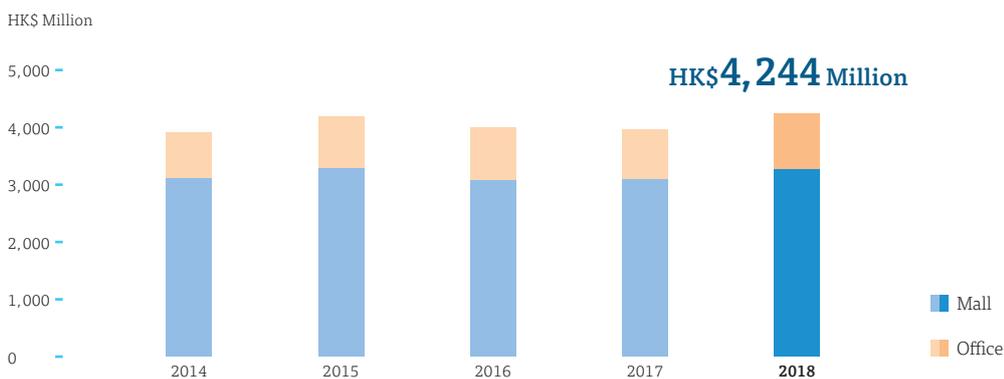


Mainland China Property Leasing

Our leasing properties in mainland China performed well in the year. Even though certain areas in Grand Gateway 66 were temporarily closed for renovation, revenue of the entire portfolio increased 4% in RMB terms. A strong growth momentum was built up during the year.

Revenue of Mainland China Portfolio



Segmental Analysis of Mainland China Investment Properties

For the year ended December 31

	Revenue (HK\$ Million)		Occupancy Rate (at year-end)(%)	
	2018	2017	2018	2017
Mall	3,270	3,085	88%	84%
Office	974	873	91%	85%
Total	4,244	3,958	89%	85%

Revenue of the mainland properties in RMB terms achieved growth rates at 6% and 2% during the second half and first half of 2018, respectively, compared to a year ago. In particular, revenue of mainland properties outside Shanghai grew 7% for the year, with an accelerated 9% growth in the second half of the year. Operating profit rose 8% to RMB2,305 million. Average margin increased three points to 65%.

Our eight malls in mainland China collected 3% more in revenue to RMB2,755 million, or 6% when excluding the renovation impact of Grand Gateway 66.

In Shanghai, Plaza 66 maintained a strong growth momentum in both revenue and retail sales after the asset enhancement initiative completed in phases since January 2017. The upgrade has not only added value to the asset but also the potential for future rental revenue growth.

The revenue growth in Plaza 66 more than compensated for the short-term income disruption caused by the upgrading work at Grand Gateway 66. Outside of Shanghai, all properties, except Forum 66 in Shenyang and Riverside 66 in Tianjin, made good progress in leasing revenue.

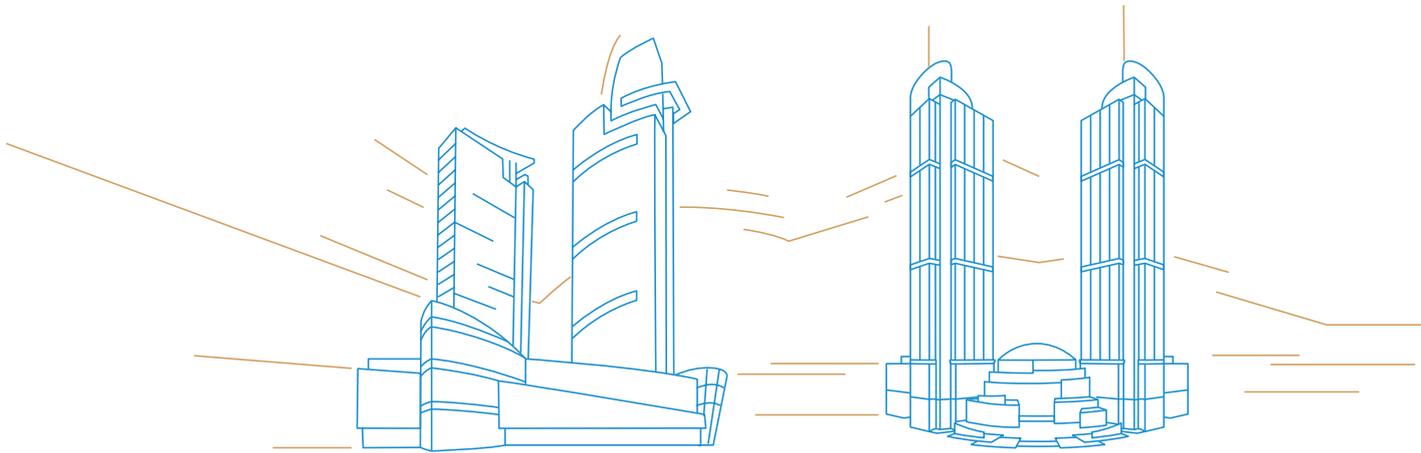


STRONG GROWTH MOMENTUM

Plaza 66 maintained a strong growth momentum after the asset enhancement initiative



Review of Operations
Mainland China Property Leasing



Brief on Properties

Plaza 66, Shanghai

Plaza 66 is located at 1266 Nanjing Xi Lu in Jing'an District, the most prominent commercial area in Shanghai. Positioned as a Home to Luxury, the five-story shopping mall features over 100 prestigious luxury brands from around the world, including Louis Vuitton, Hermès, Chanel, Dior, Prada, Bottega Veneta, Cartier and more, as well as youthful fashion labels like Golden Goose Deluxe Brand, Mr & Mrs Italy, and fine dining options.

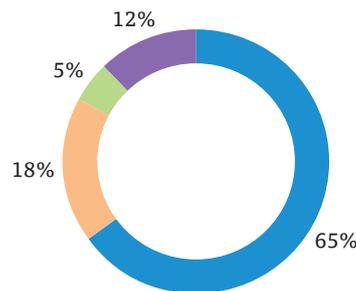
The two prestigious Grade-A Office Towers 1 and 2, which soar to 66 and 48 floors respectively, attract prominent local and multinational corporations, information technology companies and fashion labels as tenants.

Grand Gateway 66, Shanghai

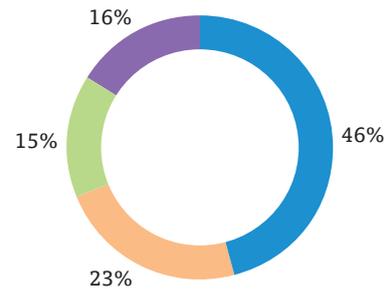
Located atop the metro station of Xujiahui, Grand Gateway 66 showcases over 260 popular brands. The complex's shopping mall has become home to a range of top labels like Bottega Veneta, Chaumet, Gucci, Jimmy Choo, Loewe and Tiffany & Co.

Commercial Segment Distribution (by Leased Floor Area)

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



Commercial Segment Distribution (by Leased Floor Area)



Key Statistics

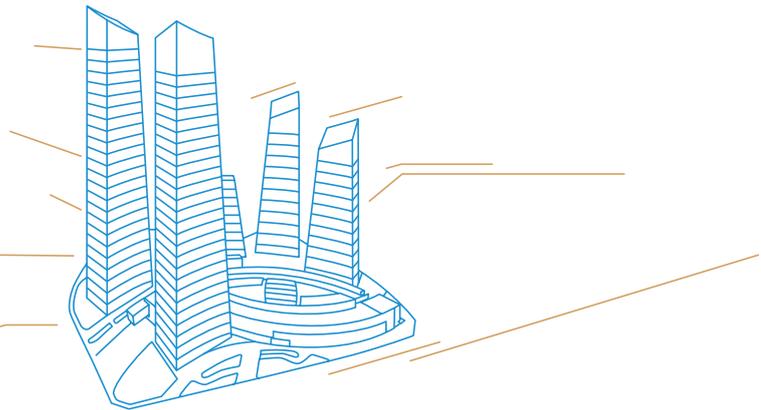
Gross floor area (sq.m.)	Commercial	53,700
	Office	159,555
	Residential and Serviced Apartments	N/A
Number of car parking spaces		804
Occupancy rate (at year-end)	Commercial	99%
	Office	95%
	Residential and Serviced Apartments	N/A
Number of shopping mall tenants		131

Gross floor area (sq.m.)	Commercial	122,262
	Office	67,223 (owned by Hang Lung Group Limited)
	Residential and Serviced Apartments	83,942 (owned by Hang Lung Group Limited)
Number of car parking spaces		752
Occupancy rate (at year-end)	Commercial	79%
	Office	94% (owned by Hang Lung Group Limited)
	Residential and Serviced Apartments	90% (owned by Hang Lung Group Limited)
Number of shopping mall tenants		286



Palace 66, Shenyang

Situated on the renowned Zhongjie Lu in Shenhe District – the financial hub of Shenyang – Palace 66 comprises about 200 local and international brands that span across fashion, leisure & entertainment, beauty & cosmetics, food & beverage and more.

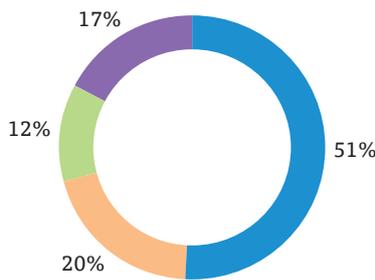


Forum 66, Shenyang

Forum 66 complex is located at 1 Qingnian Da Jie, the Golden Corridor at the core of the commercial district in Shenyang. In addition to globally acclaimed labels like Chanel, Chloé, Christian Louboutin, Tory Burch and Valentino, its shopping mall also houses cosmetics specialty store, boutique supermarket, upscale cinema, global cuisine options and lifestyle services.

Towering 88 stories above the ground, the complex's office tower has numerous multinational corporation tenants under its belt, while a 5-star Conrad hotel slated to open in 2019 will occupy the top 19 floors with 315 deluxe rooms and suites, as well as a wide range of international banquet, business and leisure facilities.

Commercial Segment Distribution
(by Leased Floor Area)



109,307

N/A

N/A

844

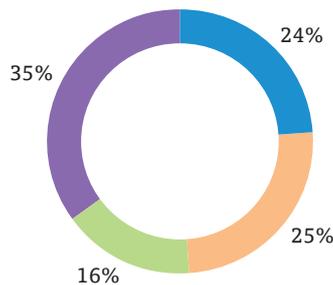
88%

N/A

N/A

212

Commercial Segment Distribution
(by Leased Floor Area)



101,960

131,723 (excluded hotel)

N/A

2,001

93%

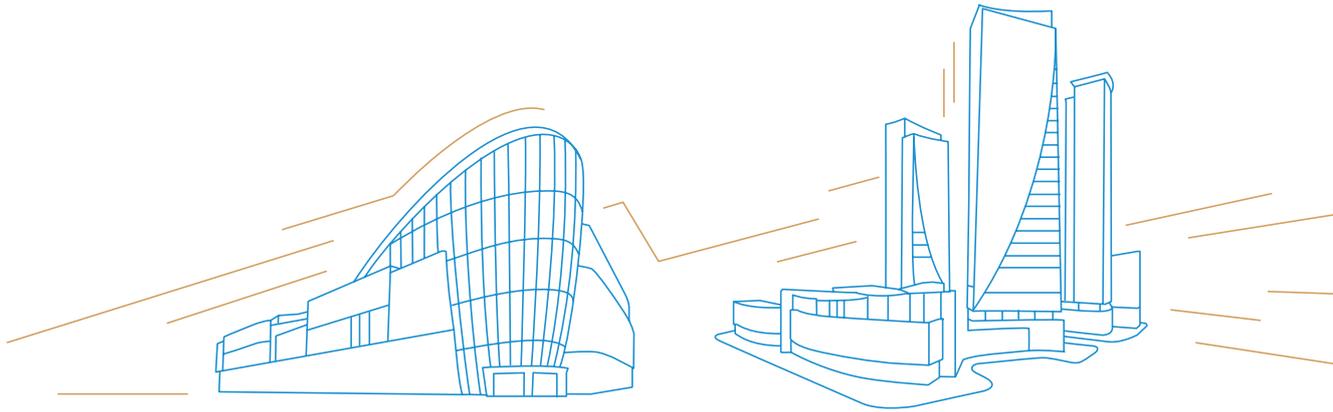
88%

N/A

137



Review of Operations
Mainland China Property Leasing



Brief on Properties

Parc 66, Jinan

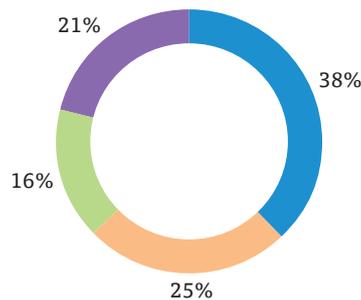
Located on Quancheng Lu, the Golden Street at the core of Jinan, Parc 66 is a stone's throw away from numerous tourist attractions. Catering to the diverse shopping, dining, entertainment and leisure needs of customers, the shopping mall offers over 300 stores of various genres, including global luxury, chic fashion, children's education and amusement, upscale cinema, boutique supermarket and international gourmet.

Center 66, Wuxi

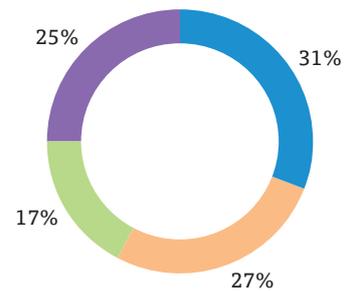
Center 66 is located at the intersection of Zhongshan Lu and Renmin Zhong Lu in Liangxi District, the most prosperous commercial district in downtown Wuxi. With indoor walkways to metro lines 1 and 2, its shopping mall features over 200 quality retail stores with a line-up of global luxury labels, while its 52-story office tower is the prime choice for multinational enterprises to set up branches in the city, with UBS, Shiseido, Huawei, AIA Group and China Minsheng Bank as some of its most esteemed tenants.

Commercial Segment Distribution
(by Leased Floor Area)

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



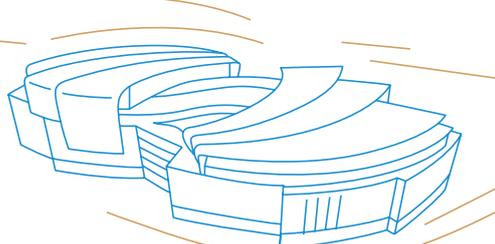
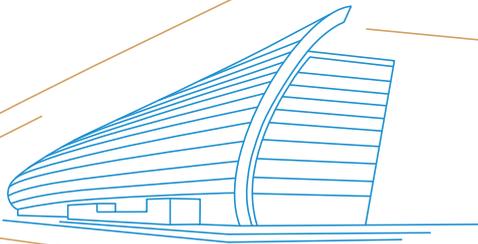
Commercial Segment Distribution
(by Leased Floor Area)



Key Statistics

Gross floor area (sq.m.)	Commercial	171,074
	Office	N/A
	Residential and Serviced Apartments	N/A
Number of car parking spaces		785
Occupancy rate (at year-end)	Commercial	96%
	Office	N/A
	Residential and Serviced Apartments	N/A
Number of shopping mall tenants		353

Gross floor area (sq.m.)	Commercial	118,066
	Office	85,438
	Residential and Serviced Apartments	N/A
Number of car parking spaces		1,292
Occupancy rate (at year-end)	Commercial	89%
	Office	86%
	Residential and Serviced Apartments	N/A
Number of shopping mall tenants		191



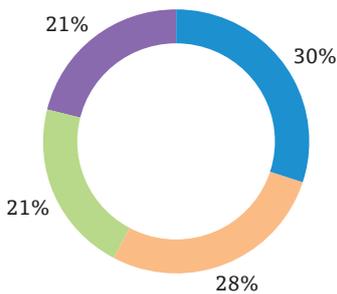
Riverside 66, Tianjin

In close proximity to Haihe Central Business District, Riverside 66 is sited at the crossroads of Heping Lu and Binjiang Dao, the two “golden” commercial streets of Tianjin. In addition to over 300 international and local brands that offer a full-fledged modern consumer experience of shopping, dining, leisure and entertainment, the project introduces the Sun-Bright International Cineplex, Tianjin’s very first concept cinema that offers a total of 576 seats in a number of themed houses, with the largest house boasting a capacity of 127.

Olympia 66, Dalian

Olympia 66 is situated on 66 Wusi Lu in Xigang District, the commercial hub of Dalian. The project features prestigious local and international labels of fashion and accessories, jewelry and watches, beauty and digital products, as well as a stunning array of global culinary delights, advanced international entertainment and leisure facilities, a dynamic family zone and an innovative range of sports sites. The mall also has an ice-skating rink and Dalian’s first Palace cinema, providing 10 houses and 1,600 seats.

Commercial Segment Distribution
(by Leased Floor Area)



152,831

N/A

N/A

800

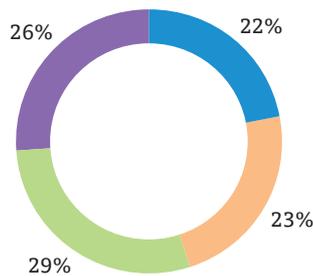
90%

N/A

N/A

255

Commercial Segment Distribution
(by Leased Floor Area)



221,900

N/A

N/A

1,214

79%

N/A

N/A

299



HOME TO LUXURY

The Home to Luxury Party was a resounding success for relationship-strengthening with high-value customers and our tenants

Plaza 66, Shanghai Shopping Mall

Plaza 66 has continued to be the undisputed market leader since pioneering luxury malls in Shanghai in 2000. Our prestigious home for over 100 global luxury and dining brands is retaining peerless leadership through constantly innovating and brand building in line with the times. Exclusive flagships, pop-ups, product launches and customer-centric campaigns differentiate Plaza 66 as a cut above the growing crowd – with healthy growth in rents, sales and occupancy.

The Home to Luxury Party was a resounding success for relationship-strengthening with high-value customers and our tenants – introducing exclusive products with giveaways and performances, and recording satisfactory growth in sales. Elevating brand-building was the launch of our corporate Customer Relationship Management (CRM) program HOUSE 66.

Among flagship stores, Bulgari renovated for an updated image. There were another 20 new brands included Canali, Liu Jo, Chaumet, Filorga, Burberry Kids and Lalique; with exclusive retail pop-ups and new F&B tenants enriching luxury lifestyle.

Looking ahead, Plaza 66 drives onward among the most successful commercial complexes in mainland China with Celine Men's first standalone boutique on the Mainland; the Greater China launch of a Pronovias flagship store; Germany's classy LVMH luggage brand Rimowa; and Greater China debut of Tokyo's popular 37 Steakhouse & Bar and major branding refreshments also by Gucci, Van Cleef & Arpels, Piaget and Tiffany & Co. As premium brands increasingly encourage domestic spending, performance will remain strong with enhanced luxury lifestyle content. New flagship stores, exclusive collections, special edition merchandise and marketing campaigns tailored to customer "big data" – along with digital initiatives and youthful labels reaching China's affluent new generations – will continue to fortify the market leadership of one of Shanghai's most admired, iconic landmarks.

Focus is especially intensified on customer engagement for sustainable long-term sales growth with a specialist team providing even more exclusive, personalized and highly-valued services addressing shopping needs and service requests.

Office Tower

Our twin prestigious Grade-A office towers continued to thrive. Completion of major upgrading resulted in a significant increase in occupancy – driven by recent strong demand from luxury retailers, pharmaceutical firms and professional and consultancy companies. Core tenancy of prominent local and multinational corporations and consultancy companies maintained a stable mix. Several long-term quality tenants expanded their premises, namely LVMH group, Allergan and Bain & Co.

With limited supply of prime office space in Jing'an District's CBD, demand from expansion by core tenants and reputable PRC companies, as well as financial services, professional and consultancy services, will remain solid. With potential market uncertainty over the Trade War, market trends will be closely monitored and we will continue to diversify our tenant mix by recruiting quality domestic and multinational corporations across industries.

Grand Gateway 66, Shanghai Shopping Mall

Affluent Xujiahui district remained as a fashionable commercial hub, and due to limited new supply of luxury retailing, Grand Gateway 66 reinforced its market leadership despite undergoing a massive facelift. Two major tenants, Ole' Supermarket and SFC Cineplex, reopened in 2018 mid-summer – Ole' emerging as a high-end lifestyle supermarket and the 11-house Cineplex upgraded with unparalleled, state-of-the-art technology including IMAX, Onyx, 4DX and Real D audio and visual systems.

Phase 1 renovation of the mall was completed in August 2018 and the North Building successfully reopened in September 2018, almost fully let including many brands new to Shanghai, and some making their debut in mainland China, notably Undeafated, Princi by Starbucks Reserve Bakery Café and Dragon Noodles Academy.

Phase 2 renovation in the South Building began in July 2018 and is on a fast track, with new retail space at L1-L3 scheduled for fitting out in late 2019 – and major flagship stores targeting opening in early 2020.

With majority of the renovation near completion by end of 2019, the mall will evolve and become a trendy, vibrant, commercial-lifestyle luxury complex. The outlook is positive with a bright, new image already attracting exciting new tenants.

MASSIVE FACELIFT

Grand Gateway 66 reinforced its market leadership despite undergoing a massive facelift





SHOPPING HOTSPOT

Palace 66 remained a popular destination in Zhongjie Lu Shopping District for youngsters, trendsetters and fashion lovers

Palace 66, Shenyang Shopping Mall

Palace 66 remained a popular destination in Zhongjie Lu Shopping District for youngsters, trendsetters and fashion lovers, with average rent and sales efficiency much higher than its competitors. But the commercial environment is generally weak due to struggling competition, and we are working with the district government on how to breathe new life into the neighborhood.

Encouraging signs in the second half of 2018 were from increased footfall and sales; and the arrival of fashionable new tenancies including Air Jordan, adidas, Puma, LI-NING, FILA, GF FERRE, Chow Sang Sang, Chow Tai Fook, TSL and Mini-Cinema. Popular brands including Miss Sixty, UGG, Longines, Pandora, Breitling and D&X also refreshed their stores – with Darry Ring and U Lifestyle also upgrading. To enhance our shopping experience, we have also updated our car park e-payment system.

To cater for more customer needs, we will continue to adjust tenant mix to incorporate more lifestyle content, targeting experienced F&B operators as well as trendy new Chinese fashion brands. We are also

enhancing customer experience with customized leisure zones, pop-ups and more personalized services. With the launch of the new CRM program, HOUSE 66, in the second half of 2019, it is hoped to further enhance customer loyalty.

Forum 66, Shenyang Shopping Mall

Forum 66 continued positively along the road to recovery, with introduction of a more lifestyle mix boosting revenue, footfall and occupancy rate. Overall occupancy has increased, with B1 and L4 reaching 100% after F&B enhancements and L3 reaching almost 100% after revamp.

Luxury brands including Chanel, Cartier, Giorgio Armani, Valentino, Lanvin and Christian Louboutin as well as the recent introduction of various pop-up stores like Sergio Rossi, Mikimoto, etc. have strengthened the retail offering. Riding on the opening of lifestyle trades like bookstore, gym and quality restaurants on upper levels, shopping experience is enriched.



ENRICHED SHOPPING EXPERIENCE

Forum 66 continued positively with introduction of a more lifestyle mix

With the successful opening of the first office tower, completion of the subway connection, enhanced ambience in new zones and inauguration of the new Conrad Hotel in 2019, positive aspects now bode well for Forum 66 to remain a very strong player in northeast China in the long run.

Office Tower

Satisfactory occupancy followed successful opening of Forum 66's first Grade-A office tower in competitive market conditions. Joining anchor tenants Siemens, Bank of China, ABB, PwC, Deloitte, Schaeffler, SMBC and Medtronic was a quality tenant mix including Audi, DS-DTT, Sekisui Medical Technology, Koubei-Alibaba, Tiantong Law Firm, AUTOAI and Sansheng Real Estate.

More multinational corporations and quality PRC companies are expected to occupy the high-zone handed over in mid-2018, which will increasingly command higher rents from a prestigious location and quality tenant mix. As a major industrial hub, Shenyang's Grade-A office market is more positive, with demand also from financial, professional services, media, information technology and real estate sectors. But vacancies in the market still need time to be absorbed as efforts continue to reverse economic stagnation and attract investment.

Parc 66, Jinan Shopping Mall

Jinan is booming with a focus on technology-intensive industries – earning Global Second-Tier City status in the World Urban System Rankings by the Globalization and World Cities Research Network (GaWC). Parc 66 remains Jinan's largest and most prestigious mall, since opening in 2011. Overall performance was uptrend, recording healthy and stable growth.

As the first choice for mid-to-upmarket brands, new international affordable luxury labels making their debut included popular women's fashion labels Kate Spade, Pinko, i. t, Aape and Marella further increase fashion elements and cluster effects.



TRENDY LIFESTYLE

Parc 66 has introduced more first and new lifestyle elements in Jinan

Numerous existing tenants upgraded and introduced more first and new lifestyle elements to customers, attracting them to return and stay longer in the mall. With Starbucks Reserve among F&B brands enhancing, resulting in increased attractions, footfall and sales as well as more interactions between trade categories.

The future of Parc 66 is bright with rooms for growth. Following retrenchment in recent years, international luxury brands are getting confident and returning, with major upcoming tenants including TAG Heuer, Marisfrolg, AUM, Karl Lagerfeld and the debut of LI-NING.

More F&B outlets are being encouraged to diversify the lifestyle mix. A dedicated cosmetics zone is planning for international beauty brands. The arrival of sportswear brand flagship stores, replacing multi-brand outlets, underlines a national trend embracing fitness and exercise.



NEW AND TRENDY

Center 66 attracted more trendy new tenants

Center 66, Wuxi Shopping Mall

Revenue of Center 66 picked up remarkably well in 2018. The significant increase in retail sales also pushed up occupancy, attracting trendy, attractive new tenants. These included the Wuxi debuts of Dunhill and Hokkaido dessert brand ZAKUZAKU. Starbucks meanwhile upgraded to Starbucks Reserve; while Honeymoon Dessert, TASTY and Bellagio Cuisine all renovated for bright new F&B images, boosting footfall.

Top luxury brands are upgrading; with more recently signed-up including HeyTea at the MTR tunnel, and Gucci is expected for opening in 2019. Completion of Office Tower 2 in 2019 mid-summer, complete with a retail podium and brand new premium cinema complex, will attract even more footfall.

Office Tower

Office Tower 1 maintained its leading position in the market, as a base to quality multi-national corporations and leading domestic enterprises, accounting for around half of tenancies. Tenant mix continued to be optimized with new tenants including Samsung, Huatai Futures, Galaxy Futures and PingAn Securities. Increased average occupancy produced healthy revenue growth.

Completion of Office Tower 2 in July 2019 is not only set to attract more quality tenants, but also offer expansion opportunities for existing office tenants. While vacancies remain high among competitors, who are adopting aggressive leasing strategies, our office towers stand out from the crowd as prestigious landmarks – in demand from equally prestigious corporations and companies.

Riverside 66, Tianjin Shopping Mall

Riverside 66 managed to maintain a satisfactory occupancy. Disruptive renovation of Binjiang Pedestrian Street, where the mall is located, curtailed customer traffic. In the meantime, upgrading and a more diversified tenant mix re-positioned Riverside 66 as an “upscale trendsetting mall for the tasteful”. More lifestyle brands were introduced including Common Gender and Hardy Hardy – along with fashionable urban sports labels and a kid’s education zone. Existing tenants including Pop Mart and Qianyuan also took the opportunity to upgrade.

We also intensified overall marketing initiatives, boosting WeChat followers and launching online activities and games; and cooperating with more than 200 brands in the mall to promote online sales. Marketing efforts extended to joining Alipay’s online campaigns on special days and events, while e-parking services were also enhanced.

Higher occupancy is expected following completion of Binjiang Pedestrian Street renovation with a refreshed image. Focus on promoting three themed zones – Youth Lifestyle and Aesthetics, Light F&B and High-end Kid Education – reinforces our clear-cut positioning.



TRENDY NEW ELEMENTS

Riverside 66 has re-positioned as an “upscale trendsetting mall for the tasteful”



ONE-STOP SHOPPING DESTINATION

Olympia 66 will introduce more world-class luxury brands in Dalian

Olympia 66, Dalian Shopping Mall

Olympia 66 is making its mark as “by far the best mall in Dalian” – an attractive one-stop destination for international labels, fashion, entertainment, lifestyle and F&B. Despite a challenging year, footfall and sales were up, with higher occupancy and rental revenue from new openings. Lively new tenants included Ole’ Supermarket, the city’s first Palace Cineplex, the Dalian debut of COS and newest APPLE Store.

Olympia 66 is attracting new brands entering the Dalian market, including an upcoming new CNSC flagship downtown duty-free store spanning two levels. Lifestyle mix is expanding with the extension of a kid’s zone embracing fashion, art, dance, music and fun learning. World-class luxury brands are expected to follow.