

Hong Kong Property Sales and Development



We will continue to look for opportunities to sell completed residential properties and dispose of some non-core properties in Hong Kong to unlock value from our property portfolio, depending on market conditions.

Market Landscape

There was strong demand in the Hong Kong market during 2021, especially for small and medium units, which pushed prices up in the first half of the year. Mid-year property price indexes climbed to new highs before becoming more volatile following the introduction of China's new austerity measures. That, plus the spread of COVID-19 variants, weakened purchasing power and affected the property market in the second half of the year, offsetting part of the uptrend that occurred in the first half.

The luxury property market has adapted to COVID-19 and re-emerged as an attractive asset class since the second half of 2020 and strong momentum remained throughout the reporting year. With little new supply and strong market demand, the luxury property market continued to break record sale price.

We believe the residential market will remain resilient in 2022 due to the limited supply of homes, the robust performance of the luxury end of the market will continue.

Business Overview

During the reporting year, our new development project named The Aperture in Kowloon East started pre-sales in December. As the first new residential development in Ngau Tau Kok and Kowloon Bay districts in the last three decades, market response was positive, with a total of 123 units was sold as at the end of 2021, generating total sales proceeds of HK\$1,083 million – an average of HK\$22,644 per square foot. A new record was also set in the Kowloon Bay area, with the highest transaction priced at HK\$26,628 per square foot. Revenue is expected to be recognized in 2023 upon sale completion.

One house on Blue Pool Road was sold, with the sales revenue and profit from the transaction due to be recognized in the first quarter of 2022 upon the completion of the legal assignment. As such, no property sales revenue was recorded during the reporting period. The operating loss from property sales for 2021 in Hong Kong was HK\$53 million, mainly representing the pre-sale marketing expenses for The Aperture as well as other operating expenditures.

Non-core investment properties were disposed of as the opportunity arose. 34 car parking spaces at AquaMarine and The Long Beach were sold in the reporting year.

New Projects Under Development



The Aperture

Situated in the sought-after location of Kowloon East, The Aperture is Hang Lung's exquisite new residential project and embodies the **We Do It Well** philosophy. Close to the MTR Kowloon Bay Station and with three large shopping malls within close proximity, the development will satisfy residents' needs for daily necessities while offering premium living. With the superstructure currently underway and completion anticipated in 2023, the development will offer 294 units with a selection of one-bedroom to three-bedroom layouts.

Location

11 Ngau Tau Kok Road, NKIL 1744, Kowloon Bay

Total gross floor area

16,226 square meters

Main usage

Residential, Retail

Expected year of completion

2023

* This provisional number is subject to confirmation when the building is completed

Shouson Hill Road Redevelopment

The land acquisition at 37 Shouson Hill Road in the Southern District of Hong Kong Island was completed in February 2021. The site will be re-developed into luxurious houses and is now in the planning stage.

Location

37 Shouson Hill Road, RBL 357, Southern District,
Hong Kong Island

Total gross floor area

4,403 square meters

Main usage

Residential

Expected year of completion

2024