased by 5% to HK\$5,237 million and 4% to HK\$5,523 million, respectively. The solid leasing performance was achieved through our unique positioning and disciplined execution.
- On the Mainland, overall rental revenue grew by 13% and 12% for Hang Lung Properties and Hang Lung Group in RMB terms, respectively. It was mainly contributed by the rapid recovery of business sentiment following the decline in COVID-19 cases, the subsequent lift of pandemic containment measures, and proactive marketing strategy.
 - Luxury malls on the Mainland delivered a solid performance. Plaza 66 and Grand Gateway 66 in Shanghai recorded period-on-period revenue growth of 23% and 11% respectively. Rental revenue of the luxury malls outside Shanghai also increased by 11% period-on-period.
 - The office portfolio remained a dependable source of growth and income. Rental revenue from the Mainland office portfolio increased by 6% and 4% for Hang Lung Properties and Hang Lung Group respectively, mainly driven by Plaza 66 in Shanghai and growth from our newer projects, including the office towers in Kunming and Wuhan.
- The Hong Kong portfolio achieved rental growth for the first time since 2020, compared to the same period of the last year. The government's "Hello Hong Kong" campaign and a new round of consumption vouchers, together with our "hello Hang Lung Malls Rewards Program" boosted consumer sentiment and drove sales momentum.
- Hang Lung is committed to maintaining a healthy, comfortable, and safe environment for its employees, customers, and communities. Over 80% of its total construction floor area for existing properties is certified with the WELL Health-Safety Rating (WELL HSR) from the International WELL Building Institute.



- The inaugural edition of the nationwide “Hang Lung Future Women Leaders Program” concluded with great success in June 2023. Having received more than 6,300 hours of training and mentorship, around 180 participating female university students developed and implemented 31 community projects aligned with the United Nations Sustainable Development Goals, benefiting 4,500 people.

In HK\$ Million	Hang Lung Properties	Hang Lung Group
Total Revenue	-1% to 5,237	-1% to 5,525
Rental Revenue	5% to 5,237	4% to 5,523
- Mainland China	6% to 3,554	5% to 3,775
- Hong Kong	4% to 1,683	4% to 1,748
Property Sales Revenue	-100% to -	-99% to 2
Total Operating Profit/(Loss)	3% to 3,824	3% to 4,034
- Property Leasing	8% to 3,858	7% to 4,066
- Property Sales	(34)	(32)
Underlying Net Profit Attributable to Shareholders	- to 2,225	-3% to 1,560
- Property Leasing	6% to 2,246	2% to 1,571
- Property Sales	(21)	(11)
Net Profit Attributable to Shareholders	23% to 2,394	17% to 1,682
Interim Dividend Per Share (HK\$)	- to 0.18	- to 0.21



(Hong Kong, July 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 six months ended June 30, 2023. With a unique positioning and disciplined execution, the property leasing revenue of Hang Lung Properties and Hang Lung Group increased by 5% and 4% to HK\$5,237 million and HK\$5,523 million, respectively. This remarkable growth was achieved even after taking into account the depreciation of the Renminbi (RMB). The growth was primarily driven by the Mainland portfolio, while the Hong Kong portfolio started to ramp up and achieved rental growth for the first time since 2020, compared to the same period of the last year. Hang Lung Group recognized property sales revenue of HK\$2 million during the period for the sale of 4 car parking spaces.

The underlying net profit attributable to shareholders of Hang Lung Properties and Hang Lung Group was HK\$2,225 million and HK\$1,560 million, respectively.

The Boards of Directors of Hang Lung Properties and Hang Lung Group have declared an interim dividend of HK18 cents per share and HK21 cents per share, respectively, to be paid in cash on September 29, 2023 to shareholders whose names appear on their respective registers of members on September 15, 2023.

Business Overview

In the first six months of 2023, **the performance of the mall portfolio resumed its growth trend**, with overall rental revenue from the Mainland businesses of Hang Lung Properties and Hang Lung Group increasing by 13% and 12% to RMB3,138 million and RMB3,333 million, respectively.

Revenue from the luxury malls climbed by 16%, with Plaza 66 and Grand Gateway 66 in Shanghai recording revenue growth of 23% and 11% during the period, respectively. **The Group's luxury malls located outside Shanghai also delivered a remarkable result, achieving an impressive 11% growth in rental revenue**, primarily driven by higher tenant sales. Among these malls, Center 66 in Wuxi continued to deliver strong results with revenue and tenant sales rising by 16% and 24%, respectively. The effective and interactive nature of our customer relationship management (CRM) program, HOUSE 66, has successfully engaged loyal customers and attracted new members.

The total revenue from premium office portfolio of Hang Lung Properties and Hang Lung Group increased by 6% and 4%, respectively, and continued to provide a solid foundation for growth, driven primarily by Plaza 66 in Shanghai and growth from our newer projects including the office towers in Kunming and Wuhan. In March 2023, Heartland 66 Office Tower in Wuhan launched new HANGOUT workspace to increase its competitiveness and offer tenants more options, which resulted in an increase in occupancy rate of 11 points compared to period end June 2022.



In Hong Kong, the recovery of inbound tourism and another round of government consumption vouchers, together with a series of promotional campaigns under the “hello Hang Lung Malls Rewards Program” contributed to an increase in total tenant sales and sales rent. The revenue of the retail properties located in central business and tourist districts grew by 8%, while in our community mall portfolio, including Kornhill Plaza in Hong Kong East and Amoy Plaza in Kowloon East, continued to record strong performance with overall revenue increasing by 4% compared to the same period last year. Overall occupancy rate remained stable at 97%. Office revenue of Hang Lung Properties and Hang Lung Group also rose slightly by 1% and 2%, respectively. Several measures were taken to maintain a relatively high occupancy level of 88%.

Mr. Ronnie C. Chan, Chair of Hang Lung Group and Hang Lung Properties, said, “The past six months delivered the highest Mainland rental revenue in RMB terms we have ever registered. We have a fair chance of achieving another record year in spite of the slow economy. In fact, our rental revenue in mainland China has never experienced a down year over some two decades, including the three years of the pandemic, which is quite a feat. That said, there are plenty of uncertainties both domestically and internationally. Visibility beyond 2023 is unclear. Until the clouds lift, we will continue working to enhance operational efficiencies to make our assets everywhere even more productive. We also have a strong pipeline of projects yet to be completed — chiefly Westlake 66 in Hangzhou but also a few hotels and residential developments, all on the Mainland. My team is working hard to create further value for shareholders.”

Mr. Adriel Chan, Vice Chair of Hang Lung Group and Hang Lung Properties, said, “We remain committed to investing in sustainability and accelerating sustainability progress. After Hang Lung and LVMH co-hosted the inaugural Real Estate & Climate Forum in November 2022, the two groups launched a Common Charter outlining 20 actions to be implemented in 2023. Hang Lung also strengthened our collaborations with Tsinghua University covering sustainability, proptech, and talent cultivation as part of our ongoing industry-university cooperation. One key element was the ‘Sustainable Real Estate Scheme’ that we implemented to fund teachers’ and postgraduates’ creative academic research. Meanwhile, 19 Hang Lung properties, including an office tower in Hong Kong and all our shopping malls and office towers across eight cities on the Mainland, achieved the international WELL Health-Safety Rating, reflecting our commitment to maintaining a healthy, comfortable, and safe environment for our stakeholders.”

Mr. Weber Lo, Chief Executive Officer of Hang Lung Group and Hang Lung Properties, said, “In today’s uncertain times, our disciplined execution in enriching experiences and deepening engagement with customers has helped us achieve solid business growth. Our proactive HOUSE 66 CRM program and targeted marketing campaigns enabled our Mainland malls to successfully capture the post-COVID-19 upsurge. For the first time since the 2020 outbreak, we were glad to see our Hong Kong portfolio deliver rental growth against the same period of the previous year. Meanwhile, we remain deeply committed to community investment. The inaugural ‘Hang



Lung Future Women Leaders Program' concluded with great success, helping empower the next generation of young female leaders and fostering cultural exchange and cooperation between Hong Kong and mainland China. We will continue to do our best to realize our vision of creating compelling spaces that enrich the lives of 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.

End

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