For Immediate Release

Hang Lung Poised to Reach New Heights with Continuous Improvements in Core Leasing Business

(Hong Kong, January 30, 2018) Hang Lung Properties Limited (Stock Code: 00101) and Hang Lung Group Limited (Stock Code: 00010) today announced financial results for the year ended December 31, 2017.

2017 Annual Performance at a Glance:

In HK$ Million	Hang Lung Properties			Hang Lung Group		
Total Revenue	-14%	to	11,199	-14%	to	11,774
Rental Revenue	+1%	to	7,779	-	to	8,354
- Mainland China	-1%	to	3,958	-1%	to	4,372
- Hong Kong	+2%	to	3,821	+2%	to	3,982
Property Sales Revenue	-36%	to	3,420	-36%	to	3,420
Total Operating Profit	-11%	to	7,910	-11%	to	8,312
- Property Leasing	-1%	to	5,672	-1%	to	6,074
- Property Sales	-30%	to	2,238	-30%	to	2,238
Net Profit Attributable to Shareholders	+31%	to	8,124	+43%	to	5,314
Underlying Net Profit Attributable to Shareholders	-13%	to	5,530	-12%	to	3,314
Total Dividends Per Share (HK$)	-	to	0.75	-	to	0.80
- Interim (Paid)	-	to	0.17	-	to	0.19
- Final (Proposed)	-	to	0.58	-	to	0.61

Our core property leasing business across Hong Kong and the Mainland held their ground, mainly contributed by the completion of various asset enhancement initiatives in Shanghai and Hong Kong. Rental revenue from our leasing portfolio for Hang Lung Properties increased to HK$7,779 million and that of Hang Lung Group was stable at HK$8,354 million.

Mr. Ronnie C. Chan, Chairman of Hang Lung Group and Hang Lung Properties, said, "In 2017, we witnessed continuous signs of recovery in retail sales for both the Hong Kong and Mainland markets. This was especially obvious in the luxury sector in tier-one cities on the Mainland. The government's continued stimulation of private consumption in general has given rise to diversification and expansion in 'new retail' sectors. Our leasing properties were able to capture the upward trend through vigilant asset enhancement initiatives in optimizing tenant mix and upgrading facilities and services, aiding the further build-up of the solid ground of the leasing portfolio. I am confident that with management's untiring efforts to achieve continuous improvements, our performance is destined to flourish and reach new heights for many years to come."

On the Mainland, when excluding the leased areas under renovation, all our properties recorded growth in retail sales, which is especially evident at Plaza 66 in Shanghai. With the completion of its renovation program, Plaza 66 has strengthened its positioning as the Home to Luxury in China. Mr. Chan added, "More than 20 years ago, we chose to kick-start Hang Lung's development in mainland China by investing in Shanghai. Since then we have been successful in establishing iconic landmarks in different Mainland cities. Plaza 66 today has successfully transformed itself into the true epitome of modern luxury and redefined the retail landscape in China, which was demonstrated by its strong growth in retail sales of 26% after the completion of its upgrading works." Grand Gateway 66 in Shanghai commenced its three-year major upgrading program in early 2017. The work will be carried out in phases until mid-2019. The renovation will not only strengthen the mall's long-term competitiveness but also reaffirm Hang Lung's leading market position in operating high-end malls in mainland China.

In Hong Kong, revenue increased 2% year-on-year for both Hang Lung Properties and Hang Lung Group. The renovation program at 9 Kingston Street in Causeway Bay was completed in the second half of 2017. The 100,000 square feet of rejuvenated retail space provides a unique and inviting experience of stylish contemporary living for customers. It also completes the revitalization of Fashion Walk as an iconic shopping hub in the city. The carefully planned asset enhancement works continued in Hong Kong with phase one of The Peak Galleria's renovation works commencing in March 2017. The area will be re-opened before the end of 2018, introducing new shopping and leisure concepts to Hong Kong's most iconic tourist attraction.

Hang Lung will continue to adopt a prudent and sound financial management strategy to support its long-term growth, meet its capital commitments and continue its program of expansion.

The Boards of Directors of Hang Lung Properties and Hang Lung Group have proposed a final dividend of HK58 cents per share and HK61 cents per share, respectively, to be paid on May 16, 2018, to shareholders registered as at May 3, 2018.

The press release is available for downloading from the Hang Lung Website at www.hanglung.com

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Hang Lung Properties Limited (Stock Code: 00101)
Key Highlights of 2017 Annual Results

1. Total Revenue & Operating Profit

Total revenue decreased 14% to HK$11,199 million because fewer residential units were sold in 2017. Total operating profit decreased 11% to HK$7,910 million.

2. Property Leasing

Total rental revenue of property leasing increased 1% to HK$7,779 million, or was up 4% when excluding areas temporarily closed for asset upgrading. Revenue of the Hong Kong leasing portfolio increased 2% while that of the mainland China portfolio was flat in RMB terms. Total property leasing operating profit fell 1% to HK$5,672 million.

a. Mainland China Portfolio

Revenue of the entire mainland China portfolio stayed flat at RMB3,430 million, but was up 5% when excluding areas temporarily closed for renovation. Average margin was 62%.

Plaza 66, Shanghai

Total rental revenue of Plaza 66 increased 8% mainly driven by a higher contribution from the mall.

The performance of Plaza 66 mall was strong after completion of asset upgrading, with a 22% growth in revenue and 26% increment in retail sales. Plaza 66 is poised for continued growth after strengthening its position as the premier mall of luxury brands in Shanghai and in mainland China.

Revenue of the offices at Plaza 66 decreased 8% due to transitional voids associated with major tenant relocation within the buildings during the year and phased re-letting of some recent lease expiries towards year end.

Grand Gateway 66, Shanghai (Mall only)

Revenue of Grand Gateway 66 mall decreased 9% due to the short-term disruptions caused by the major asset upgrading program. Rental revenue advanced 7% when excluding the 23% of leasable areas closed for renovation. The mall commenced its 3-year major upgrading program in January 2017, which will be carried out in phases till mid-2019. Some of the affected areas will re-open in phases starting from mid-2018.

Palace 66, Shenyang

Palace 66 mall collected 9% more in rents. With occupancy staying at a high level of 90%, renewals and new leasing are being negotiated at higher rental rates. Retails sales also increased by 8% against a year ago because of an improved tenant mix.

Forum 66, Shenyang

Total revenue of Forum 66 decreased 7%.

Forum 66 mall maintained its high-end positioning but was hit by the sluggish luxury goods spending in Shenyang. Rental income of the mall decreased by 25%. During the year, the mall renewed leases with some key high-end tenants, building a good foundation for future rental growth. Retail sales at the mall increased by 1% year-on-year.

Revenue of the office tower grew 24% due to higher occupancy. Occupancy rate increased 22 points to 80% by the end of 2017. The remaining area available for leasing at year-end was only 6% as the six floors in the high zone of the tower, representing 14% of occupancy, will only be ready for leasing from mid-2018.

Parc 66, Jinan

Revenue of Parc 66 mall increased 3%. Occupancy rose three points to 94% by the end of 2017. More contemporary luxury brands and quality food & beverage tenants were introduced during the year. Benefitting from an enhanced tenant mix and high occupancy, retail sales increased by 12% year-on-year.

Center 66, Wuxi

Total rental income of Center 66 slipped 2%, but was up 1% when excluding 9% of the mall's leasable area which was temporarily closed for the construction of the second office tower.

The performance of Center 66 mall has rebounded. Retail sales increased by 16% year-on-year mainly driven by sales growth of various trade categories. Occupancy rate increased seven points to 87% by the end of 2017. While revenue of the mall was flat in 2017 on a comparable basis, a solid foundation has been built for growth.

The office tower recorded a rental growth of 4%. This Grade A tower has established a leading position in Wuxi. Occupancy rate increased to 87% by the end of 2017 driven by new lettings and tenant expansions.

Riverside 66, Tianjin

During the course of reshuffling tenants, income of Riverside 66 mall decreased by 5% year-on-year. Occupancy rate was up seven points to 89% by the end of 2017. Retails sales also increased by 8% year-on-year.

Olympia 66, Dalian

Olympia 66 mall, which had its grand opening in September 2016, collected 13% more in rents in 2017. Retail sales also showed a consistent upward trend. Occupancy rate increased by five points to 71%.

b. Hong Kong Portfolio

Total revenue and operating profit of our Hong Kong leasing portfolio grew 2% and 1% to HK$3,821 million and HK$3,218 million, respectively. Overall rental margin was 84%. When excluding areas closed for asset upgrading, revenue increased 4% year-on-year.

Commercial

Revenue of the Hong Kong commercial portfolio was flat at HK$2,261 million mainly because of major renovation at Kingston in Causeway Bay and The Peak Galleria since early 2017. Rental income was up 3% on a comparable basis. Overall occupancy by the end of 2017 was up one point to 96%.

Rental revenue of the Causeway Bay portfolio decreased by 3% due to 23% of leasable area closed for asset upgrading, but was up 1% when excluding the affected areas. Kornhill Plaza and Amoy Plaza collected 9% and 4% more in rents, respectively, because of positive rental reversions and tenant upgrades. Revenue of our properties in Mongkok was stable. The Peak Galleria commenced a 3-year renovation program in March 2017 and will have a new façade and enhanced internal layout reconfigurations upon completion.

Offices

The Hong Kong office portfolio recorded a 5% rental growth to HK$1,257 million, attributable to both positive rental reversions and higher occupancy rate. Our offices in Central and Causeway Bay collected 7% and 4% more in rents, respectively. Revenue of the Mongkok offices rose 5% year-on-year.

3. Property Sales

Property sales revenue was down 36% to HK$3,420 million and operating profit decreased 30% to HK$2,238 million mainly because fewer residential units were sold in 2017. Overall profit margin was 65%.

The sales comprised 226 units of The Long Beach flats, one semi-detached house at 23-39 Blue Pool Road and the last unit (duplex) of The HarbourSide.

4. Property Revaluation

An overall revaluation gain of HK$2,599 million was recorded in 2017. The Hong Kong portfolio recorded a revaluation gain of HK$2,855 million which was partly offset by a revaluation loss of HK$256 million of the mainland China portfolio.

5. Profit Attributable to Shareholders

Underlying net profit attributable to shareholders fell 13% to HK$5,530 million. After including a revaluation gain on investment properties, net profit attributable to shareholders advanced 31% to HK$8,124 million.

6. Projects under Development

All projects under development in mainland China are progressing as planned. The mall at Spring City 66 in Kunming is expected to be opened in mid-2019. Heartland 66 in Wuhan is planned for completion in stages from 2019 onwards.

The construction work of the second office tower at Wuxi Center 66 is in progress and is scheduled for completion in mid-2019. The conversion of the upper 19 floors of the office tower at Shenyang Forum 66 into a five-star Conrad hotel is in progress and is expected to open in 2019.

7. Financial Position

As at December 31, 2017, Hang Lung Properties had cash and bank balances of HK$22,106 million and total borrowings of HK$24,820 million, resulting in a net debt position of HK$2,714 million (December 31, 2016: HK$2,757 million).

The net debt to equity ratio was 1.9% (December 31, 2016: 2.1%) while the debt to equity ratio was 17.4% (December 31, 2016: 20.5%).

Hang Lung Group Limited (Stock Code: 00010)
Key Highlights of 2017 Annual Results

1. Total Revenue & Operating Profit

Total revenue decreased 14% to HK$11,774 million because fewer residential units were sold in 2017. Total operating profit decreased 11% to HK$8,312 million.

2. Property Leasing

Total rental revenue of property leasing was flat at HK$8,354 million, or was up 3% when excluding areas temporarily closed for asset upgrading. Revenue of the Hong Kong leasing portfolio increased 2% while that of the mainland China portfolio stayed flat in RMB terms. Total property leasing operating profit fell 1% to HK$6,074 million.

a. Mainland China Portfolio

Revenue of the entire mainland China portfolio was flat at RMB3,788 million, but was up 4% when excluding areas temporarily closed for asset upgrading. Average margin was 63%.

Plaza 66, Shanghai

Total rental revenue of Plaza 66 increased 8% mainly driven by a higher contribution from the mall.

The performance of Plaza 66 mall was strong after completion of asset upgrading, with a 22% growth in revenue and 26% increment in retail sales. Plaza 66 is poised for continued growth after strengthening its position as the premier mall of luxury brands in Shanghai and in mainland China.

Revenue of the offices at Plaza 66 decreased 8% due to transitional voids associated with major tenant relocation within the buildings during the year and phased re-letting of some recent lease expiries towards year end.

Grand Gateway 66, Shanghai

Total revenue of Grand Gateway 66 decreased 8%, but was up 4% when excluding the disruption caused by the major asset upgrading program at the mall.

Revenue of Grand Gateway 66 mall decreased 9% due to the short-term disruptions caused by the major asset upgrading program. Rental revenue of the mall advanced 7% when excluding the 23% of leasable areas closed for renovation. The mall commenced its 3-year major upgrading program in January 2017, which will be carried out in phases till mid-2019. Some of the affected areas will re-open in phases starting from mid-2018.

Rents of the office tower decreased 4% because of the transitional void in the first half of 2017. Occupancy rate advanced one point to 90% by the end of 2017.

Palace 66, Shenyang

Palace 66 mall collected 9% more in rents. With occupancy staying at a high level of 90%, renewals and new leasing are being negotiated at higher rental rates. Retails sales also increased by 8% against a year ago because of an improved tenant mix.

Forum 66, Shenyang

Total revenue of Forum 66 decreased 7%.

Forum 66 mall maintained its high-end positioning but was hit by the sluggish luxury goods spending in Shenyang. Rental income of the mall decreased by 25%. During the year, the mall renewed leases with some key high-end tenants, building a good foundation for future rental growth. Retail sales at the mall increased by 1% year-on-year.

Revenue of the office tower grew 24% due to higher occupancy. Occupancy rate increased 22 points to 80% by the end of 2017. The remaining area available for leasing at year-end was only 6% as the six floors in the high zone of the tower, representing 14% of occupancy, will only be ready for leasing from mid-2018.

Parc 66, Jinan

Revenue of Parc 66 mall increased 3%. Occupancy rose three points to 94% by the end of 2017. More contemporary luxury brands and quality food & beverage tenants were introduced during the year. Benefitting from an enhanced tenant mix and high occupancy, retail sales increased by 12% year-on-year.

Center 66, Wuxi

Total rental income of Center 66 slipped 2%, but was up 1% when excluding 9% of the mall's leasable area which was temporarily closed for the construction of the second office tower.

The performance of Center 66 mall has rebounded. Retail sales increased by 16% year-on-year mainly driven by sales growth of various trade categories. Occupancy rate increased seven points to 87% by the end of 2017. While revenue of the mall was flat in 2017 on a comparable basis, a solid foundation has been built for growth.

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Olympia 66, Dalian

Olympia 66 mall, which had its grand opening in September 2016, collected 13% more in rents in 2017. Retail sales also showed a consistent upward trend. Occupancy rate increased by five points to 71%.

b. Hong Kong Portfolio

Total revenue and operating profit of our Hong Kong leasing portfolio grew 2% and 1% to HK$3,982 million and HK$3,340 million, respectively. Overall rental margin was at 84%. If excluding areas closed for asset upgrading, revenue would increase 4% year-on-year.

Commercial

Revenue of the Hong Kong commercial portfolio was flat at HK$2,283 million mainly because of major renovation at Kingston in Causeway Bay and The Peak Galleria since early 2017. Rental income was up 3% on a comparable basis. Overall occupancy by the end of 2017 was up one point to 97%.

Rental revenue of the Causeway Bay portfolio decreased by 3% due to 23% of leasable area was closed for asset upgrading, but was up 1% when excluding the affected areas. Kornhill Plaza and Amoy Plaza collected 9% and 4% more in rents, respectively, because of positive rental reversions and tenant upgrades. Revenue of our properties in Mongkok was stable. The Peak Galleria commenced a 3-year renovation program in March 2017 and will have a new façade and enhanced internal layout reconfigurations upon completion.

Offices

The Hong Kong office portfolio recorded a 4% rental growth to HK$1,396 million because of positive rental reversions and higher occupancy rate. Our offices in Central and Causeway Bay posted a 7% and 4% rental growth, respectively. Revenue of the Mongkok offices collected 5% more in rents.

3. Property Sales

Property sales revenue down 36% to HK$3,420 million and operating profit decreased 30% to HK$2,238 million mainly because fewer residential units were sold in 2017. Overall profit margin was 65%.

The sales comprised 226 units of The Long Beach flats, one semi-detached house at 23-39 Blue Pool Road and the last unit (duplex) of The HarbourSide.

4. Property Revaluation

An overall revaluation gain of HK$3,085 million was recorded in 2017. The Hong Kong portfolio recorded a revaluation gain of HK$3,352 million which was partly offset by a revaluation loss of HK$267 million of the mainland China portfolio.

5. Profit Attributable to Shareholders

Underlying net profit attributable to shareholders decreased 12% to HK$3,314 million. After including a revaluation gain on investment properties, net profit attributable to shareholders advanced 43% to HK$5,314 million.

6. Projects under Development

All projects under development in mainland China are progressing as planned. The mall at Spring City 66 in Kunming is expected to be opened in mid-2019. Heartland 66 in Wuhan is planned for completion in stages from 2019 onwards.

The construction work of the second office tower at Wuxi Center 66 is in progress and is scheduled for completion in mid-2019. The conversion of the upper 19 floors office tower at Shenyang Forum 66 into a five-star Conrad hotel is in progress and is expected to open in 2019.

7. Financial Position

As at December 31, 2017, Hang Lung Group had cash and bank balances of HK$22,223 million and total borrowings of HK$28,039 million, resulting in a net debt position of HK$5,816 million (December 31, 2016: HK$6,595 million).

The net debt to equity ratio was 3.9% (December 31, 2016: 4.8%) while the debt to equity ratio was 18.7% (December 31, 2016: 22.5%).