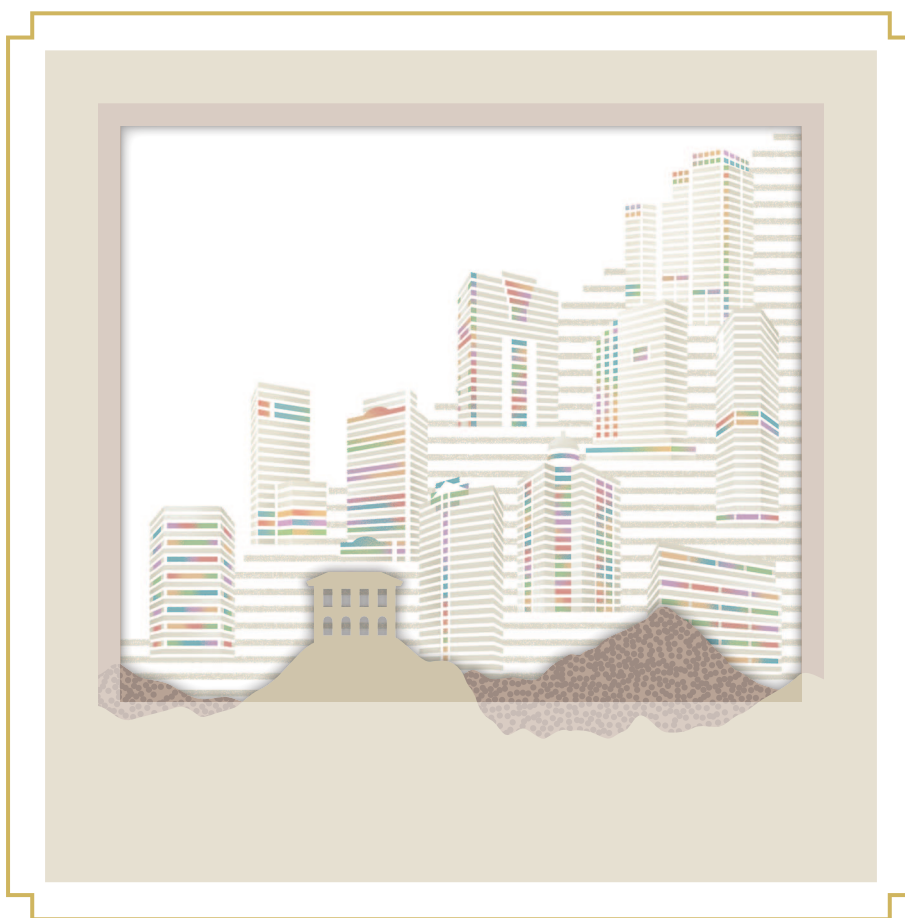


RISING TO SUCCESS WITH LEGACY



2 0 2 4 A N N U A L R E P O R T



We are committed to the long term. As we continue our journey, the expansion and rejuvenation of Lee Gardens, supported by our community business model, will transform this precinct for our next 100 years.

We welcome stakeholders' feedback on this Report. Please share your thoughts at hysan@hysan.com.hk

In an effort to reduce consumption of resources due to printing and distributing hard copies, the Hysan Sustainability Report has been prepared for electronic distribution and is available for public viewing on Hysan Development's website (www.hysan.com.hk).

A summary of Sustainability Report 2024 is provided on pages 140 to 143 of this Annual Report.



Scan QR code to read the Sustainability Report 2024

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The year 2024 marked a major historical milestone for Hysan as we embarked on a second century of contributing to Hong Kong's development and shaping the city's growth.

The year 2024 marked a major historical milestone for Hysan as we embarked on a second century of contributing to Hong Kong's development and shaping the city's growth. As an integral special region of China's long-term economic development, Hong Kong's economic future is secure and strong, underpinning our confidence in the future of Hong Kong.

At this significant moment in our history, we are more committed than ever to the future. We recognise that our legacy is more than just the history of our company. It must continue to evolve, based on a strong foundation of trust, shared values, culture and unity, underpinned by our long-term vision. Guided by Hysan's Community Business Model and its focus on inclusion and liveability, we will remain dedicated to adapting, expanding and transforming Lee Gardens for the people who visit, work and live in the area.

THE 2024 MARKET IN REVIEW

In 2024, the Hong Kong economy continued to recover gradually from the impact of the pandemic. Private consumption expenditure was still under pressure, amid changes in consumption patterns and competition from our northern neighbours and Japan with its weak yen. Office rental market remained weak due to increased supply and subdued demand. Hysan remains nimble as we continue to address and transform our retail and office offerings so that we shape and capture trends. We provide seamless physical and digital immersive, communal, cultural, trendsetting and authentic experiences that attract high quality and repeat visitors and shoppers. We aim to connect to and interact with different generations and demographics, from locals to tourists.



Chairman's Statement

ENTERING THE HARVEST PHASE ON OUR JOURNEY OF TRANSFORMATION

The achievement of our evolving business strategy was reflected in the financial contributions that began to materialise during the year.

We started to rejuvenate Lee Gardens two years ago, marking a key milestone in our journey of transformation. In 2024, we began to unveil our new Lee Gardens, welcoming more than 10 newly renovated and expanded maison flagships, including the recent reopening of Hermès, Dior and Cartier, in Lee Garden One, Two, Three and Five. We look forward to showcasing more flagships and new concepts throughout the portfolio during 2025.

By 2026, Lee Gardens will be fully connected by an integrated pedestrian walkway system. Upon completion, it will create seamless working, shopping, dining and leisure experience with a pleasant journey for office occupants and shoppers.

The Caroline Hill Road development, a strategic move reinforcing our leading position in the Lee Gardens area, was officially named Lee Garden Eight during the year. Serving as a pivotal piece in our master plan, the project will expand our portfolio area by almost 30%.

Lee Garden Eight, a one-million-square-foot premium commercial development, which includes a 60,000 square-foot green open space, will set a new benchmark for sustainability and is already gaining the market's endorsement with interest from quality tenants.

A five-year Memorandum of Understanding was signed during the year by the joint venture established by Hysan and Chinachem Group with the Extension and Continuing Education for Life of The Hong Kong Academy for Performing Arts ("HKAPA EXCEL") to be the operator of the performing arts and cultural facilities at Lee Garden Eight. Through this strategic partnership, we aim to promote diverse art and cultural experiences in line with the HKSAR Government's Blueprint for Arts and Culture and Creative Industries Development. It will also enhance the appeal and cultural vitality of Lee Gardens, support talent development and meet the growing cultural needs of the city.

Our strategic pillars continued to make solid contributions to our core operations during the year, particularly with regard to our office portfolio in the Mainland. At Lee Gardens Shanghai, we achieved strong ramp-up, securing commitments for 70% of its office space by quality tenants. The flex office business performance of our joint venture with the world's leading flex operator, IWG, also achieved steady growth and maintained high occupancy in the Greater Bay Area. New Frontier Group, our healthcare investment, maintained its growth momentum with business expansion during the year, including a strategic partnership with Hong Kong Investment Corporation to drive cross-border medical innovation in the Greater Bay Area. All of these contributions from our strategic pillars highlight our concerted efforts to identify growth opportunities under the new normal.

DIFFERENTIATING OUR RETAIL PORTFOLIO IN THE POST-PANDEMIC ERA

The retail sector continued to face challenges during the year, including changes in tourist spending patterns and the northbound attraction. Yet we remain optimistic, as we expect tourist footfall and consumption to gradually recover, with the support from the Central Government's stimulus measures aimed at attracting tourists and improving sentiment towards asset markets.

Our portfolio's resilience stems from our deep roots in Hong Kong's domestic market. Over the years, we have been curating our low-rise neighbourhood with engaging content and activities focused on urban culture. Out of this century-long curation has emerged a vibrant and inclusive community that provides a unique backdrop to our portfolio with authenticity, contrast and diversity. Our very successful street festivals, the award-winning "Urban Jam" for instance, have supported Lee Gardens to become the favourite and regular "go-to place" for both locals and tourists.

Hysan Place, a centre of urban culture, is being updated in phases to reflect the evolving needs of Hong Kong youth and visitors. Our first-phase renovation of Basement level 1 and 2 and 1/F to 3/F, completed in December 2024, introduced an exciting and refreshed curation of a wide range of concepts and brands that reinforces Hysan Place's position as a trendsetting destination in Hong Kong.

MAINTAINING OUR RESILIENCE IN A COMPETITIVE OFFICE MARKET

Lee Gardens successfully maintained a stable occupancy rate for its office portfolio during the year due to a number of compelling factors. Our properties are conveniently located in a prime area of Hong Kong with the widest variety of offerings, highlighting premium building specifications with green and sustainable features. We also offer a broad range of high-quality retail, lifestyle and dining options, supported by property management services with high standards, across our Lee Gardens portfolio.

Our diversified tenant base helped our office portfolio remain resilient. The year saw thriving demand from a wider catchment area, with organic expansion from the co-working, wealth management, services and semi-retail sectors.

CONFIDENCE IN THE FUTURE

We remain committed to financial discipline. Our focus on managing strong liquidity, strengthening the balance sheet, and maintaining access to the capital markets was recently underscored by securing HK\$8,000 million 4-year syndicated loan facilities from 20 leading international and local banks, ensuring ample resources for refinancing and working capital needs, as we continue to deliver sustainable long-term value.

We are confident that our multi-faceted development and enhancement plans will not only future-proof our portfolio but also open a new chapter in our growth story. Looking ahead with optimism and determination, we will continue to transform Lee Gardens where people come to work, live and enjoy, now and for generations to come.

Lee Irene Yun-Lien

Chairman

Hong Kong, 18 February 2025

Balanced Dual-Engine Portfolio

Our dual-engine office and retail portfolio, combined with our community business model, provide resilience and strength in the face of uncertainty.

RETAIL

Connect people and curate communities through

DIVERSE OFFERINGS



OFFICE

Premium office space and vibrant community attract

A DIVERSITY OF OFFICE TENANTS



The blend of offerings creates an array of lifestyle experiences for office tenants, shoppers, tourists and residents.

Expansion and Rejuvenation of Lee Gardens



Trendsetter

Hysan Place acts as the gateway to the rest of the Lee Gardens core portfolio. It has been, and will remain, the trendsetter in our portfolio, with a high level of urban vibrancy that starts with its MTR-connected basement levels.

Home of Luxury Flagships

We began to unveil our new Lee Gardens in 2024, welcoming more than 10 newly renovated and expanded maison flagships following the commencement of Lee Gardens rejuvenation two years ago. More flagships and new concepts will be showcased throughout our portfolio in the year ahead, reinforcing Lee Gardens' prestige as the city's home of luxury.



The Green Centric

The Caroline Hill Road project was officially named Lee Garden Eight in 2024. It will become the heart of our green-centric area, setting new standards for premium, sustainability-minded offices.



Artist's impression for illustrative purposes only

Enhanced Walkability

Hysan will put in place a new integrated pedestrian walkway system throughout our Lee Gardens buildings, as well as linking Causeway Bay MTR station through to Lee Garden Eight. Upon completion, it will create seamless working, shopping, dining and leisure experience with a pleasant journey for office occupants and shoppers.



Artist's impression for illustrative purposes only

Strategic Pillars

Pillars

We invest in strategic growth pillars that drive geographic diversification and target business opportunities that complement and reinforce our core business.

VILLA LUCCA

Close to half of houses and apartments have been contracted as at year end 2024.



Lee Gardens Shanghai

We achieved strong ramp-up, securing commitments for 70% of its office space by quality tenants. The complex started to deliver a new stream of recurring earnings in 2024.



Artist's impression for illustrative purposes only



To Kwa Wan Residential

Hysan's skillsets are being leveraged in the design and operations of the retail portion of the project.

GBA Flex

Solution in new office ecosystem, achieving steady growth and maintaining high occupancy in the Greater Bay Area.



New Frontier Investment

Our healthcare investment maintained its growth momentum with business expansion.



1

Overview

- 14** Key Facts
- 18** 2024 Performance at a Glance
- 20** Financial Review Summary

Key Facts

Our Portfolio

Hysan's investment portfolio is set predominantly in Lee Gardens, a unique part of Hong Kong's renowned commercial heart in Causeway Bay.

Within our approximately 5.5 million square feet of retail, office and residential tenant space, we strive to become partners with our tenants and create a sustainable ecosystem. Our medium-to-long term strategy involves the continued refinement and expansion of our "Core" in Lee Gardens, as well as investment in growth "Pillars" which will deliver a more balanced and diversified portfolio for Hysan.



VISION

To be the premier property company in its market of choice.

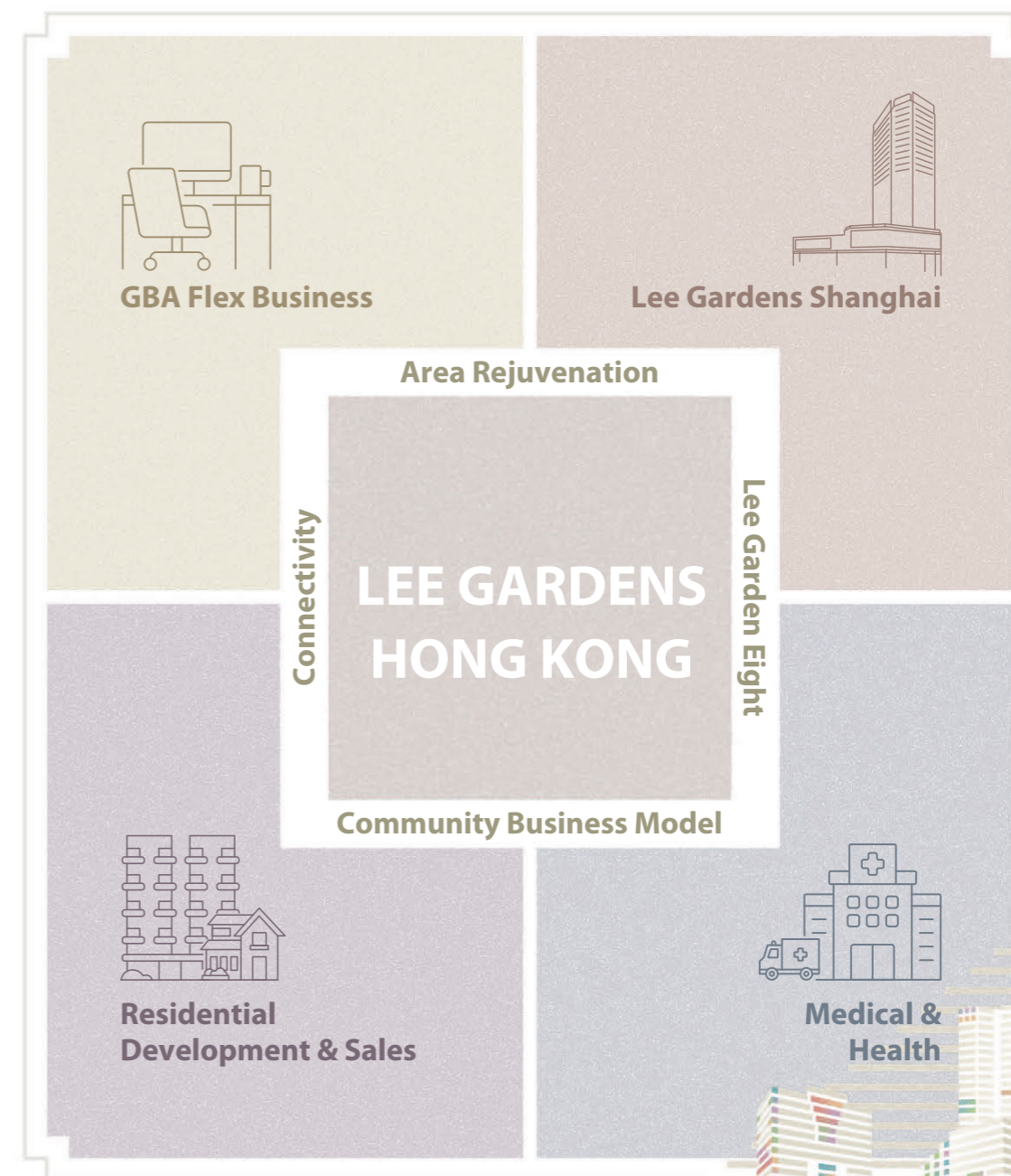
MISSION

Provide our stakeholders with sustainable and outstanding returns from a property portfolio which is strategically planned and managed by passionate, responsible and forward-looking professionals.

VALUES

L E E G A R D E N S
 E X M O C E R N E U
 A C P O C S I T T S
 D E O D O P V R W T
 E L W U E I E O A
 R L E C N C N P R I
 S E R I T T G R K N
 H N M T A / E I A
 I C E I B D N N B
 P E N Z I R E G I
 T E L I U L I
 N I V R L I
 S T E S T Y
 H Y N H Y
 P P

OUR STRATEGY



Key Facts

Our Properties Portfolio

HYSAN PLACE OFFICE AND RETAIL

Greenest commercial building and trendiest shopping centre in town

Completed in 2012 | Lower zone renovated in 2024

Approx. Gross Floor Area	Number of Floors	Parking Spaces
716,000 ft²	40	66

LEE THEATRE PLAZA RETAIL ONLY

One of Hong Kong's best-loved shopping and dining complexes

Completed in 1994 | Lower zone renovated in 2013

Approx. Gross Floor Area	Number of Floors
314,000 ft²	26

LEIGHTON CENTRE OFFICE AND RETAIL

Popular office complex amongst sports and lifestyle shops

Completed in 1977 | Renovated in 2011

Approx. Gross Floor Area	Number of Floors	Parking Spaces
430,000 ft²	28	321

ONE HYSAN AVENUE OFFICE AND RETAIL

Efficient office and retail complex in prime site

Completed in 1976 | Renovated in 2011

Approx. Gross Floor Area	Number of Floors
169,000 ft²	26

SHANGHAI

LEE GARDENS SHANGHAI

OFFICE AND RETAIL

Grade A commercial complex in one of the world's most vibrant cities

Acquisition completed in 2022 | Enhancement work for retail podium completed in 2024

Approx. Gross Floor Area	Number of Floors	Parking Spaces
931,000* ft²	27	375

* Include retail podium opened in FY2024.

LEE GARDEN ONE OFFICE AND RETAIL

Home to international corporations and premium brands

Completed in 1997 | Retail podium renovated in 2024

Approx. Gross Floor Area	Number of Floors	Parking Spaces
902,000 ft²	53	200

LEE GARDEN THREE OFFICE AND RETAIL

Newest commercial address in Lee Gardens

Completed in 2017

Approx. Gross Floor Area	Number of Floors	Parking Spaces
467,000 ft²	32	201

LEE GARDEN TWO OFFICE AND RETAIL

Spacious offices and home to children's concept floors

Completed in 1992 | Retail podium renovated in 2019

Approx. Gross Floor Area	Number of Floors	Parking Spaces
621,000 ft²	34	167

LEE GARDEN FIVE OFFICE AND RETAIL

An office and retail complex in one of Hong Kong's most prestigious commercial areas

Completed in 1989 | Renovated in 2024

Approx. Gross Floor Area	Number of Floors
138,000 ft²	25

LEE GARDEN SIX OFFICE AND RETAIL

Convenient office and retail location

Completed in 1988 | Renovated in 2004

Approx. Gross Floor Area	Number of Floors
80,000 ft²	24

LEE GARDEN EIGHT OFFICE AND RETAIL

Premium commercial development which will set a new benchmark for sustainability

Target for completion in 2026

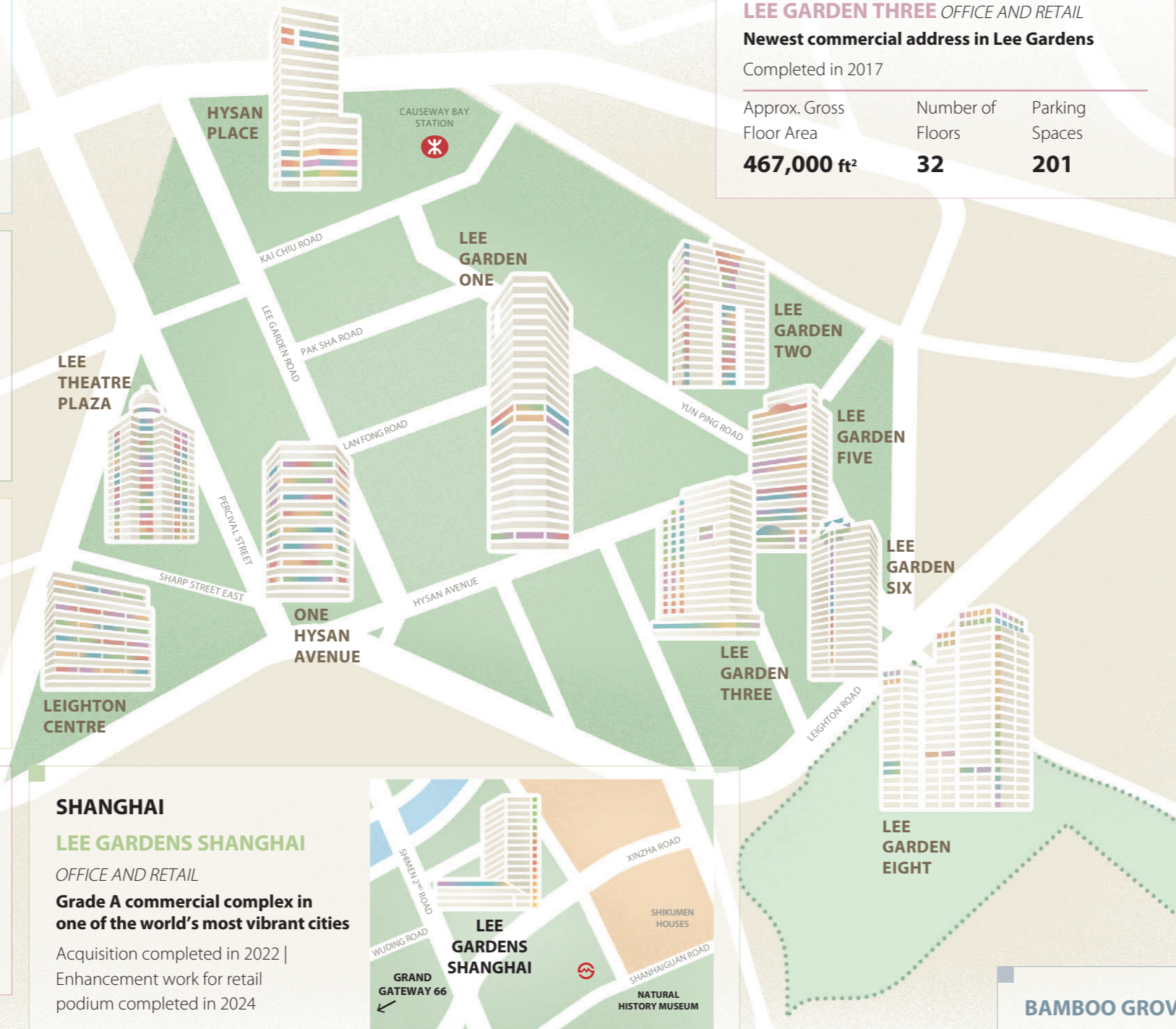
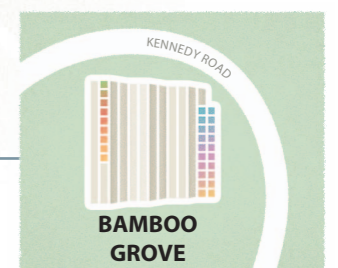
Approx. Gross Floor Area	Number of Floors	Parking Spaces
1,098,000 ft²	Tower 1: 30 Tower 2: 30 Tower 3: 21	612

BAMBOO GROVE RESIDENTIAL

Quality international living in Mid-Levels

Completed in 1985 | Renovated in 2019

Approx. Gross Floor Area	Number of Units	Parking Spaces
691,000 ft²	345	436



2024 Performance at a Glance

Environmental, Social and Governance Recognitions

The Hong Kong Institute of Certified Public Accountants' Best Corporate Governance and ESG Awards 2024

- Gold Award – Most Sustainable Companies / Organisations Awards Non-Hang Seng Index (Medium Market Capitalisation Category)

The Hong Kong Alliance of Built Asset & Environment Information Management Associations and The Hong Kong Chapter of buildingSMART International's The Hong Kong openBIM/openGIS Awards 2024

- The Grand Award – Construction for Building Project (Lee Garden Eight)

The Hong Kong Management Association's Hong Kong Sustainability Award 2024

- Distinction Award (Large Organisations)

Construction Industry Council's Construction Digitalisation Award 2024

- Project – OpenBIM (Lee Garden Eight)

Hong Kong Green Building Council's Zero-Carbon-Ready Building Certification Scheme Energy Performance Certificate – Existing Building – EUI Pathway

- Hysan Place, Lee Garden One, Lee Garden Two, Lee Garden Three, Lee Garden Five, Lee Garden Six, Lee Theatre Plaza, Leighton Centre and One Hysan Avenue

The Hong Kong Institute of Surveyors' QS Awards 2024

- Merit – QS Awards on Projects (Sustainability) (Lee Garden Eight)

The Hong Kong Management Association's The Best Annual Reports Awards 2024

- Citation for Design
- Excellence Award in Environmental, Social and Governance Reporting

The Hong Kong Institute of Architects' Annual Awards 2024

- Finalist – Urban Design & Master Planning (Lee Garden Eight)

"Low Risk" in Sustainalytics ESG Risk Rating



Improved to "AA" Rating in 2024



Received a "4-star" Rating



Constituent Member of Hang Seng Corporate Sustainability Index Series



Hang Seng Corporate Sustainability Index Series Member 2024-2025

Constituent Member of the FTSE4Good Index Series

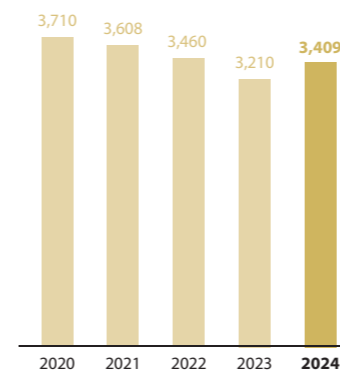


Financial Performance

Turnover

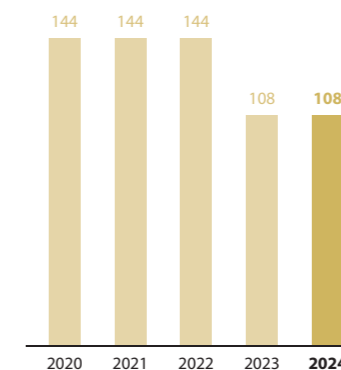
HK \$3,409m

↑6.2%



Dividends per Share

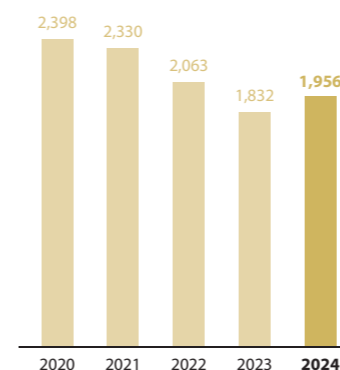
HK 108 cents



Recurring Underlying Profit

HK \$1,956m

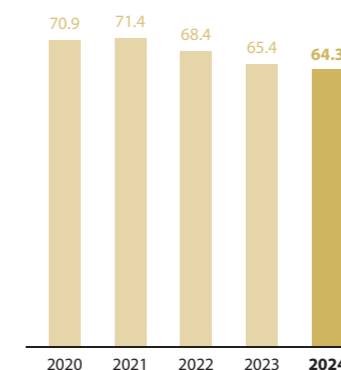
↑6.8%



Net Asset Value per Share

HK \$64.3

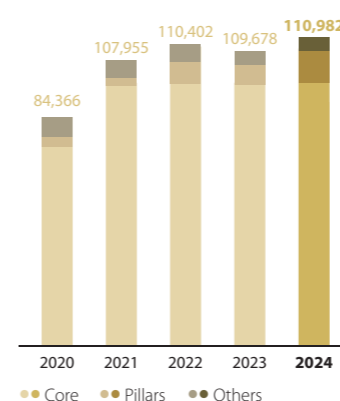
↓1.7%



Total asset (exclude cash and debt securities)

HK \$110,982m

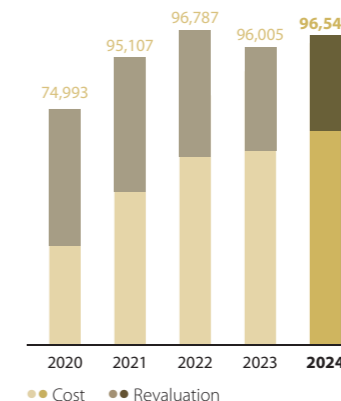
↑1.2%



Property Value

HK \$96,547m

↑0.6%



Undrawn Committed Facilities and Cash

HK\$18,900m

(2023: HK\$15,262m)

Net Debt to Equity (Note 1)

31.4%

(2023: 27.2%)

Net Interest Coverage (After Interest Capitalisation) (Note 2)

8.8 times

(2023: 9.6 times)

Net Interest Coverage (Before Interest Capitalisation) (Note 3)

2.3 times

(2023: 2.4 times)

Effective Interest Rate

4.3%

(2023: 4.2%)

Average Debt Maturity

3.4 years

(2023: 4.5 years)

Fixed Rate Debt

61%

(2023: 62%)

Credit Ratings

Moody's: Baa2 (Note 4)

Fitch: BBB (Note 4)

Notes:

1. Net Debt to Equity is defined as "borrowings less time deposits, cash and cash equivalents divided by total equity"
2. Net Interest Coverage (after interest capitalisation) is defined as: "Gross profit less administrative expenses before depreciation" divided by "net interest expenses charged to profit or loss"
3. Net Interest Coverage (before interest capitalisation) is defined as: "Gross profit less administrative expenses before depreciation" divided by "net interest expenses charged to profit or loss plus interest expenses capitalised"
4. Both Moody's and Fitch assigned stable outlook to the Group

Financial Review Summary

1. Turnover

HK\$ million	2024	2023	Change
Retail	1,678	1,533	9.5%
Office	1,440	1,462	-1.5%
Residential	218	205	6.3%
Lee Gardens Shanghai ("LGSH")	73	10	n/m
	3,409	3,210	6.2%

n/m: not meaningful

Retail

Hong Kong's retail sector remained under pressure due to shifting consumer preferences towards experiential shopping, economic uncertainties, a strong Hong Kong dollar, and high interest rates. During the year, we strengthened our collaborations with anchor tenants, welcomed new luxury brands, and introduced notable dining experiences, reinforcing its status as a premier luxury destination. During 2024, rental reversion rate was predominantly positive.

Office

Office leasing demand in Hong Kong remained subdued throughout the year, with only modest activity. Demand for Grade A offices softened due to a slower-than-expected economic recovery, leading to smaller transactions under 10,000 square feet. In response, landlords offered incentives like rental concessions to attract prospective tenants. Negative rental reversion narrowed in 2024.

Residential

Hong Kong's luxury residential leasing market demonstrated resilience in 2024, primarily due to increased demand from new expats and an expanding pool of executives, professionals, and graduates entering through various talent schemes. This talent inflow, traditionally driven by the financial services sector, has now diversified to include a broader spectrum of industries.

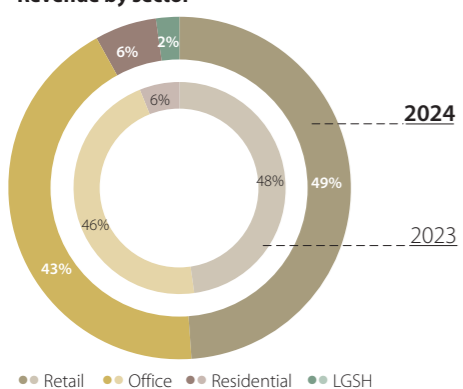
LGSH

As Lee Gardens Shanghai commences operation with its retail and office components, leasing activities are expected to continue picking up and contribute growth to its performance.

Details of the operating performances of the group's individual operations are set out on pages 26 to 29 of the Review of Operations.

Occupancy	2024	2023
Hong Kong		
Retail	92%	97%
Office	90%	89%
Residential	73%	60%
LGSH		
Retail	41%	-
Office	66%	24%

Revenue by sector



Consolidated Statement of profit or loss for the year ended 31.12.2024

	HK\$ million
1 Turnover	3,409
Operating cost	(954)
Net margin	2,455
Investment income	167
Other gains and losses	3
Finance costs	(450)
2 Change in fair value of investment properties	(1,506)
Change in fair value of other financial investments	(19)
3 Share of results of associates	204
3 Share of results of joint ventures	(287)
Profit before taxation	567
Taxation	(296)
Profit for the year	271
Attributable to perpetual capital securities holders and other non-controlling interests	(236)
Profit attributable to shareholders	35

Recurring Underlying Profit attributable to shareholders for the year ended 31.12.2024

	HK\$ million
Profit attributable to shareholders	35
Non-operating items	1,921
4 Recurring Underlying Profit	1,956

Consolidated Statement of Cash Flows for the year ended 31.12.2024

	HK\$ million
Net margin	2,455
Changes in other working capital	52
Depreciation of property, plant and equipment	36
Cash generated from operations	2,543
Net investment and advance to joint ventures and other financial investments	(454)
Net borrowings	1,210
Repurchase and distribution of perpetual capital securities	(1,156)
Bank deposits	948
Interest and taxation	(1,006)
Dividends paid	(1,213)
Capital expenditure	(1,890)
Net cash outflow	(1,018)
Time deposits, cash and cash equivalents	3,854
Less: Time deposits maturing more than 3 months	(1,271)
Cash and cash equivalents at 1.1.2024	2,583
Effect of foreign exchange rate changes	(1)
Cash and cash equivalents at 31.12.2024*	1,564
*Representing:	
Time deposits, cash and cash equivalents	2,211
Time deposits maturing more than 3 months	(647)
	1,564

Consolidated Statement of Financial Position at 31.12.2024

	HK\$ million
Net Assets	
2 Investment properties	96,547
Other long-term investments	11,678
Time deposits, cash and cash equivalents	2,211
Other assets	3,653
Total assets	114,089
Borrowings	(26,514)
Taxation	(1,384)
Other liabilities	(8,762)
	77,429
Capital and reserves	
Share capital	7,723
Retained Profits	58,726
Other reserves	10,980
	77,429

Consolidated Statement of Financial Position at 1.1.2024

	HK\$ million
Net Assets	
2 Investment properties	96,005
Other long-term investment	11,527
Time deposits, cash and cash equivalents	3,854
Other assets	3,140
Total assets	114,526
Borrowings	(25,564)
Taxation	(1,272)
Other liabilities	(7,999)
	79,691
Capital and reserves	
Share capital	7,723
Retained Profits	59,747
Other reserves	12,221
	79,691

Consolidated Retained Profits for the year ended 31.12.2024

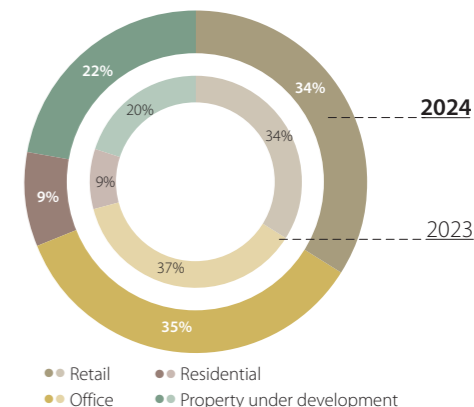
	HK\$ million
Retained profits at 1.1.2024	59,747
Profit attributable to shareholders	35
Dividends paid during the year	(1,109)
Repurchase of perpetual capital securities	49
Other reserve movement	4
Retained profits at 31.12.2024	58,726

2. Investment properties

HK\$ million	2024	2023	Change
Retail	33,094	32,480	1.9%
Office	34,109	35,688	-4.4%
Residential	8,664	8,647	0.2%
Property under development	20,680	19,190	7.8%
	96,547	96,005	0.6%

The valuation of investment properties reported in the consolidated statement of financial position represents the market value at each year-end date, as estimated by Knight Frank Petty Limited, an independent valuer. A fair value loss of HK\$1,506 million (2023: HK\$2,763 million) was recognised in the consolidated statement of profit or loss for the year, mainly attributable to the change in valuation of our office portfolio. This fair value loss is non-cash in nature and does not affect the operating cash flow of the Group.

Investment properties by portfolio



3. Share of results of associates and joint ventures

The Group's investments in associates are primarily represented by its interest in Grand Gateway 66, a retail, office and residential complex in Shanghai, China. The share of results of associates decreased to HK\$204 million in 2024 (2023: HK\$270 million).

The Group's investment in joint ventures comprises interests in residential development projects and the IWG Flex business. The share of losses in joint ventures was HK\$287 million (2023: HK\$37 million), which mainly reflects impairment loss on properties held for development for sale in VILLA LICCA in Tai Po.

4. Recurring Underlying Profit

Recurring Underlying Profit increased year-on-year by 6.8%. Details of the reconciliation from reported profit (loss) to Recurring Underlying Profit are set out on pages 24 to 25 of the Review of Results.

2

Business Performance

24	Management's Discussion and Analysis
24	Strategy
24	Review of Results
26	Review of Operations
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32	Financial Review
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Management's Discussion and Analysis

STRATEGY

Hysan continues to curate and expand its investment portfolio, which is predominantly located in Causeway Bay, one of Hong Kong's prime commercial districts. We also seek to complement our core business by investing in several strategic growth "pillars", with the aim of delivering a more balanced and diversified portfolio.

REVIEW OF RESULTS

In HK\$ million	2024	2023	Change
Turnover	3,409	3,210	+6.2%
– Retail	1,684	1,533	+9.8%
– Office	1,507	1,472	+2.4%
– Residential	218	205	+6.3%
Recurring Underlying Profit	1,956	1,832	+6.8%
Underlying Profit	1,956	1,832	+6.8%

Hysan's Hong Kong investment property portfolio comprises three sectors – office, retail and residential – covering a floor area of approximately 4.5 million square feet. As at 31 December 2024, office properties accounted for around 55% of the Group's investment portfolio by gross floor area, while retail properties made up around 30%. Our office and retail properties are located in Causeway Bay's Lee Gardens precinct. Approximately 15% of the Group's investment portfolio by gross floor area is residential, mainly comprising its Bamboo Grove apartments in Hong Kong's Mid-Levels.

Hysan's Mainland investment property Lee Gardens Shanghai, a Grade A commercial complex situated in one of the world's most vibrant cities, started to deliver a new stream of recurring earnings in 2024. Positioned as a refined lifestyle destination, the development features approximately 0.9 million square feet of commercial gross floor area and 375 parking spaces. As Lee Gardens Shanghai commences operation with its retail and office components, Hysan expects enhanced earnings with occupancy rates and leasing activities picking up.

Turnover and Recurring Underlying Profit improved year-on-year by 6.2% and 6.8% respectively. The ramp-up of Lee Gardens Shanghai contributed to the improvement on financial results, while the structural changes continued to put pressure on the office sector. During the year, on average approximately 3% of our retail area were closed for the major enhancement works of Lee Gardens rejuvenation project. The corresponding impact has been reflected in our retail turnover.

The Board of Directors has declared a second interim dividend of HK81 cents per share (2023: HK81 cents) which will be payable in cash.

The reconciliation of Recurring Underlying Profit, Underlying Profit and Reported Profit (Loss) is as follows:

	2024 HK\$ million	2023 HK\$ million
Reported profit (loss)	35	(872)
Change in fair value of properties	1,229	2,020
Investment properties	1,506	2,763
Less: Effect of other non-controlling interests	(316)	(732)
Share of associates (net of tax)	39	(11)
Change in fair value of other financial investments	19	267
Impairment loss of a joint venture	258	–
Imputed interest income on interest-free loan to a joint venture	–	(24)
Other gains and losses	(3)	(1)
Profit attributable to perpetual capital securities holders	418	442
Recurring Underlying Profit / Underlying Profit	1,956	1,832

KEY PERFORMANCE INDICATORS

The Group's turnover growth and occupancy rates are the key measurements used for the assessment of our core leasing business performance. Cost effectiveness is assessed by the Group's management using the property expenses ratio (as a percentage of turnover).

Key Performance Indicators	Definition	Sector	Business Performance	
			2024	2023
Turnover Growth	Rental revenue in current year vs that in last year	Retail	+9.8%	-6.7%
		Office	+2.4%	-6.7%
		Residential	+6.3%	-14.2%
Occupancy Rate	Percentage of total lettable area leased / total lettable area of each portfolio at year-end	Hong Kong		
		Retail	92%	97%
		Office	90%	89%
		Residential	73%	60%
		Mainland		
		Retail	41%	–
Office	66%	24%		
Property Expenses Ratio	Property expenses divided by turnover		18.9%	19.3%

Management's Discussion and Analysis

REVIEW OF OPERATIONS

Retail

Turnover of the Group's retail portfolio saw an increase of 9.8% to HK\$1,684 million (2023: HK\$1,533 million).

In HK\$ million	2024	2023	Change
Retail	1,684	1,533	+9.8%
– Hong Kong	1,678	1,533	+9.5%
– Mainland	6	–	n/m

n/m: not meaningful

Hong Kong Portfolio

Turnover increased by 9.5% to HK\$1,678 million (2023: HK\$1,533 million). This included turnover rent of HK\$127 million (2023: HK\$154 million).

Retail occupancy decreased to 92% as at 31 December 2024 (2023: 97%). Despite a slight decrease in occupancy, rental reversion rate on renewals, rent review and new lettings was predominantly positive during 2024. This was attributed to the asset enhancement works and ongoing positive results from the Lee Gardens Rejuvenation strategy, which had attracted and secured tenants with stronger sales potential and higher rental affordability. As Hong Kong's retail landscape continues to evolve, the Group has actively optimised tenant mix to adapt to shifting market dynamics, and these strategic adjustments have led to temporary vacancy periods.

Hong Kong's retail sector remained under pressure during the year. In large part, this was due to changing consumption patterns among visitors and residents, whose preferences are shifting to experiential shopping over traditional shopping. Other factors affecting this sector included economic uncertainties, the effect of a strong Hong Kong dollar on tourists' purchasing power, outbound travel and northbound consumption by Hong Kong residents, and persistently high interest rates. Chinese consumers have also adjusted their spending priorities in reaction to changing economic conditions.

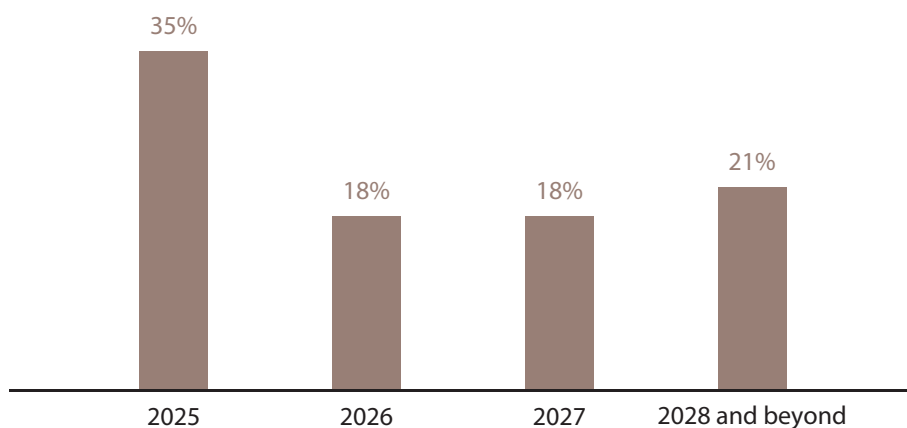
During the year, we strengthened our communication and marketing collaborations with anchor tenants to create better customer experience and sales performance. Lee Garden One and Lee Garden Five also welcomed the reopening of several major luxury anchor tenants. The reopening of these expanded and new maisons reinforced Lee Gardens' position as the premier destination for top luxury brands in Hong Kong.

The latter part of 2024 saw the arrival of strategic additions to the tenant mix at Lee Garden One, including curated lifestyle brands alongside fine dining restaurants. Notable arrivals included Hong Kong's first Michelin green star-certified restaurant and renowned overseas F&B outlets making their debut in Hong Kong. These additions complement Lee Garden One's luxury flagship stores to deliver a holistic high-end retail and culinary experience. Further enrichment of luxury offerings at the property is also underway, reinforcing Lee Gardens' prestige as the city's home of luxury.

Hysan Place underwent a new phase of transformation, with renovations extending from the Atrium on the 1/F to the 3/F, where over 30 international and local brands were welcomed. The first phase of the transformation, spanning two rejuvenated basement floors at Hysan Place, received a Bronze Award in the Best Shopping Experience category at the MIPIM Asia Awards 2024. The accolade recognises the concept's departure from conventional arcade shopping to a refreshed urban living and shopping experience. Hysan Place actively curated its tenant mix and optimised store layouts to create a diverse mix of offerings that elevate the urban retail and dining experience, making a strong statement of the unique positioning of #URBANHOOD.

Our integrated pedestrian walkway system, slated for completion in 2026, is expected to enhance connectivity, accessibility and walkability throughout the Lee Gardens precinct, making it an even more attractive destination for retail tenants. Also under construction, Lee Garden Eight made steady progress towards its completion by the second half of 2026, which will add more than 100,000 square feet of complementary retail space to the portfolio.

Retail Lease Expiry Profile by Area Occupied (As at 31 December 2024)



Mainland Portfolio

Enhancement work for the Lee Gardens Shanghai retail podium was completed in 2024. Leasing progress is encouraging, with occupancy of 41% as at 31 December 2024 and a further 20% was committed as of date of this announcement. Lee Gardens Shanghai started to generate rental income of HK\$6 million during the year.

The Central Government has put forward stimulus measures to increase national expenditure and spur domestic consumption. Leasing activities of Lee Gardens Shanghai are expected to continue picking up and contribute growth to its retail performance.

Marketing Initiatives and Loyalty Programmes

The retail market environment remained challenging during the year, influenced by a basket of factors such as frequent outbound travel by locals and a decrease in tourist arrivals. To counter mall traffic fluctuations throughout 2024, we implemented key campaigns designed to engage the community, drive traffic, boost sales and position Lee Gardens as a vibrant destination for both locals and tourists.

Among the programme of campaigns we curated were Artistry in Bloom during the Lunar New Year – an enchanting installation by renowned American floral illustrator, Jess Phoenix. The Easter ARTventure campaign, targeting families with children, featured workshops and the first-ever giant “messy play” event at Lee Gardens. For summer, we harnessed the Olympic spirit for Skaters’ Night, providing a platform for skateboarders and the urban sports community. Rounding off the year, the Christmas campaign staged immersive AI encounters, festive installations, live performances and other exciting activities that appealed to both locals and tourists. Other events included a Coffee Festival and the Urban Jam Festival, which drew over half a million visitors to the Lee Gardens Area.

Partnerships were a key driver of retail in 2024. These included collaborations with strategic external parties, among which were the Cathay x Hysan Place – HK7s event zone and Halloween campaign with Ocean Park. Both were key contributors towards strengthening our destination appeal. Other partnerships during the year involved anchor tenants in a series of exclusive in-store event activations, joint awareness and publicity campaigns, and outdoor installations that included an outdoor Winter Garden by an artist from Hermès. With Hermès and Cartier, we also held grand store opening events that captured the imagination of the fashion community.

Management's Discussion and Analysis

Club Avenue member sales in 2024 remained stable, despite the challenging retail environment. With the launch of our new app in the second quarter of 2024, we were able to enhance our customer segmentation and digital engagement. Satisfactory download and activation rates were driven by tailored campaigns. We also reinforced our Club Avenue customer relationship team to deliver personalised services and shopping experiences that appeal to high-spending luxury shoppers.

Looking ahead, we are confident that Lee Gardens, with its unique positioning and offerings, will maintain its reputation as a best-in-class shopping and lifestyle destination, enabling it to continue thriving as a vibrant, must-visit place for locals and tourists.

Office

Turnover of the Group's office portfolio saw an increase of 2.4% to HK\$1,507 million (2023: HK\$1,472 million).

In HK\$ million	2024	2023	Change
Office	1,507	1,472	+2.4%
– Hong Kong	1,440	1,462	-1.5%
– Mainland	67	10	n/m

n/m: not meaningful

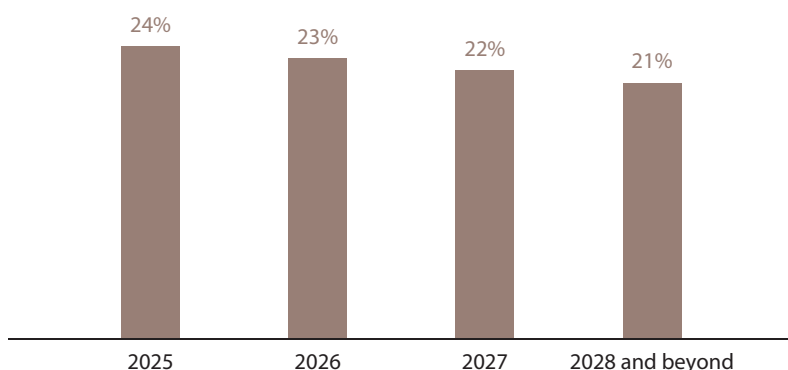
Hong Kong Portfolio

Turnover decreased by 1.5% to HK\$1,440 million, compared to HK\$1,462 million in 2023. This includes a turnover rent of HK\$9 million (2023: HK\$5 million).

Office leasing demand in Hong Kong remained subdued, with only modest activity throughout the year. Demand for Grade A offices also softened due to a slower-than-expected economic recovery; most transactions were relatively small-scale compared with before, at under 10,000 square feet, as businesses remained cautious in a volatile market. In response, landlords competed to attract prospective tenants by offering incentives such as rental concessions for both new lets and renewals.

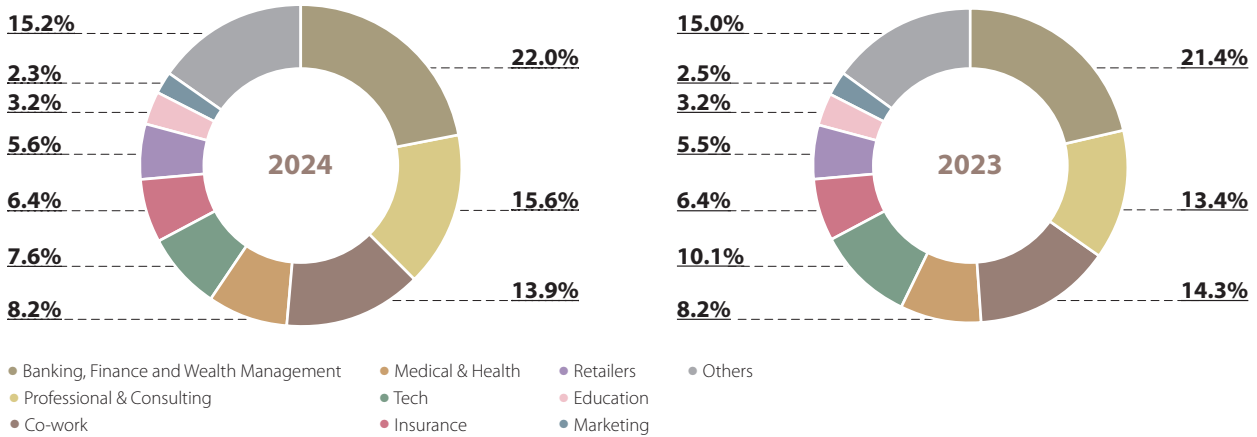
The average rental reversion rate on renewals, rent reviews and new lettings for Hysan's Lee Gardens office portfolio remained negative. Despite market headwinds, the portfolio maintained an occupancy rate of 90% as at 31 December 2024 (2023: 89%).

Office Lease Expiry Profile by Area Occupied (As at 31 December 2024)



As at the end of 2024, the Banking, Finance and Wealth Management sector continued to occupy the largest share 22.0% (2023: 21.4%) of our tenant portfolio by floor area. The Professional and Consulting sectors and Co-work sector were second and third.

Office Tenant Profile by Area Occupied as at Year-end



The upcoming Lee Garden Eight will enter the market in 2026. Hysan’s premium Grade A office portfolio will then be further strengthened in a rejuvenated Lee Gardens. Having secured top-tier sustainability pre-certifications and with more in progress, Lee Garden Eight is primed to capture the expanding demand from anchor tenants with rigorous ESG requirements.

With its Grade A facilities, exceptional retail amenities and professional management, the primely located Lee Gardens has created a compelling, fully-fledged ecosystem. These combined offerings will help to attract and retain quality multinational and local tenants, supporting Hysan’s long-term growth strategy in the premium office sector.

Mainland Portfolio

Turnover of Mainland’s office portfolio increased to HK\$67 million (2023: HK\$10 million), contributed by the improvement in occupancy to 66% (2023: 24%).

Residential

Hong Kong’s luxury residential leasing market demonstrated resilience in 2024. Despite headwinds in the first half of the year, this resilience was primarily the result of increased demand from new expats coming to Hong Kong, and an expanding pool of executives, professionals and graduates entering Hong Kong through various talent schemes. The talent inflow, which was traditionally propelled by the financial services sector, has now diversified as these schemes successfully attracted talents from a broader spectrum of industries.

Hysan’s residential leasing portfolio turnover saw an increase of 6.3% to HK\$218 million (2023: HK\$205 million). Occupancy was at 73% as at 31 December 2024 (2023: 60%). The average rental reversion in the sector was negative for renewals, rent reviews and new lettings.

Management's Discussion and Analysis

CORE EXPANSION & STRATEGIC PILLARS

Commercial Property Development – Lee Garden Eight

Lee Garden Eight, a strategic joint venture with Chinachem Group at Caroline Hill Road, has obtained government approval to build 2,000 square metres of additional gross floor area for the Performing Arts and Cultural Facilities ("PACF") at nil premium during the year. Following this, the joint venture entered into a Memorandum of Understanding with the Extension and Continuing Education for Life of The Hong Kong Academy for Performing Arts ("HKAPA EXCEL") to operate the PACF. The strategic collaboration aims to integrate arts into the community and commercial spaces, promote the development of arts and culture in Hong Kong, and enhance the appeal and cultural vitality of Lee Gardens.

Construction of Lee Garden Eight was well on track during the year towards its target completion in 2026. Lee Garden Eight will mark an important milestone in Hysan's long-term growth plans and will reinforce Lee Gardens precinct as a distinctive destination in Hong Kong.

Lee Garden Eight is included under "investment properties" in our consolidated statement of financial position.

Residential Property Development – VILLA LUCCA in Tai Po and To Kwa Wan Residential Project

VILLA LUCCA, our joint-venture luxury residential development in Tai Po, comprises 262 garden houses and apartments. As at 31 December 2024, a total of 115 units of the project have been contracted.

Following the removal of property cooling measures in early 2024, market sentiment showed a modest improvement during the remainder of the year. Nonetheless, sales were affected as a result of the sluggish economic conditions that prevailed. For the luxury residential sector, purchasers are more cautious reflected by low transaction volume.

VILLA LUCCA, a premium sea view residential development, continued to achieve sales to local buyers while also seeing an increased proportion of buyers from Mainland and overseas. A handful of residential units were converted into sales through rent-to-own contracts, reflecting market demand on this high-quality development, despite broader market headwinds.

For the mass residential market, Hysan owns a 25% stake in a joint venture to develop the Urban Renewal Authority's residential project at Bailey Street / Wing Kwong Street in Kowloon's To Kwa Wan district. This quality site will be redeveloped into three 24-storey buildings covering a total area of over 700,000 square feet. Hysan will oversee the design and operation of the retail portion of the project. During the year, all foundation works were completed, and construction of the superstructure is now in full swing. An occupation permit is targeted for around the end of 2026 to early 2027.

The VILLA LUCCA Project and To Kwa Wan Residential Project are included under "investments in joint ventures" in our consolidated statement of financial position.

Shanghai Investment Property – Grand Gateway 66

This investment property, in which Hysan owns a 26% stake, demonstrated resilient performance. The investment is included under "investments in associates" under our consolidated statement of financial position.

Greater Bay Area Flex – Joint Venture with IWG plc

All IWG flexible workspace brands in Hong Kong and the Greater Bay Area are exclusively operated under a Hysan-IWG joint venture.

The proven function of flex office in office ecosystem holds a promising future for our investment in flexible working spaces, as reflected in the growing occupancy rate and business performance of the joint venture. Through our partnership with the world's leading flexible workspace platform, IWG, we are optimistic about the prospects of the Greater Bay Area Flex.

The joint venture now operates 38 centres across the Greater Bay Area, with 5 new centres added to the network in 2024. Organic growth in centres and catchment will follow the demands of different cities of the Greater Bay Area.

The investment is included under "investments in joint ventures" in our consolidated statement of financial position.

Medical and Health – New Frontier Group

New Frontier Group is a leading private healthcare services provider based in Mainland. It operates a system of acute hospitals, an online hospital, rehabilitation and geriatric hospitals, oncology centres, ambulatory centres, outpatient clinics, a home health network, training centres and health insurance services across the country.

The business maintained its growth momentum in 2024, with the opening of two new private hospitals in Beijing and Shanghai, respectively, along with the acquisition of a comprehensive private oncology medical group in Hong Kong to strengthen its portfolio in the Greater Bay Area.

Hysan's minority stake investment in New Frontier Group provides strategic exposure for the Group in the Mainland's fast-growing healthcare sector, where demand for premium healthcare services is on the rise.

The investment is included as part of the "other financial investments" in our consolidated statement of financial position.

Management's Discussion and Analysis

FINANCIAL REVIEW

A review of the Group's results and operations is featured in the preceding sections. This section deals with other significant financial matters.

Operating Costs

The Group's operating costs are generally classified as property expenses (direct costs and front-line staff wages and benefits) and administrative expenses (indirect costs largely representing payroll related costs of management and head office staff). The Group's operating costs to turnover ratio decreased compared to last year, at 28% (2023: 29%).

	2024 HK\$ million	2023 HK\$ million	Change
Operating costs	954	928	+2.8%
– Hong Kong	886	888	-0.2%
– Mainland	68	40	n/m

n/m: not meaningful

Finance Costs

Finance costs decreased to HK\$450 million, as compared with HK\$478 million in 2023, contributed by exchange gains from borrowings resulting from RMB depreciation. The effective interest rate for the year was 4.3%, as compared with 4.2% in 2023.

Further explanation of the Group's treasury activities and policy, including debt and interest rate management, is set out in the "Treasury Policy" section.

Revaluation of Investment Properties

As at 31 December 2024, the Group's investment properties portfolio was valued at HK\$96,547 million, an increase of 0.6% from the HK\$96,005 million recorded at the prior year-end.

The valuation was carried out by Knight Frank Petty Limited, an independent professional valuer, on the basis of market value. A fair value loss on investment properties (after considering capital expenditure spent on the Group's investment properties) of HK\$1,506 million (2023: HK\$2,763 million) was recognised in the Group's consolidated statement of profit or loss for the year. The loss mainly reflects heightened market risk in the office sector weakened by continued structural changes.

The following shows the property valuation of each portfolio at year-end.

	2024 HK\$ million	2023 HK\$ million	Change
Retail	33,094	32,480	+1.9%
Office	34,109	35,688	-4.4%
Residential	8,664	8,647	+0.2%
Property under development	20,680	19,190	+7.8%
	96,547	96,005	+0.6%

Investments in Associates and Joint Ventures

The Group's investments in associates are primarily represented by its interest in Grand Gateway 66, a retail, office and residential complex in Shanghai, China. The share of results of associates decreased to HK\$204 million (2023: HK\$270 million). The Group's share of the revaluation loss (net of deferred tax) amounting to HK\$39 million (2023: revaluation gain of HK\$11 million). The properties at Grand Gateway 66 were revalued at fair value by an independent professional valuer for both years ended 31 December 2023 and 2024.

The Group's investment in joint ventures comprises interests in a Tai Po residential project, To Kwa Wan residential project and the IWG Flex business.

Other Financial Investments

Investment in New Frontier Group was one of the key initiatives which provides strategic exposure for the Group in the fast-growing healthcare sector in Mainland. As at 31 December 2024, other financial investments totalled HK\$1,657 million (2023: HK\$1,557 million). The increase was primarily attributable to the revaluation of fair value of the investments.

Bank Deposits

In addition to placing surplus funds as time deposits in banks with strong credit ratings, the Group also invested in investment grade debt securities.

The interest income decreased to HK\$134 million (2023: HK\$198 million), due to a decrease in the bank deposits placed.

Cash Flow

Cash flow of the Group during the year is summarised below. Cash includes liquid cash and bank deposits with less than 3 months' tenor.

	2024 HK\$ million	2023 HK\$ million
Cash generated from operations	2,543	2,431
Net investment and advance to joint ventures and other financial investments	(454)	(531)
Net borrowings (repayments)	1,210	(1,334)
Repurchase and distribution of perpetual capital securities	(1,156)	(442)
Bank deposits	948	4,166
Interest and taxation	(1,006)	(1,014)
Dividends paid	(1,213)	(1,585)
Considerations for share repurchase	-	(1)
Capital expenditure	(1,890)	(1,669)
Net cash (outflow) inflow	(1,018)	21

Management's Discussion and Analysis

The Group's cash generated from operations was HK\$2,543 million (2023: HK\$2,431 million), HK\$112 million higher than that in 2023, reflecting higher Recurring Underlying Profit from our core leasing business.

Net investment and advance to joint ventures and other financial investments, amounted to HK\$454 million (2023: HK\$531 million) related to advance to the residential site development in Tai Po.

Net borrowings amounted to HK\$1,210 million in 2024, reflecting drawdown and repayment of bank loans, repayment of fixed rate notes, and drawdown of loan from non-controlling interest. In 2023, total net repayments were HK\$1,334 million.

In 2020, the Group through a wholly owned subsidiary of the Company (the "Issuer") issued US\$850 million (equivalent to approximately HK\$6,604 million) 4.10% subordinated guaranteed perpetual capital securities, which are unconditionally and irrevocably guaranteed by the Company. Further, the Issuer issued US\$500 million (equivalent to approximately HK\$3,875 million) 4.85% senior perpetual capital securities, which are unconditionally and irrevocably guaranteed by the Company. The proceeds of the capital securities are for general corporate purposes and the capital securities are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). In 2024, the distribution paid to perpetual capital securities holders amounted to HK\$428 million (2023: HK\$442 million).

In 2024, the Group repurchased perpetual capital securities with principal amount of HK\$777 million with cash consideration at HK\$728 million.

Cash from bank deposits was HK\$948 million (2023: HK\$4,166 million), which was mainly attributable to reduction in deposits with longer tenor.

In 2024, no ordinary share was repurchased. In 2023, the Group purchased a total of 48,400 ordinary shares for a total of consideration of approximately HK\$1 million on the Stock Exchange for a one-off share award plan adopted by the Company on 15 October 2023 in commemoration of the momentous occasion of the 100th anniversary of the establishment of the Group in Hong Kong.

The Group paid dividends of HK\$1,109 million (2023: HK\$1,479 million), via a 2023 second interim dividend of HK81 cents per share (2023: HK117 cents) and a 2024 first interim dividend of HK27 cents per share (2023: HK27 cents).

Capital Expenditure and Management

Total cash outlay of capital expenditure increased to HK\$1,890 million during the year (2023: HK\$1,669 million). The capital expenditure during the year was mainly related to Caroline Hill Road project and enhancement works in Lee Gardens area. The Group is committed to enhancing the asset value of its investment property portfolio through selective enhancement and redevelopment.

TREASURY POLICY

Capital Structure Management

To ensure healthy liquidity, a strong financial position, and an optimised capital structure that supports its financing needs and sustainable growth, the Group strives to diversify funding sources and maintain an appropriate debt maturity profile aligned with the overall use of funds. The Group also aims to secure reasonable borrowing margins relative to market conditions and implement effective hedging and forex management strategies.

Funding Sources

The Group's total Gross Debt¹ level as at 31 December 2024 increased to HK\$26,717 million (2023: HK\$25,717 million), primarily driven by capital expenditure on strategic projects.

During the year, the Group signed HK\$8,000 million, 4-year syndicated loan with a consortium of 20 prestigious international and local banks, securing ample funding to meet its refinancing and operational needs over the medium term. As at 31 December 2024, the Group has undrawn committed facilities increasing to HK\$16,689 million (2023: HK\$11,408 million).

As at 31 December 2024, bank loans accounted for approximately 42% of the Group's total Gross Debt with the remaining 58% from capital market financing (2023: 39%: 61%).

The following table shows the Group's source of debts financing as at 31 December 2024 (in HK\$ million):

	Available	Drawn	Undrawn
Secured term loans ²	12,951	8,812	4,139
Unsecured term loans	5,350	2,150	3,200
Committed revolving loans	9,500	150	9,350
Capital market issuances	15,481	15,481	–
Total committed facilities	43,282	26,593	16,689
Uncommitted loans	2,692	124	2,568
Total source of debts financing	45,974	26,717	19,257

Maturity Profile

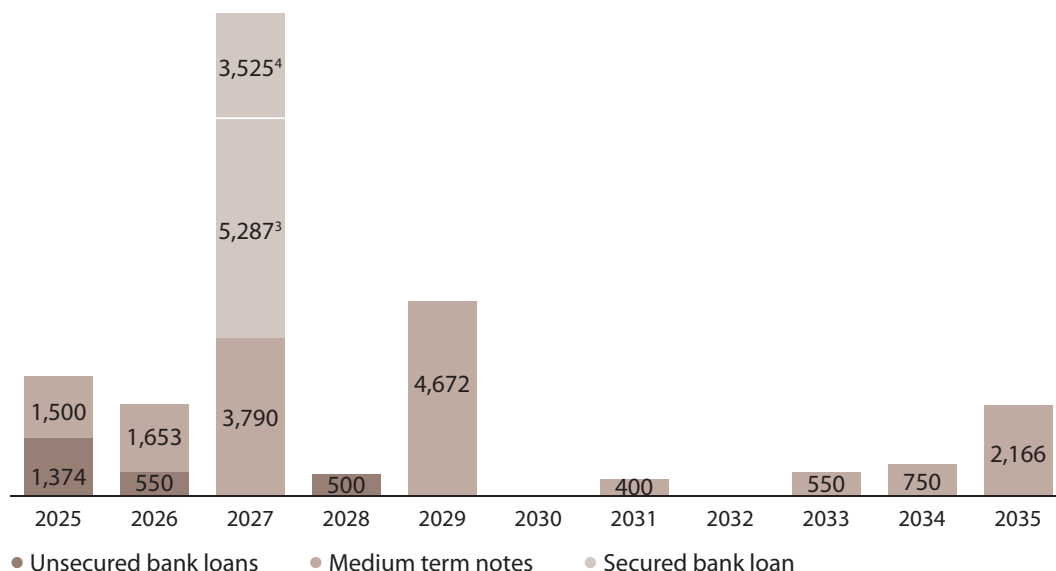
The Group maintains a well-staggered debts maturity profile in the coming 10 years to match with the nature of our assets and operations. As at 31 December 2024, the average maturity of debt portfolio was 3.4 years (2023: 4.5 years). Debt totalling HK\$2,874 million maturing in 2025 is planned to be refinanced with the Group's undrawn committed facilities.

¹ The Gross Debt represents the contractual principal payment obligations as at 31 December 2024. However, in accordance with the Group's accounting policies, the debt is measured at amortised costs, using the effective interest method. As disclosed in the Group's consolidated statement of financial position as at 31 December 2024, the book value of the outstanding debt of the Group was HK\$26,514 million (2023: HK\$25,564 million).

² Secured term loans represent the contractual principal payment obligations of the project financing of Caroline Hill Road project.

Management's Discussion and Analysis

The following shows the debts maturity profile of the Group at 2024 year-end (in HK\$ million):



Gearing ratio and net interest coverage

The Group's gearing ratio, as measured by Net Debt to Equity ratio⁵, was 31.4% at year-end 2024 (2023: 27.2%). The Group's Net Interest Coverage⁶ decreased to 8.8 times for 2024 (2023: 9.6 times).

Credit Rating

The Group maintains active dialogue with credit rating agencies and aims to maintain its investment-grade credit ratings. As of 31 December 2024, the Group's credit ratings were Baa2 from Moody's and BBB from Fitch, reflecting its strong financial position, liquidity, and prudent capital management strategy.

Liquidity Management

As of 31 December 2024, the Group had cash and bank deposits totalling HK\$2,211 million (2023: HK\$3,854 million) and investment-grade debt securities of HK\$896 million (2023: HK\$994 million).

The Group also maintained undrawn committed facilities provided by banks as an additional liquidity buffer.

Interest Rate Management

Interest expenses represent one of the key cost drivers for the Group's business. The Group closely monitors its interest rate exposure and adopts an appropriate hedging strategy based on market conditions. The fixed-rate debt ratio (after accounting for interest rate swaps) as of 31 December 2024 was 61% (2023: 62%). The effective interest rate slightly increased to 4.3% at year-end 2024, compared to 4.2% at year-end 2023.

³ 60% secured term loans of Caroline Hill Road project (guaranteed by Hysan).

⁴ 40% secured term loans of Caroline Hill Road project (guaranteed by Chinachem Group).

⁵ Net Debt to Equity is defined as borrowings less time deposits, cash and cash equivalents divided by total equity.

⁶ Net Interest Coverage is defined as gross profit less administrative expenses before depreciation divided by net interest expenses after interest capitalisation.

Foreign Exchange Management

The Group aims to maintain prudent currency exposure and does not speculate on currency movements for asset and liability management. It monitors and dynamically manages its foreign currency exposure, including USD and RMB, as appropriate, by applying systematic measures to mitigate foreign currency risk.

Use of Derivatives

As at 31 December 2024, outstanding derivatives were related to the hedging of interest rate risk and foreign currency risk. Strict internal guidelines have been established to ensure that derivatives are used solely to manage volatilities or to adjust the Group's treasury assets and liabilities to an appropriate risk profile.

Counterparty Credit Risk

All deposits are placed with banks with strong credit ratings, and counterparty risk is monitored regularly.

Before entering into any hedging transaction, the Group ensures that its counterparties possess solid investment-grade ratings to mitigate credit risk. As part of our risk management framework, a limit on maximum risk-adjusted credit exposure is assigned to each counterparty, reflecting the counterparty's credit quality.

Sustainable Finance Initiatives

Sustainability is an integral part of our financing strategies. By securing sustainable financing, such as green bonds, green loans, and sustainability-linked loans, we are supporting the transition to a sustainable economy and reinforcing our commitment to sustainable development. As of year-end, sustainable finance transactions totalled HK\$18,382 million, accounting for approximately 40% of the Group's total debts and facilities.

3

Corporate Governance

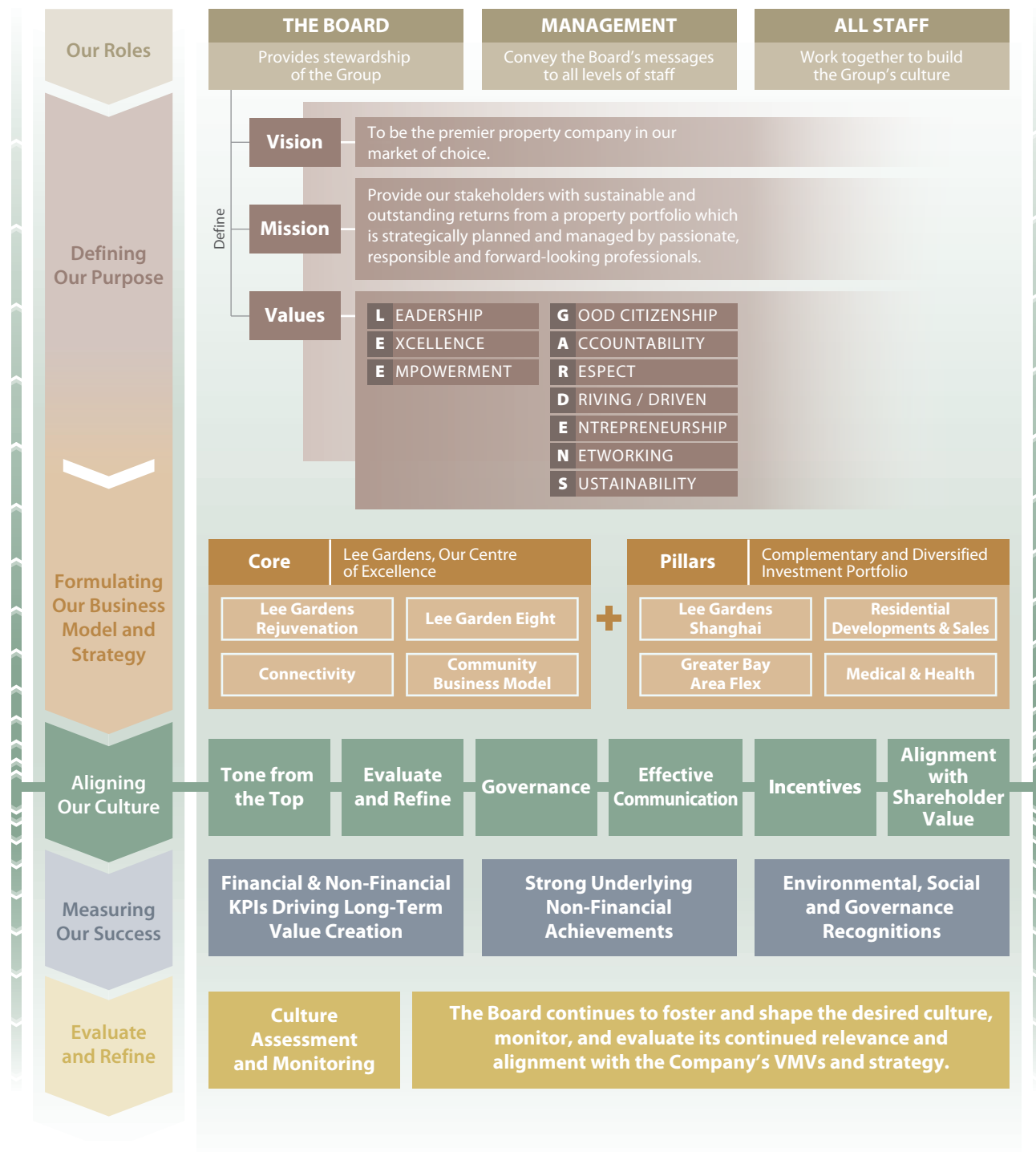
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Corporate Governance Report

Our Corporate Culture Framework

LEGACY BEYOND HISTORY

Hysan's roots run deep in Causeway Bay, a place that, over the past century, has transformed into one of the world's most vibrant retail and commercial hubs. The transformation reflects our founder Mr Lee Hysan's enterprising vision of curating a place for relaxation and recreation. Over the years, Lee Gardens has become a dynamic destination with a strong community vibe, staying true to our founder's goal of fostering social and communal connections. This legacy endures, built on a solid foundation of trust, shared values, culture and unity, guiding Lee Gardens' transformation into what it is today.



<p>Our Roles</p>	<p>The Board</p> <p>Provides stewardship of the Group. Defines our Vision, Mission, Values (“VMVs”) and strategy and ensures their alignment with our corporate culture. Sets the tone from the top, leads by example and influences change. Ensures the effectiveness and adequacy of the corporate governance system.</p> <p>Management</p> <p>Convey the Board’s messages to all levels of staff and foster the desired culture through effective engagement and clear communication of the Group’s strategy, business developments and expected behaviours.</p> <p>All Staff</p> <p>Work together to build the Group’s culture. Act with integrity, be responsible and honest. Be open to giving feedback and contribute to the continual refinement of the Group’s culture.</p>																														
<p>Defining Our Purpose</p>	<p>Hysan’s corporate culture is the way we express and implement our values. As a business rooted in Hong Kong for more than a century, we strive to achieve the highest standards in Citizenship, Leadership, Sustainability and Accountability through strong teamwork and effective governance.</p> <p>We excel in the areas where we operate and create unique values that mutually benefit the Company and our stakeholders (“Stakeholders”), including the communities we serve.</p> <p>Vision</p> <p>To be the premier property company in our market of choice.</p> <p>Mission</p> <p>Provide our Stakeholders with sustainable and outstanding returns from a property portfolio which is strategically planned and managed by passionate, responsible and forward-looking professionals.</p> <p>Values</p> <table border="1" data-bbox="370 1290 1455 1800"> <tr> <td>L</td> <td>eadership</td> <td>• Take Initiative, Challenge Conventional Wisdom, Think Independently.</td> </tr> <tr> <td>E</td> <td>xcellence</td> <td>• Aim to be the Best, Excel in What We Do.</td> </tr> <tr> <td>E</td> <td>mpowerment</td> <td>• To Empower & Be Empowered.</td> </tr> <tr> <td>G</td> <td>ood Citizenship</td> <td>• High Integrity, Be Honest and Open, Give Back to the Community.</td> </tr> <tr> <td>A</td> <td>ccountability</td> <td>• Understand Roles and Responsibilities, Keep Promises and Deliver, Be Responsible for your Actions and Inactions, Transparency.</td> </tr> <tr> <td>R</td> <td>espect</td> <td>• Show Respect, Earn Respect.</td> </tr> <tr> <td>D</td> <td>riving / Driven</td> <td>• Be a High Achiever, Do Not Accept Complacency, Meet and Exceed Expectations.</td> </tr> <tr> <td>E</td> <td>ntrepreneurship</td> <td>• Seek New Opportunities, Take Action.</td> </tr> <tr> <td>N</td> <td>etworking</td> <td>• Break Silos, Help Each Other, Share Information, Knowledge and Time, Build Internal and External Networks.</td> </tr> <tr> <td>S</td> <td>ustainability</td> <td>• Think Long-Term. • Preserve and Reuse Resources, Continuous Delivery of High Quality Services.</td> </tr> </table>	L	eadership	• Take Initiative, Challenge Conventional Wisdom, Think Independently.	E	xcellence	• Aim to be the Best, Excel in What We Do.	E	mpowerment	• To Empower & Be Empowered.	G	ood Citizenship	• High Integrity, Be Honest and Open, Give Back to the Community.	A	ccountability	• Understand Roles and Responsibilities, Keep Promises and Deliver, Be Responsible for your Actions and Inactions, Transparency.	R	espect	• Show Respect, Earn Respect.	D	riving / Driven	• Be a High Achiever, Do Not Accept Complacency, Meet and Exceed Expectations.	E	ntrepreneurship	• Seek New Opportunities, Take Action.	N	etworking	• Break Silos, Help Each Other, Share Information, Knowledge and Time, Build Internal and External Networks.	S	ustainability	• Think Long-Term. • Preserve and Reuse Resources, Continuous Delivery of High Quality Services.
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Formulating Our Business Model and Strategy

Hysan's vision to be the premier property company in Hong Kong is embodied in our distinctive approach to Lee Gardens – cultivating it as an organically connected community, rather than a collection of individual properties. Over a century, we have thoughtfully woven our buildings into the fabric of Causeway Bay, curating a cohesive neighbourhood identity that resonates with residents, businesses, and visitors alike.

At the heart of our approach is our Community Business Model, which brings our legacy values of good citizenship and networking to life through thoughtful spatial integration, curated offerings, and vibrant community events. This neighbourhood-centric philosophy delivers a unique social value proposition – where sustainability and excellence extend beyond individual structures to enrich the collective community experience. By emphasising the important social element of Environmental, Social and Governance (ESG) principles, our model cultivates meaningful connections and mutual respect that strengthen community bonds and create a sense of belonging throughout Lee Gardens.

Our Core and Pillar Strategy focuses on the continued rejuvenation and expansion of our "Core" in Lee Gardens while making strategic investments in growth "Pillars" that complement and strengthen our overall portfolio. This holistic approach is championed by our passionate, accountable, and forward-looking management team, who balance thoughtful stewardship with empowering innovation. Through this strategic framework, we consistently deliver sustainable returns to stakeholders while creating long-term value for the community through enhanced urban experiences, economic vitality, and cultural enrichment.

Core: Lee Gardens, Our Centre of Excellence

- **Lee Gardens Rejuvenation** – Transformation solidifying Lee Gardens' position as home of luxury and Hysan Place as a trendsetter, now entering harvest phase with financial returns in 2024.
- **Lee Garden Eight** – Strategic expansion of our core portfolio by approximately 30% in area, featuring cutting-edge sustainability features, performing art facilities, and 60,000 sq.ft. green open space. Set for completion in 2026.
- **Connectivity** – Integrated pedestrian walkway system offering a pleasant, weatherproof journey connecting Causeway Bay MTR station and the Lee Gardens buildings in 8 minutes. Set for completion in 2026.
- **Community Business Model** – Through curating sustainable and resilient communities, we drive meaningful impact across inclusivity, economic vitality, social well-being, climate resilience, and enhanced liveability. Our community-centric approach focuses on creating vibrant spaces where people connect, businesses thrive, and neighbourhoods evolve sustainably in response to changing needs. Further details are set out in the Group's Sustainability Report 2024.

Pillars: Complementary and Diversified Investment Portfolio

- **Lee Gardens Shanghai**
Brings our signature community business model to one of the most populous cities in the Mainland China, extending our successful placemaking approach beyond Hong Kong.
- **Residential Developments & Sales – VILLA LUCCA & To Kwa Wan Residential Project**
Establishing vintages of quality residential development projects to broaden our income sources.
- **Greater Bay Area Flex – Joint Venture with IWG**
Extends beyond traditional leasing into the flexible workspace sector. With 38 centres across the Greater Bay Area, we leverage a wide geographical footprint while meeting evolved workplace demands.
- **Medical & Health – New Frontier Group**
Providing strategic exposure for the Group in Mainland China's fast-growing healthcare sector and meeting the demand for premium healthcare services.

Aligning Our Culture

Tone from the Top

The Board has adopted a Corporate Culture Statement that codifies Hysan's culture developed over the years for better alignment with our VMVs and strategy. The Board reviews the Corporate Culture Statement regularly to ensure its continued relevance as the Group's strategy and business model evolve. The Board considered, and was satisfied, that Hysan's VMVs and strategy remained in alignment with its corporate culture.

Evaluate and Refine

The Board will continue to foster, review and shape the desired corporate culture, maintain visibility and insight into culture initiatives, and instil Hysan's core values across all levels of the Group.

Governance

Hysan believes that embracing strong governance is the foundation for delivering its strategic objective of consistent and sustainable performance over the long term. At the heart of Hysan's governance structure is an effective Board and management team who are committed to reinforcing Hysan's well-established VMVs and deeply engrained corporate governance tradition.

We exercise ethics beyond the narrow sense of legal compliance. We are committed to building risk management and internal control into our corporate culture. Our Code of Ethics covers a wide range of areas, including conflicts of interest, anti-bribery, competition and antitrust, privacy compliance, and equal opportunities. The Code sets out our values and standards as well as the procedures and measures to maintain a high standard of accountability and integrity.

The Code of Ethics, together with the Anti-bribery and Corruption Policy, Anti-fraud Policy, Whistleblowing Policy and Policy of Compliance (which sets out clear procedures for ensuring compliance and reporting of non-compliance), provides a comprehensive compliance framework. No regulatory breaches or confirmed cases of misconduct, malpractice or irregularity were reported in 2024.

Aligning Our Culture (continued)

Effective Communication

New joiners to the Company are introduced to Hysan's traditions, corporate culture and VMVs during the on-board orientation on their first day with Hysan. With the aim of instilling essential skills and embedding our core values across our business, our staff also receive regular training in topics that range from leadership, personal capabilities and industry knowledge to compliance via our e-learning platform Hysan Academy. Hysan Forum is also held regularly to share Hysan's strategy, business development and initiatives.

Promoting a culture of open communication and proactive engagement among Hysan staff, Hysan Pulse - our staff engagement platform, is an interactive platform where corporate policies, company news, promotions and staff events are disseminated. It serves as the key day-to-day channel through which our core values are communicated, understood and embraced. The "likes" and "comments" from our employees help the Company understand their views and concerns. Further details on talent development and training are set out in our Sustainability Report 2024.

Employee feedback is collected regularly from formal and informal channels, including performance review meetings, exit interviews and day-to-day conversations, with a view to developing initiatives and programmes that enrich our working environment and fuel the Company's growth.

In 2023, we produced a new animated video on our VMVs together with a series of training videos demonstrating behaviour that exemplifies Hysan's core values.

Incentives

Performance management is an important process that allows management to share the Group's VMVs and strategy with employees on a regular basis and promote our desired culture, values and behaviours.

Cultural elements have long been a component of Hysan's performance measurement with substantial weight given to behavioural performance, such as Leadership, Professionalism, Teamwork and Resourcefulness.

Hysan's remuneration policy incentivises a proper balance between business performance and long-term sustainable growth. It takes into account both quantitative and qualitative assessments of performance in the forms of financial and operational targets and behavioural competence that align with the Group's long-term strategy, culture and core values.

Alignment with Shareholder Value

In alignment and reinforcement of the Group's corporate culture, a share award plan was adopted in 2024. The share award plan aims to (i) attract and retain critical talent and drive long-term commitment to the Group; (ii) ensure performance and promote a culture of excellence; and (iii) instil a culture of accountability, engagement and sense of ownership by aligning compensation with long-term Company successes.

Measuring Our Success

Financial & Non-Financial KPIs Driving Long-Term Value Creation

Financial Achievements:	HK\$3,409 million Turnover
	HK\$1,956 million Recurring Underlying Profit
	HK108 cents Dividend per Share

Strong Underlying Non-Financial Achievements:

Category	2024 Non-financial Achievements
Governance	Exceeded 33% representation of women directors on the Board
	Zero cases of cyber security / data privacy breaches
Environment	>7% reduction in carbon emissions (Scope 1 and 2) from 2023
	>7% reduction in electricity use (Hong Kong portfolio) from base year 2021
	Committed to Science Based Target Initiative (SBTi)
	Over 32,000 kWh renewable energy generated
	40% of debt financed by sustainable finance
Community	Curated >2,000,000 Happy Hours
	Engaged >3,000,000 participants through >200 events
	Maintained traditional trade and modern urban culture shops >25:75 ratio
	Provided support to >30% to the Lee Gardens neighbourhood
	Zero work-related fatalities
People	52% of management positions* held by women
	14% increase in training hours

* "Management positions" refer to manager grade staff and above.

Environmental, Social and Governance Recognitions

Attained recognitions from key relevant ESG benchmarks and indices.



G R E S B
★★★★★ 2024

Received a "4-star" Rating



Hong Kong Institute of Certified Public Accountants
香港會計師公會

Gold Award – Most Sustainable Companies/ Organizations Awards by the Hong Kong Institute of Certified Public Accountants (HKICPA) for the 21st consecutive year



Hang Seng Corporate Sustainability Index Series Member 2024-2025

Constituent Member of Hang Seng Corporate Sustainability Index Series



Improved to "AA" Rating in 2024



FTSE4Good

Constituent Member of the FTSE4Good Index Series



"Low Risk" in Sustainalytics ESG Risk Rating

Evaluate and Refine

Culture Assessment and Monitoring

Measures are in place to ensure desired culture and expected behaviours are communicated to all employees. Specific indicators, both quantitative and qualitative, have also been used for assessing and monitoring corporate culture:

Staff turnover rate
Whistleblowing data
Board evaluation
Breaches of code of conduct
Regulatory breaches

Moreover, the Board continues to foster and shape the desired culture, monitor, and evaluate its continued relevance and alignment with the Company's VMVs and strategy.

It also continues to evaluate the design, implementation and effectiveness of the Group's culture and ethics-related programmes, activities and policies.

Corporate Governance Highlights

Hysan Development Company Limited (the “Company”) and its subsidiaries (the “Group” or “Hysan”) believe that strong governance is the foundation for delivering its strategic objectives and sustainable returns to our Stakeholders over the long term.

Throughout 2024, Hysan continued to implement and uphold the principles of good corporate governance as set out in the Corporate Governance Code (the “CG Code”) contained in Part 2 of Appendix C1 of the Rules Governing the Listing of Securities (the “Listing Rules”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange” or “HKEx”). Hysan has fully complied with the code provisions of the CG Code, as well as all applicable requirements and provisions of the Environmental, Social and Governance Reporting Code as set out in Appendix C2 of the Listing Rules.

KEY FOCUS AREAS OF THE BOARD IN 2024

As we navigate a period marked by significant challenges and opportunities, our Board has identified several key areas of focus for the year. These priorities are essential for ensuring the long-term growth and resilience of our organisation.

- **Execution of the Group’s “Core and Pillar Strategy”**

Rejuvenate and enhance the competitiveness of our core portfolio in response to structural changes in the retail and office sectors. Built diversified and complementary pillars for long-term growth.

- **Business and Operational Risk Management**

Assess and mitigate challenges arising from economic uncertainties, geopolitical tensions, structural changes in the retail and office sectors, interest rate fluctuations, acute weather events, and cyber security threats.

- **Board Refreshment**

Introduced new members with fresh insights and expertise, ensuring a balanced composition that fosters strategic continuity and diverse perspectives.

- **Capital Management**

Ensure robust liquidity, optimise funding structure, debt maturity profile and financing costs. Maintain rigorous control over operational and capital expenditures.

- **Sustainability**

Integrate sustainable practices into our long-term strategy, aligning with global standards and stakeholder expectations to promote environmental stewardship and social responsibility.

There is frequent and very open discussion of matters of strategic direction, with all members making valuable, insightful contributions.

Directors’ comments received in Board Evaluation 2024

HIGHLIGHTS OF THE YEAR

BOARD AND BOARD COMMITTEES' REFRESHMENT

- Pursuant to the long-term succession plan of the Board to balance experience, expertise, diversity and tenure, the Board has been refreshed in an orderly and forward-looking manner over the past few years, to bring new skills and perspectives that support the Group's strategy and growth while ensuring smooth transitions and continuity.
- During the year, the Board endorsed and approved the appointment of a new Independent Non-Executive Director ("INED") and the retirement of an INED and considered and approved the changes to the composition of Board Committees.

BOARD DIVERSITY

- The appointment of Mr. Zhang Yong refreshed the average tenure of directors of the Company ("Directors") and broadened the breadth of experience of our Board by including fresh perspectives and a forward-thinking approach that aligns with the Group's mission, values and strategy.
- The Board maintained a high level of female representation at 36.4% in 2024, exceeding the target of maintaining a minimum of 33% female representation as set out in the Board Diversity Policy.
- As outlined in the Board Diversity Policy updated in November 2024, the Company has established a measurable objective to achieve and maintain at least 33% female representation on the Board, with the ultimate goal of achieving gender parity at the Board level.

Meetings are well signaled in advance, with a program of dates set out at an early stage. Increasingly meetings are being conducted in a time efficient manner, with most time being devoted to structural and strategic issues.

Directors' comments received in Board Evaluation 2024

Corporate Governance Report

HIGHLIGHTS OF THE YEAR (continued)

WORKFORCE DIVERSITY

- To promote diversity and inclusion across the workforce, the Company adopted the Workforce Diversity Policy in 2024.
- As one of the measurable objectives under the Workforce Diversity Policy, the Company commits to maintaining at least 40% of female employees (including senior management).

CORPORATE CULTURE

- Set tone from the top and lead by example.
- Articulate our LEE GARDENS values to shape our business model and guide us towards achieving our vision and mission.

ALIGNMENT OF EXECUTIVES INCENTIVE AND SHAREHOLDER VALUE

- A share award plan was adopted in 2024 aiming to (i) attract and retain critical talent and drive long-term commitment to the Group; (ii) ensure performance achievement and promote a culture of excellence; and (iii) instil a culture of accountability, engagement and sense of ownership by aligning executive compensation with long-term Company successes.

STAKEHOLDER ENGAGEMENT

- The annual general meeting of the Company ("AGM") held on 5 June 2024 ("2024 AGM") was conducted in a hybrid format to promote inclusivity, engagement and transparency, facilitate the participation of our shareholders ("Shareholders") by providing convenient access overcoming geographical constraints, and protect Shareholders' right to attend general meetings. This arrangement has broadened the reach of the AGM and provided flexibility to our Shareholders who do not wish to attend in person or for overseas Shareholders who are unable to attend in person.
- At the 2024 AGM, the Company approved amendments to the articles of association of the Company (the "Articles"), allowing the Company to have the flexibility to hold a general meeting with the use of virtual meeting technology (the "Amendments"). The Amendments enhance flexibility in conducting general meetings, streamline corporate affairs, and improve Shareholder participation by providing convenient access, overcoming geographical and space limitations, benefiting both the Company and its Shareholders.

LONG-ESTABLISHED CORPORATE GOVERNANCE TRADITION

We are committed to achieving best practices in all aspects of corporate governance, going above and beyond regulatory compliance with the Listing Rules.

This section highlights the corporate governance practices Hysan has adopted over the years, which remain best practices exceeding the relevant CG Code and/or the Listing Rules requirements.

<p>GOVERNANCE STRUCTURE</p>	<ul style="list-style-type: none"> • Our Board comprises 11 Directors, of which six are INEDs, exceeding the independence requirements under the Listing Rules. • The remuneration committee of the Company (“Remuneration Committee”) consists entirely of INEDs. • An effective and thorough evaluation of the Board and the Board Committees is conducted digitally on an annual basis, followed by timely and meaningful analysis and discussion of Directors’ feedback and action plans. • Directors are appointed through formal letters of appointment setting out formal criteria and requirements (including expected time commitments) for their appointment. • A Board of Directors Mandate* and a detailed Schedule of Corporate Matters Reserved for the Board* have been adopted to provide a clear division of roles between the Board and the Company’s management. • Comprehensive Onboarding Guidelines for Directors* have been established to familiarise new Directors with Hysan’s business, strategy, VMVs, culture and governance. • The terms of reference of the nomination committee of the Company (“Nomination Committee”) require that the majority of members be INEDs, exceeding the Listing Rules requirements.
<p>STAKEHOLDER ENGAGEMENT</p>	<ul style="list-style-type: none"> • Limits have been placed on the issuance of additional shares under a general mandate since 2018; such issuances shall not exceed 10% of the total number of the Company’s issued shares, and the discount- to-market price of any shares to be issued shall not exceed 10%. • More than 20 business days’ notice is given for the AGM. • Early announcements of audited financial results and publication of annual reports (within two months and three months after the financial year-end respectively).

The Board is inclusive and well established to empower member to participate, debate and add value.

Directors’ comments received in Board Evaluation 2024

Corporate Governance Report

INTERNAL CONTROL AND COMPLIANCE

- A Risk Appetite Statement* adopted in 2021 articulates Hysan's principle towards risk acceptance in pursuit of its strategic mission and business objectives. The statement defines the type of risk scenarios the Group should avoid and not become exposed to, taking the varying levels of exposure into consideration.
- A Tax Governance Policy* adopted in 2021, along with a supporting tax compliance policy and procedures, provides a tax governance framework on compliance and risk management.
- An Anti-Fraud Policy* adopted in 2021 and updated in 2023, along with supporting fraud handling procedures and controls, is in place to govern the prevention, detection and reporting of fraud.
- A Human Rights Policy*, adopted in 2020 and updated in February 2024, and a Code of Ethics* applicable to all staff and Directors were adopted in 2005 and updated in January 2024. The policy and the code are designed to promote a healthy corporate culture of accountability, transparency, integrity and ethical behaviour.
- A separate Whistleblowing Policy* was established in 2016 to allow reporting to be made in confidence to an independent third party, which reports directly to the audit and risk management committee of the Company ("Audit and Risk Management Committee"). The Whistleblowing Policy, together with the Anti-Bribery and Corruption Policy* adopted in 2022, reinforces and expands Hysan's existing anti-corruption system and procedures.
- Corporate Governance Guidelines* formulated in 2004 are reviewed regularly and were updated in February 2023 to provide guidelines on important governance issues.
- An Auditor Services Policy* was adopted in 2012 to set the parameters within which auditors may be engaged for audit, non-audit or tax work that is consistent with applicable laws and Hysan's corporate governance principles.
- A formal Code for Securities Dealing by Restricted Employees, which sets out clearance and approval procedures for securities dealings, has been adopted and was updated in 2023 to extend the relevant Listing Rules requirements to employees who, because of their office, are likely to have access to confidential or inside information of the Group.
- Connected transactions and continuing connected transactions are approved by the full Board, with a requirement that transactions exempt under the Listing Rules be reported to and confirmed by the full Board after obtaining the approval of the executive committee of the Company ("Executive Committee").
- Additional assurance with regard to the review of continuing connected transactions is provided by Internal Audit.
- Confirmation from senior management to the Audit and Risk Management Committee and the Board is provided to verify the effectiveness and adequacy of the Group's risk management and internal control system.
- All corporate policies and procedures (including but not limited to policies on financial reporting, procurement and privacy compliance) are required to be reviewed annually to ensure their continual effectiveness and relevancy.

SUSTAINABILITY	<ul style="list-style-type: none"> • A Sustainability Committee was established in 2020 with a clear governance structure and terms of reference to support the Board in overseeing and providing direction on the Group’s sustainability development and management of ESG-related risks and issues. • In support of Hysan’s sustainability strategy and vision, a sustainable Finance Framework* was adopted in 2021. This framework expands the scope of the Company’s existing Green Finance Framework* to include not only green projects but also social projects and initiatives that have a positive impact on society and our stakeholders. • Financing transactions conducted under the Green Finance Framework and Sustainable Finance Framework include the first green bond in 2019, the first sustainability-linked loan in 2021, and a ESG-linked loan facility in 2022. • A Sustainable Procurement Policy* adopted in 2021 and updated in February 2024 provides guidelines for making sustainable procurement decisions with the lowest environmental impact and most positive social results. • A Suppliers’ Code of Conduct adopted in February 2024 states our commitment to conducting business ethically, sustainably and with respect for human rights. Our service providers and contractors are expected to adhere to the Suppliers’ Code of Conduct.
DISCLOSURE AND OTHERS	<ul style="list-style-type: none"> • Individual reports for each Board Committee are published in the Annual Report to enhance transparency. • Hysan’s risk management and internal control framework, along with details on how Hysan manages the Group’s significant risks, was disclosed in the Risk Management and Internal Control Report. • A Corporate Culture Statement* was adopted in 2022 to codify Hysan’s culture for better alignment with Hysan’s well-established VMVs and strategy. • A Corporate Disclosure Policy* formulated in 2013 promotes disclosure of information in a timely, accurate and broadly disseminated manner. • The disclosure committee of the Company (“Disclosure Committee”) conducts regular assessments of potential inside information and communications. • The Dividend Policy was adopted in 2018 and updated in November 2024 with enhanced disclosure on objectives and factors to be considered in dividend decisions.

* Detailed policies and terms of reference are available on the Company’s website: www.hysan.com.hk/governance.

Corporate Governance Report

FROM COMPLIANCE TO EXCELLENCE

THE CG CODE AMENDMENTS

In December 2024, the Stock Exchange published the conclusions to its consultation on Review of Corporate Governance Code and the associated Listing Rules ("Amended CG Code"). Most of the amendments are applicable for financial year commencing on or after 1 July 2025. Hysan has proactively implemented these governance practices well ahead of regulatory requirements, demonstrating our commitment to governance excellence and shareholder value.

New Requirements	Hysan's Practices
Mandatory director training on specific topics	<ul style="list-style-type: none">✓ EARLY ADOPTER: Directors have undertaken no less than eight hours of relevant training in each financial year since 2023, with all Directors fulfilling the recommended training hours for the year ended 31 December 2024.✓ ENHANCED DISCLOSURE: Topics and modes of training undertaken by the Directors are disclosed in the Annual Report.
Board performance review at least every two years	✓ EXCEEDS REQUIREMENT: Board evaluations in the form of a questionnaire are conducted on an annual basis, providing more frequent governance oversight and continuous improvement opportunities.
Disclosure of board skills matrix	✓ COMPREHENSIVE APPROACH: To ensure the Board maintains necessary diversity of skills in a dynamic operating environment, a thorough analysis of the skill set mix is conducted by the Nomination Committee annually and disclosed in the CG Report.
Overboarding INED <ul style="list-style-type: none">• Hard cap of six listed company directorships	✓ FULL COMPLIANCE: None of our Directors individually held directorships in more than three public companies (excluding Hysan) as of 31 December 2024, ensuring focused governance attention.
Directors' time commitment <ul style="list-style-type: none">• Annual review by Nomination Committee	<ul style="list-style-type: none">✓ RIGOROUS ASSESSMENT: The Nomination Committee conducts and reports its assessment of each Director's time commitment and contribution to the Board.✓ PROACTIVE UPDATES: Directors disclose other offices and commitments promptly, enabling timely governance oversight.
Nomination committee consists of at least one member of a different gender	✓ EXCEEDS REQUIREMENT: Our Nomination Committee has 40% female representation , demonstrating our genuine commitment to balanced perspectives in governance decisions.
An annual review of the implementation of the Board Diversity Policy	✓ TRANSPARENT GOVERNANCE: Our Board Diversity Policy, its implementation and effectiveness are thoroughly reviewed by the Nomination Committee annually with detailed disclosure in the Nomination Report.

New Requirements	Hysan's Practices
Adoption of workforce diversity policy	<ul style="list-style-type: none"> ✓ EARLY ADOPTION: Workforce Diversity Policy outlines our approach and commitment to in the workforce was adopted in November 2024. ✓ MEASURABLE OBJECTIVES: Established under Workforce Diversity Policy to maintain at least 40% of female employees (including senior management).
Separate disclosure of the gender ratios of senior management and the workforce	✓ COMPREHENSIVE REPORTING: Gender ratios are disclosed with context in the Workforce Diversity section.
Annual review of the effectiveness of the risk management and internal control systems	✓ INTEGRATED APPROACH: Effectiveness of risk management and internal control systems is thoroughly reviewed by the Board annually with comprehensive disclosure in the Risk Management and Internal Control Report.
Disclose the dividend policy and the Board's dividend decisions	✓ EARLY ADOPTION: Enhanced disclosure was implemented ahead of requirements, providing shareholders with greater transparency on capital allocation decisions.

LOOKING FORWARD: GOVERNANCE EVOLUTION

Hysan remains committed to governance excellence that goes beyond compliance. We continuously evaluate emerging best practices and stakeholder expectations to ensure our governance framework supports sustainable business success and stakeholder value creation.

A cohesive, well-balanced board with deep commitment to the business.

Directors' comments received in Board Evaluation 2024

Our Leadership Team

Executive Directors



Lee Irene Yun-Lien

Chairman of the Board



Board Appointment Ms. Lee was appointed as a Non-Executive Director in March 2011, the Non-Executive Chairman in May 2011 and the Executive Chairman in March 2012. She also serves as a director of certain subsidiaries of the Group. She is aged 71.

Competencies and Experience Ms. Lee leads the Group in her Executive Chairman role. Ms. Lee is the independent non-executive chairman and the chairman of the nomination committee of Hang Seng Bank Limited and is an independent non-executive director and the chairman of the remuneration committee of The Hongkong and Shanghai Banking Corporation Limited. She is also an independent director of Alibaba Group Holding Limited, the chair of its nominating and corporate governance committee and the chair of its compliance and risk committee. Ms. Lee also serves as a member of the board of trustees of The Better Hong Kong Foundation.

Previously, Ms. Lee held senior positions in investment banking and funds management at a number of international financial institutions, including Citibank in New York, London and Sydney, and was the global head of corporate finance at the Commonwealth Bank of Australia. She was also on the boards of many listed and unlisted companies, including ING Bank (Australia) Limited and QBE Insurance Group Limited. In addition, she was an independent non-executive director of CLP Holdings Limited, Cathay Pacific Airways Limited, Noble Group Limited and HSBC Holdings plc, and a member of the Advisory Council of JP Morgan Australia. She was also formerly a member of the Australian Government Takeovers Panel and a member of the Exchange Fund Advisory Committee of the Hong Kong Monetary Authority.

Ms. Lee is a member of the founding Lee family, sister of Mr. Lee Anthony Hsien Pin (a Non-Executive Director) and his alternate on the Board.

Qualifications Ms. Lee holds a Bachelor of Arts degree from Smith College, the United States of America, and is a Barrister-at-Law in England and Wales and a member of the Honourable Society of Gray's Inn, the United Kingdom. She was awarded the degree of Doctor of Social Science, *honoris causa*, from The Chinese University of Hong Kong in November 2022.

Committee Ms. Lee is the chairman of the Nomination Committee.



Audit and Risk Management Committee



Remuneration Committee



Nomination Committee



Sustainability Committee



Committee Chairman

Executive Directors (continued)



Lui Kon Wai

Executive Director and Chief Operating Officer

Board Appointment Mr. Lui was appointed as the Group's Chief Operating Officer in December 2016 and Executive Director in October 2021. He also serves as a director of certain subsidiaries of the Group. He is aged 59.

Competencies and Experience Under the leadership of the Executive Chairman, Mr. Lui is responsible for translating and executing the Group's strategy and vision into operational and financial attainment, and driving the Group's business growth, development and investment. He has over 30 years of experience as a senior executive in the global property industry, covering acquisitions, development and asset management for residential, office, retail and large-scale mixed-use developments in Hong Kong, Mainland China and overseas.

Qualifications Mr. Lui holds a Master of Business Administration from the University of Warwick, the United Kingdom. He is also a Fellow of the Royal Institution of Chartered Surveyors.

Independent Non-Executive Directors



Chung Cordelia

Independent Non-Executive Director



Board Appointment Ms. Chung was appointed as an Independent Non-Executive Director in May 2023 and is aged 65.

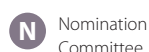
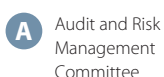
Competencies and Experience Ms. Chung has extensive multinational experiences specialising in information technology, with knowledge of the building industry. She was trained and practised as a lawyer. Ms. Chung spent over 20 years with IBM China/Hong Kong Limited (“IBM”). At IBM, she was the first Asian female executive to serve on the chairman and chief executive officer’s strategy team, responsible for setting global direction for the company. She held senior leadership positions at IBM, including regional general manager for Southeast Asian countries, general manager for Hong Kong and Macau and general counsel for Asia Pacific.

Ms. Chung currently serves as the chairman of the board, the chairman of the nomination committee and the remuneration committee of HKBN Ltd., an independent non-executive director and the chairman of the remuneration committee of Hang Seng Bank Limited, an independent non-executive director of HKSTP Foundation Limited, and a non-executive director of Arup Group Limited. She is the chairperson of Maryknoll Convent School Foundation Limited and a consultant at Raymond T.Y. Chan, Victoria Chan & Co. Ms. Chung also serves as a member of the Court of City University of Hong Kong. Ms. Chung received the Directors of the Year Award 2022 for “Statutory/ Non-profit-distributing Organisations Non-Executive Directors” by The Hong Kong Institute of Directors. She was also awarded the Medal of Honour by the HKSAR Government in 2024 in recognition of her contributions in promoting innovation and technology development in Hong Kong and her active participation in public service.

Ms. Chung was previously a non-executive director of Hong Kong Science and Technology Parks Corporation and Grosvenor Asia Pacific Limited, a member of the Human Resources Planning Commission and the Research Grants Council of the HKSAR Government, Dalian Committee of the Chinese People’s Political Consultative Conference and the Personal Data (Privacy) Advisory Committee of the Office of the Privacy Commissioner for Personal Data, Hong Kong. Ms. Chung was also a trustee of the board, the chairman of the promotion and development committee and member of the audit and risk committee of the Singapore University of Technology and Design.

Qualifications Ms. Chung holds a Bachelor of Laws (Hons) from the University of Hong Kong.

Committees Ms. Chung is the chairman of the Remuneration Committee and a member of the Nomination Committee.



Independent Non-Executive Directors (continued)



Churchouse Frederick Peter

Independent Non-Executive Director



Board Appointment Mr. Churchouse was appointed as an Independent Non-Executive Director in December 2012 and is aged 75.

Competencies and Experience Mr. Churchouse has been involved in Asian securities and property investment markets for more than 30 years. Currently, he is a private investor and has his own private family office company, Portwood Company Ltd. Mr. Churchouse is an independent non-executive director of Longfor Group Holdings Limited. He was the publisher and author of *The Churchouse Letter*.

In 2004, Mr. Churchouse set up an Asian investment fund under LIM Advisors. He acted as the director and Responsible Officer of LIM Advisors until the end of 2009.

Prior to this, Mr. Churchouse worked at Morgan Stanley as a managing director and advisory director from early 1988. He acted in a variety of roles, including head of regional research, regional strategist, and head of regional property research. He was also a board member of Macquarie Retail Management (Asia) Limited.

Qualifications Mr. Churchouse gained a Bachelor of Arts degree and a Master of Social Sciences degree from the University of Waikato in New Zealand.

Committees Mr. Churchouse is a member of the Audit and Risk Management Committee, the Remuneration Committee and the Nomination Committee.

Independent Non-Executive Directors (continued)



Poon Chung Yin Joseph

Independent Non-Executive Director



Board Appointment Mr. Poon was appointed as an Independent Non-Executive Director in January 2010. He is aged 70.

Competencies and Experience Mr. Poon is a member of the advising committee of the Asia Pacific Institute for Strategy and a board advisor of Clean Air Network. Mr. Poon was formerly an independent non-executive director of AAC Technologies Holdings Inc.; a non-executive director, the group managing director and deputy chief executive officer of Tai Chong Cheang Group; and managing director and deputy chief executive of Hang Seng Bank Limited. He also held senior management posts at HSBC Group and a number of internationally renowned financial institutions.

Mr. Poon was the former chairman of the Hang Seng Index Advisory Committee, Hang Seng Indexes Company Limited; a former member of the Board of Inland Revenue of the Hong Kong Special Administrative Region and the Environment and Conservation Fund Investment Committee; and a former committee member of the Chinese General Chamber of Commerce, Hong Kong.

Qualifications Mr. Poon holds a Bachelor of Commerce degree from the University of Western Australia. He is a member of Chartered Accountants Australia and New Zealand, and the Hong Kong Institute of Certified Public Accountants. Mr. Poon is also a Fellow of the Hong Kong Institute of Directors.

Committees Mr. Poon is the chairman of the Audit and Risk Management Committee and a member of the Nomination Committee.

A Audit and Risk Management Committee

R Remuneration Committee

N Nomination Committee

S Sustainability Committee

○ Committee Chairman

Independent Non-Executive Directors (continued)



Wong Ching Ying Belinda

Independent Non-Executive Director



Board Appointment Ms. Wong was appointed as an Independent Non-Executive Director in December 2018 and is aged 53.

Competencies and Experience Ms. Wong was the former chairwoman and chief executive officer of Starbucks China. Under her visionary leadership, Starbucks expanded its retail presence over 15-fold, reaching more than 7,500 company-owned stores across 1,000 cities and solidifying China as its largest international market. Ms. Wong positioned the brand at the forefront of retail innovation, championing digital initiatives that revolutionised operations and enhanced customer experiences. Notably, she created an omni-channel business model that generated half of the sales of Starbucks China and developed a highly successful loyalty programme with nearly 150 million members.

Ms. Wong joined Starbucks Coffee Company in 2000 and held leadership positions across a variety of business units and geographies, including marketing director for the Asia Pacific region of Starbucks Coffee, managing director of Starbucks Singapore and general manager of Starbucks Hong Kong. She has extensive experience in retail, food and beverage, people, brand development and growth strategy across the Greater China and Asia Pacific regions.

Ms. Wong is currently an independent director of Canada Goose Holdings Inc. (listed on the New York Stock Exchange and Toronto Stock Exchange) and serves as a member of the Faculty Advisory Board for the University of British Columbia's Sauder School of Business. Ms. Wong was an independent non-executive director of Television Broadcasts Limited.

Qualifications Ms. Wong holds a Bachelor of Commerce degree with a major in finance from the University of British Columbia in Canada.

Committee Ms. Wong is a member of the Sustainability Committee.

Independent Non-Executive Directors (continued)



Young Elaine Carole

Independent Non-Executive Director



Board Appointment Ms. Young was appointed as an Independent Non-Executive Director in March 2022. She is aged 60.

Competencies and Experience Ms. Young has extensive experience in both real estate and hospitality across Asia. She is the co-founder of the boutique serviced apartment brand, Shama. After Shama was acquired by ONYX Hospitality Group in 2010, Ms. Young founded her own real estate and hospitality consultancy firm. In 2017, Ms. Young co-founded TULU, a Shanghai based Co-Living brand. Ms. Young is a special advisor to one of Warburg Pincus' joint ventures in China, NOVA Property Investment Co. Ltd., and sits on its board. Ms. Young is also the co-chair of The Mekong Club, a non-profit organisation that fights modern day slavery. She was named "Entrepreneur of the Year" at the prestigious RBS Coutts / Financial Times Woman in Asia Awards in 2009.

Ms. Young served as an independent non-executive director of Link Asset Management Limited (as manager of Link Real Estate Investment Trust) for nine years until 31 January 2022 and was a member of its finance and investment committee and remuneration committee. She was an independent non-executive director of Ascott Residence Trust Management Limited, the manager of Ascott Residence Trust listed on The Singapore Exchange Securities Trading Limited, and was a member of its audit committee.

Committees Ms. Young is the chairman of the Sustainability Committee and a member of the Remuneration Committee.

A Audit and Risk Management Committee

R Remuneration Committee

N Nomination Committee

S Sustainability Committee

○ Committee Chairman

Independent Non-Executive Directors (continued)



Zhang Yong

Independent Non-Executive Director



Board Appointment Mr. Zhang was appointed as an Independent Non-Executive Director in December 2024 and is aged 53.

Competencies and Experience Mr. Zhang is currently the managing partner of Firstlight Capital.

Mr. Zhang was appointed as the chief executive officer of Alibaba Group in May 2015 and its chairman in September 2019 until September 2023. Mr. Zhang is a founding member of the Alibaba Partnership and was recognised with the distinct honour of the first-ever “Aliren Emeritus title” in Alibaba Group’s history.

During his 16-year journey with Alibaba Group, Mr. Zhang was a driving force behind numerous groundbreaking initiatives and was the ingenious architect of the “11.11 Global Shopping Festival”, the most lucrative shopping day globally. He began in 2007, serving first as the chief financial officer and then the chief operating officer of Taobao Marketplace. He later became the general manager of Taobao Mall and was appointed president in June 2011 when Taobao Mall became an independent platform and rebranded as Tmall.com. His strategic foresight and leadership were pivotal in the creation and evolution of Tmall.com, which would become the world’s largest e-commerce platform. In his role as chief operating officer of Alibaba Group from 2013 to 2015, Mr. Zhang successfully steered Alibaba Group from a PC-centric to a “mobile-first” ecosystem, establishing Alibaba’s significant presence in the mobile internet era. Mr. Zhang also served as the chairman of Cainiao Network from 2018 to 2023. His “New Retail” strategy revolutionised traditional business models, exemplified by Freshippo. Mr. Zhang became chief executive officer of Alibaba Cloud Intelligence Group in December 2022, and its chairman in May 2023, in addition to his other roles with Alibaba Group, until September 2023. Mr. Zhang was also the chief architect of the Alibaba business operating system, facilitating global businesses in leveraging the Alibaba ecosystem for digital transformation and promoting data integration and value enhancement across Alibaba Group.

Before his career at Alibaba Group, Mr. Zhang had extensive experience in financial management. He served as the chief financial officer of Shanda Interactive Entertainment Limited between 2005 and 2007, with former roles at Arthur Andersen and PricewaterhouseCoopers accounting firms from 1995 to 2005.

Mr. Zhang has served as a member of the World Economic Forum International Business Council and as the co-chair of the Consumer Goods Forum in both its Global and China divisions. TIME magazine listed him among the 100 Most Influential People, Forbes China named him the Best CEO in 2020, and Fortune magazine honoured him as the Businessperson of the Year in 2019 and 2020.

Qualifications Mr. Zhang graduated from the Finance Department of the Shanghai University of Finance and Economics.

Committee Mr. Zhang is a member of the Audit and Risk Management Committee.

Corporate Governance Report

Non-Executive Directors



Lee Anthony Hsien Pin

Non-Executive Director



Board Appointment Mr. Lee was appointed as a Non-Executive Director in 1994 and is aged 67.

Competencies and Experience Mr. Lee is a non-executive director and the chairman of the investment committee of Television Broadcasts Limited, as well as a member of the Board of Trustees of Princeton University. He was previously a director and substantial shareholder of the Australian-listed Beyond International Limited, principally engaged in television programme production and international sales of television programmes and feature films.

Mr. Lee is a member of the founding Lee family and a director of Lee Hysan Company Limited, a substantial Shareholder. He is the brother of Ms. Lee Irene Yun-Lien, the Executive Chairman.

Qualifications Mr. Lee received a Bachelor of Arts degree from Princeton University and a Master of Business Administration degree from The Chinese University of Hong Kong.

Committee Mr. Lee is a member of the Audit and Risk Management Committee.



Lee Chien

Non-Executive Director



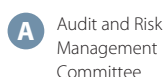
Board Appointment Mr. Lee was appointed as a Non-Executive Director in 1988 and is aged 71.

Competencies and Experience Mr. Lee is chairman of the CUHK Medical Centre and was a member of the Council of The Chinese University of Hong Kong. He is also the Supervisor of St. Paul's Co-educational College and its Primary School, a Trustee Emeritus of Stanford University and past director of Stanford Healthcare. Mr. Lee was an independent non-executive director of Swire Pacific Limited.

Mr. Lee is a member of the founding Lee family and a director of Lee Hysan Company Limited, a substantial Shareholder.

Qualifications Mr. Lee received a Bachelor of Science degree in mathematical science, a Master of Science degree in operations research and a Master of Business Administration degree from Stanford University.

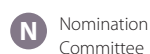
Committee Mr. Lee is a member of the Nomination Committee.



Audit and Risk Management Committee



Remuneration Committee



Nomination Committee



Sustainability Committee



Committee Chairman

Non-Executive Directors (continued)



Lee Tze Hau Michael

Non-Executive Director



Board Appointment Mr. Lee joined the Board as a Non-Executive Director in January 2010, having previously served as a Director from 1990 to 2007. He is aged 63.

Competencies and Experience Mr. Lee is an independent non-executive director and the chairman of the corporate governance committee of Chen Hsong Holdings Limited, as well as the chairman of the Board of Stewards of The Hong Kong Jockey Club. He is also currently a director of Oxer Limited, a private investment company.

Mr. Lee was previously an independent non-executive director of Hong Kong Exchanges and Clearing Limited and Trinity Limited, and an independent non-executive director and chairman of OTC Clearing Hong Kong Limited. He was also a member of the Main Board and Growth Enterprise Market Listing Committees of The Stock Exchange of Hong Kong Limited.

Mr. Lee is a member of the founding Lee family and a director of Lee Hysan Company Limited, a substantial Shareholder.

Qualifications Mr. Lee received his Bachelor of Arts degree from Bowdoin College and his Master of Business Administration degree from Boston University.

Committee Mr. Lee is a member of the Sustainability Committee.

Corporate Governance Report

Senior Management



Choi Yick Lam Andy

BBA (Hons), FCPA, ACA
Chief Financial Officer

Mr. Choi is responsible for the Group's financial control and treasury, and serves as a director of certain Hysan subsidiaries. He joined the Group in 2019. He has accumulated extensive experience in accounting, financial management, and capital markets through his work with an authorised institution and a global accounting firm. He is aged 42.



Yip Mo Ching Jessica

BSc (Surveying), MBA, MRICS, MHKIS, RPS
Director, Office and Residential

Ms. Yip is responsible for managing the office portfolio and residential sales of the Group, and serves as a director of certain Hysan subsidiaries. Prior to joining the Group in 2012, Ms. Yip fulfilled various roles in international consultancies, occupiers and developers. She has extensive experience in the real estate industry. She is aged 48.



Lam Sze Ling

BEcon&Fin, MSc(FM)
Director, Retail and Customer Experience

Ms. Lam is responsible for overseeing the combined retail leasing and marketing functions of the Group, and serves as a director of certain Hysan subsidiaries. Prior to joining the Group in 2024, Ms. Lam held senior positions in Hongkong Land and The Hongkong and Shanghai Hotels, Limited, overseeing the strategic development and operations of prestigious commercial property assets in Hong Kong, Macau, Mainland China, Vietnam and Paris. She has extensive asset management experience. She is aged 44.

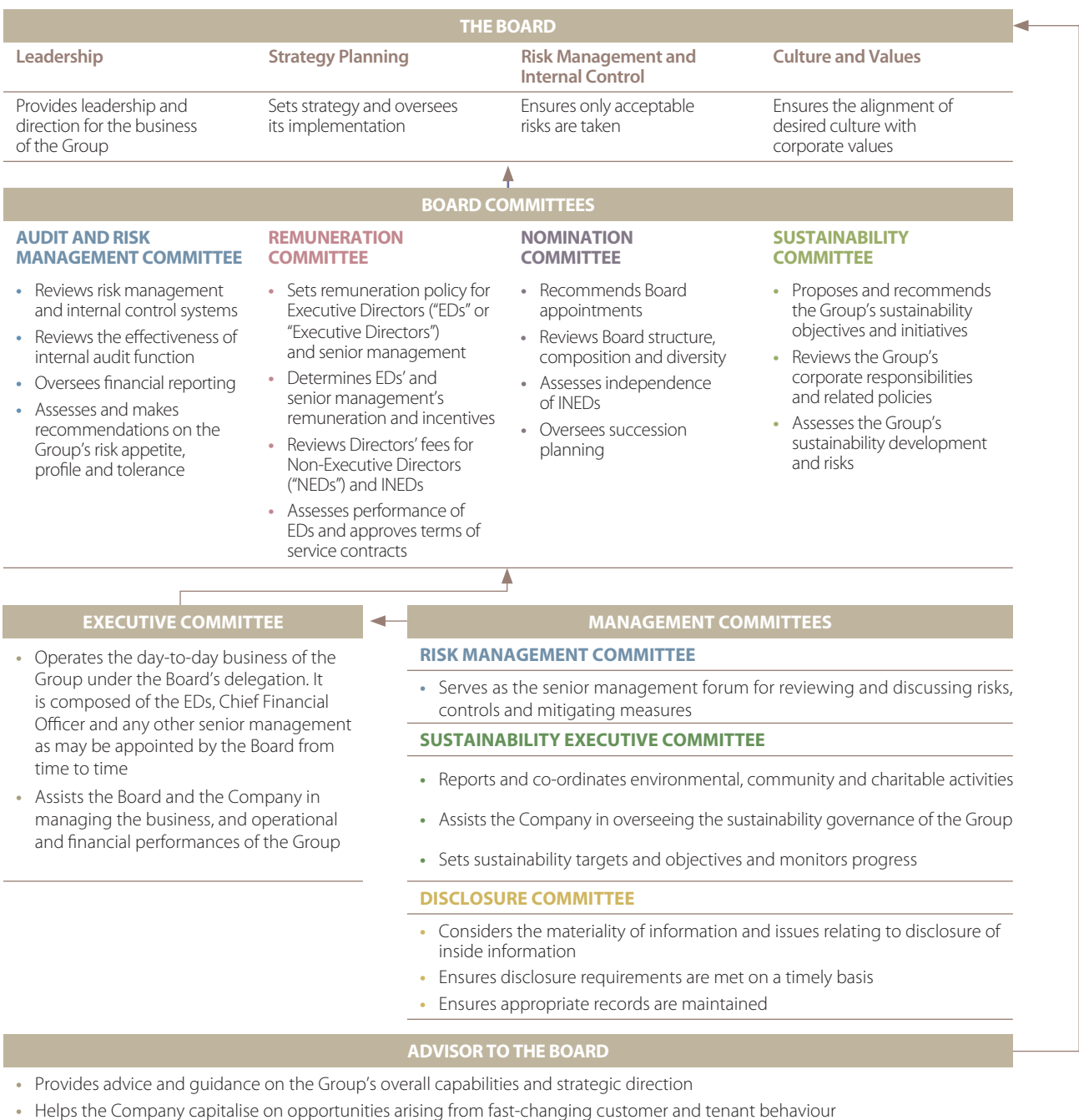
Our Governance Framework

Guided by our core values, we embrace good corporate governance as the foundation for achieving consistent and sustainable performance. We operate within a strong, clear and effective governance framework that allows the Group to enhance business efficacy with precision and, in turn, support Hysan's strategic objective of optimising sustainable financial returns for its Shareholders. The governance framework comprises, inter alia, the **Corporate Governance Framework** and the **Risk Management and Internal Control Framework**.

OUR CORPORATE GOVERNANCE FRAMEWORK

Corporate Governance Structure

Our Group's business operations and affairs are effectively managed and carried out through a chain of delegated authority, with defined limits and effective internal controls, under the corporate governance structure.



Corporate Governance Report

Corporate Governance Policies and Guidelines

Our corporate governance framework is underpinned by a wide range of corporate policies and guidelines that embed our corporate culture, core values and long-established corporate governance tradition in key aspects of our operations. Such policies and guidelines are subject to regular review by the Board and/or the relevant Board Committees and are updated from time to time in accordance with applicable legal and regulatory requirements as well as market and/or international best practices.

The Corporate Governance Guidelines (subject to regular review by the Board and last reviewed in November 2024) serve as the main code governing the Board's commitment to high standards of corporate governance and its roles and responsibilities in supervising the management of the business and affairs of the Group.

By setting the tone from the top, we are fostering a culture that emphasises good corporate governance, compliance, integrity and responsible decision-making – not only at the Board level but throughout the Group. Directors and employees are expected to strictly follow these corporate governance policies and guidelines:

Governance

- Board Diversity Policy
- Board of Directors Mandate
- Corporate Disclosure Policy
- Corporate Governance Guidelines
- Nomination Policy
- Onboarding Guidelines for Directors
- Roles and Requirements of Non-Executive Directors and Independent Non-Executive Directors
- Schedule of Corporate Matters Reserved for the Board
- Terms of Reference of each Board Committee

Risk Management and Internal Control

- Anti-Bribery and Corruption Policy
- Anti-Fraud Policy
- Auditor Services Policy
- Risk Appetite Statement
- Tax Governance Policy
- Whistleblowing Policy

Stakeholder Engagement

- Procedures for Shareholders to Convene General Meetings/Put Forward Proposals
- Shareholders Communication Policy

Corporate Culture

- Code of Ethics
- Corporate Culture Statement
- Human Rights Policy
- Workforce Diversity Policy

Detailed policies and terms of reference are available on the Company's website: www.hysan.com.hk/governance.

CORPORATE GOVERNANCE PRINCIPLES

Our corporate governance framework is tailored in accordance with, and regularly assessed against, legal and regulatory developments, market and international best practices and the Company's needs. It aims to ensure that Directors, management and employees act within a robust chain of delegated authority and powers in alignment with our corporate governance principles.

Our Corporate Governance Principles



LEADERSHIP

BOARD GOVERNANCE

Main Roles and Responsibilities of the Board

The Board is responsible for the stewardship of the Group and ensuring the effectiveness and adequacy of the Group's governance framework. The Board is committed to high standards of integrity and ethics and is governed by a formal **Board of Directors Mandate**. The main roles and responsibilities of the Board are as follows:

- Setting business goals and strategies in the best interests of the Group and overseeing their implementation;
- Determining the Group's risk appetite and evaluating the risks that the Group is willing to take in pursuit of its strategic missions and business objectives;
- Overseeing and ensuring the adequacy and effectiveness of the Group's risk management and internal controls system;
- Supervising the corporate governance and financial performance of the Group;
- Defining, evaluating and refining the Group's VMVs and strategies and ensuring their alignment with the corporate culture; and
- Fostering the desired corporate culture and core values.

Corporate Governance Report

To retain control of key decisions and ensure a clear division of responsibilities between the Board and management, the **Schedule of Corporate Matters Reserved for the Board** has been adopted to set out the specific matters reserved for the Board's consideration and approval and is subject to annual review by the Board.

Delegation Between the Board and the Board Committees

The Board is the governing body of the Group and has the responsibility of shaping business goals and strategies in the best interests of the Company and its Shareholders as a whole. In carrying out its duties, the Board may, within defined limits and authority, delegate tasks to its Board Committees from time to time.

The Board has four Board Committees, namely the Audit and Risk Management Committee, the Remuneration Committee, the Nomination Committee and the Sustainability Committee. Each Board Committee operates under specific written terms of reference and reports to the Board on their decisions and recommendations on a regular basis.

All Board Committee meetings are conducted prior to full Board meetings to ensure that all vital matters are reported to the Board in advance, considered thoroughly and decided upon by the full Board in a timely manner.

Each Board Committee has access to independent professional advice as and when required and is supported by the company secretary of the Company ("Company Secretary"). The procedures for seeking independent professional advice have also been enhanced to facilitate Board access to such advice.

Full details of the Board Committees' activities during the year are set out in their respective reports:

- "Audit and Risk Management Committee Report" on pages 112 to 118
- "Remuneration Committee Report" on pages 119 to 130
- "Nomination Committee Report" on pages 131 to 134
- "Sustainability Committee Report" on pages 135 to 139

The terms of reference for each Board Committee were reviewed in November 2024, and the term of reference for the Nomination Committee was updated and took effect on 1 January 2025. The latest versions of the terms of references are available on the Company's website (www.hysan.com.hk/governance) and the Stock Exchange's website (www.hkexnews.hk).

Division of Duties between the Board and the Management

The Board and the Management

The day-to-day operation of the Group's business is delegated to the management, which is led by the Executive Committee.

The Executive Committee is entrusted with the task of implementing business goals and strategies as determined by the Board.

Executive Committee members include the Executive Chairman ("Chairman"), the Executive Director and Chief Operating Officer ("ED & COO"), the Chief Financial Officer ("CFO") and any other senior management of the Company as may be appointed by the Board from time to time. The terms of reference for the Executive Committee were reviewed in 2024.

To support Hysan's strong governance framework and the business and operational needs of the Group, three governance-related management level committees have been established:

- the Risk Management Committee;
- the Sustainability Executive Committee; and
- the Disclosure Committee.

BOARD SIZE, COMPOSITION AND APPOINTMENT

As at 31 December 2024 and up to the date of this report, the Board was composed of 11 Directors, including the Chairman, the ED & COO, six INEDs and three NEDs.

Category	Directors	Length of Tenure	Current Period of Appointment
Executive Directors	Lee Irene Yun-Lien (Chairman)	13.9 years	2 years
	Lui Kon Wai	3.3 years	1 year
Independent Non-Executive Directors	Chung Cordelia	1.8 years	1 year
	Churchouse Frederick Peter	12.1 years	2 years
	Poon Chung Yin Joseph	15.1 years	1 year
	Wong Ching Ying Belinda	6.2 years	1 year
	Young Elaine Carole	2.9 years	3 years
	Zhang Yong	0.2 year	1 year
Non-Executive Directors	Lee Anthony Hsien Pin	30.9 years	3 years
	Lee Chien	36.8 years	2 years
	Lee Tze Hau Michael	15.1 years	2 years

The Board considers that this composition is well balanced in terms of experience, competencies, expertise, diversity and skills, with a strong independent element ensuring the impartiality of the Board's decision-making process and oversight of the management. Such a balanced composition also provides the checks and balances necessary to safeguard the interests of the Shareholders.

Biographies of the Directors, including the relationships among them, are set out from pages 54 to 63, and are also available on the Company's website: www.hysan.com.hk/about/leadership.

Mr. Zhang Yong was appointed as an INED and a member of the Audit and Risk Management Committee with effect from 9 December 2024. In accordance with Article 97 of the Articles, Mr. Zhang, as an addition to the Board, will retire and, being eligible, offer himself for re-election at the AGM to be held on 5 June 2025 ("2025 AGM"), being the first AGM following his appointment.

Mr. Churchouse Frederick Peter, Ms. Young Elaine Carole, Mr. Lee Anthony Hsien Pin and Mr. Lee Tze Hau Michael will retire by rotation at the forthcoming 2025 AGM. These Directors, being eligible for re-election, will offer themselves for re-election at the 2025 AGM in accordance with Article 114 of the Articles.

Mr. Poon Chung Yin Joseph has informed the Board that he will retire as an INED after the conclusion of the forthcoming 2025 AGM and will not stand for re-election.

Corporate Governance Report

Details of the Directors standing for re-election are set out in the AGM circular to the Shareholders. None of these Directors has a service contract with the Company or any of its subsidiaries that is not determinable by the Group within one year without payment of compensation (other than statutory compensation). Their proposed re-election will be considered by separate resolutions.

The Board, in accordance with the recommendation of the Nomination Committee, has determined that the size of the Board is adequate and effective for discharging its duties and responsibilities, and recommends the re-election of Mr. Churchouse Frederick Peter, Ms. Young Elaine Carole, Mr. Zhang Yong, Mr. Lee Anthony Hsien Pin and Mr. Lee Tze Hau Michael, as Directors at the forthcoming 2025 AGM.

BOARD DIVERSITY

Board Diversity

Hysan recognises the importance of diversity as a contributor to Board effectiveness and the long-term success of the Group. Diversity and inclusiveness provide the Board with a wider knowledge base and bring in new insights and perspectives, which improve decision-making and the ability to adapt to new business challenges. In accordance with the Board Diversity Policy, which sets out our approach to achieving diversity on the Board, the Nomination Committee annually reviews and reports to the Board on the following:

- The structure, size and composition of the Board; and
- The diversity of background (including, but not limited to, gender, age, cultural and educational background and ethnicity), experience, skills and length of service with the Board.

The Nomination Committee will also consider Board diversity as part of its annual evaluation of the structure and composition of the Board.

During the year, the Board Diversity Policy was reviewed to assess its implementation and the effectiveness, as well as progress on achieving measurable objectives (in particular, gender diversity at the Board), as set forth in the CG Code.

In considering the appointment of Mr. Zhang Yong as an INED in December 2024, the Nomination Committee and the Board had, in accordance with the Nomination Policy, taken into account a variety of factors, including diversity, pursuant to the Board Diversity Policy and the expertise and experience relevant to the Group. With his expertise in the fast-changing business landscape, consumer behaviour, digital economy and senior management experience as the CEO of a conglomerate, the Nomination Committee and the Board formed the view that Mr. Zhang would be a tremendous asset to the Board as he brings a wealth of experience, deep insights into China and global markets and a forward-thinking approach that will advance the Group's strategy and long-term development and growth of the Company. This would further enrich the spectrum of skills, experience and diversity of perspectives of the Board.

GENDER DIVERSITY AT BOARD LEVEL

The Board recognises that gender-diverse leadership encourages better governance, provides a broader range of perspectives in the decision-making process and ultimately increases corporate performance and competitiveness.

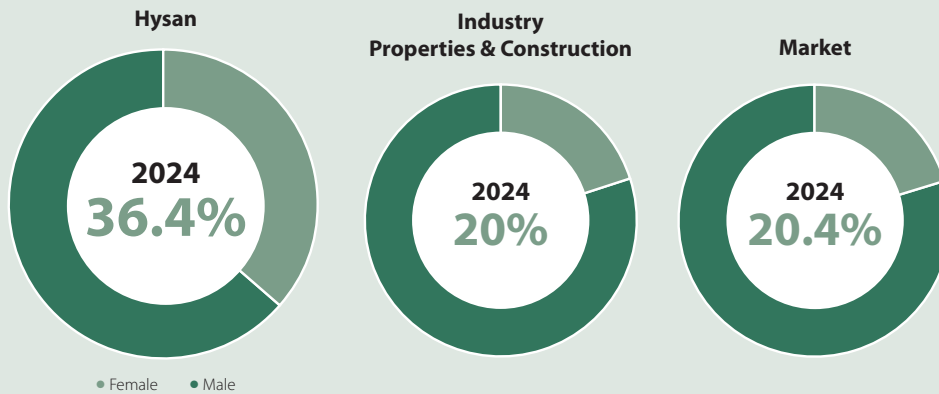
Gender diversity has been made one of the formal factors to consider in our Board refreshment and succession planning. The Nomination Committee and the Board have considered the ability of each potential candidate to contribute towards the Board's responsibilities and, in particular, Hysan's diversity agenda, in order to develop a pipeline of potential successors for achieving our gender diversity target.

Gender Diversity Target and Process

Demonstrating its commitment to diversity and striving for continuous improvement, Hysan in 2022 pledged to increase the percentage of female representation at Board level to 33% by the end of 2025, with the ultimate goal of achieving gender parity at the Board level. This gender diversity target was set as a measurable objective in the Board Diversity Policy updated in November 2024. The Nomination Committee reviews, on an annual basis, Hysan's measurable objectives and the progress made towards achieving them, as well as the opportunities to make further improvements or accelerate progress.

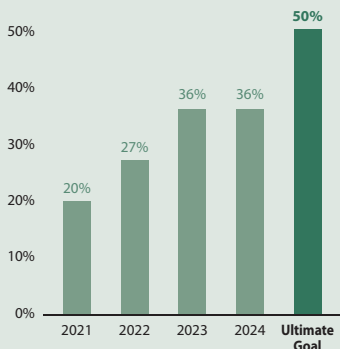
Following board refreshment in recent years, the percentage of female representation at Board level increased from 20% in 2021 to 36.4% in 2024, maintaining a high level of female board representation among Hong Kong listed companies. Upon the retirement of Mr. Poon Chung Yin Joseph from the Board at the conclusion of the 2025 AGM, female representation on the Board will increase to 40% (four out of 10 Directors). Having exceeded our measurable objective of 33% female Directors in 2024, we will continue our diversity journey towards the ultimate goal of gender parity.

Female Directorship across HKEx Issuers



Source: HKEx Board Diversity Repository as at the date of this report (www.hkex.com.hk/eng/BoardDiversity/index.htm)

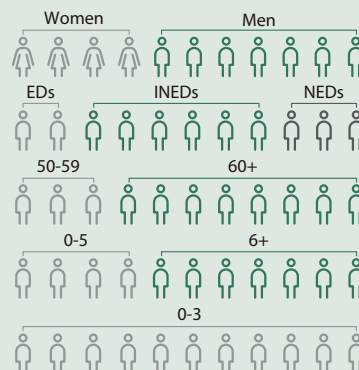
Our Gender Diversity Progress



Our Board composition and diversity:

Key highlights: Female representation of 36.4% / INED representation of 54.5%

- Gender diversity
- INED ratio
- Age
- Board Tenure (Years)
- Other Public Company Directorship(s) (Number of Companies)












Corporate Governance Report

Board Expertise

The Board recognises the importance of having a diverse range of skills and expertise among the Directors that align with our strategy, governance, and business needs, which enable the Board to effectively discharge its duties and responsibilities in pursuing the Group’s strategic objectives and achieving sustainable growth of the Group.

To ensure the Board continues to possess necessary and relevant skills, an analysis of the skillset mix is considered by the Nomination Committee on an annual basis. The table below highlights the skillset mix of our Directors and the valuable experience and expertise they contribute to our business, supporting the sustainable and balanced development of the Group.

Category	Skill/Experience	Relevance to Hysan	Combined (expertise)
Strategic	Strategy	Facilitates the development and implementation of Hysan’s strategy to achieve long-term success and cultivate the desired culture for Hysan	
	International and China	Provides insights into international and mainland China economic trends, relations and opportunities that Hysan can explore for sustainable growth and which align with Hysan’s long-term strategy	
	Financial Acumen	Brings in experience in monitoring business performance, evaluating financial impact of a business decision, analysing financial statements and assessing financial viability	
Industry	Real Estate (Hong Kong/China)	Facilitates the review of Hysan’s business development and operations, including property investment, development, asset management and facilities management, and provides insights into real estate investment opportunities and emerging industry trends	
	Retail and Customers	Brings in experience in retail (physical and digital) and customer engagement, service and management strategies which support efficient delivery of Hysan’s strategy	
Control & Governance	Capital Management	Provides oversight, scrutinisation and advice on capital management strategies, corporate finance, capital markets and funds management	
	Risk Management	Oversees the implementation and ensures the effectiveness of a robust risk management and internal controls framework, a key governance responsibility of the Board	
	Sustainability & Climate Change	Brings in experience in addressing sustainability and climate-related issues, including expertise in sustainability best practices, climate change risks and opportunities, and adherence to reporting standards	
	People and Culture	Promotes a positive and progressive culture across the Group, enables Hysan to uphold Hysan’s core values and achieve long-term sustainable performance	
	Technology	Provides insights into digital and technology development and the governance of information security and data privacy	

● Extensive ● Moderate

To enhance the Group's strategy and overall capabilities in addressing new business trends and emerging generational shifts, the Board invited Ms. Li Xinzhe Jennifer to sit as an advisor on the Board in 2018.

Recognising the rapid evolution of consumer preferences and advancements in digital technology within the retail sector, the Company appointed Ms. Chung Cordelia as an INED in 2023, leveraging her extensive multinational experiences in information technology. The Board's skill matrix was further enhanced with the appointment of Mr. Zhang Yong as an INED in December 2024. Mr. Zhang contributes valuable expertise in consumer behaviour, the evolving business landscape, digital economy and technological trends.

In response to escalating ESG and climate-related requirements, our Board members participated in a range of training initiatives to deepen their expertise in sustainability and climate-related matters. These included HKEx online training modules, seminars organised by reputable professional firms, and collaborations with climate-related organisations to gain insights into emerging climate-related challenges and opportunities. Ongoing efforts such as these enhance the skills of our Board members in effectively overseeing strategies designed to address climate-related concerns and to manage climate risks and opportunities.

The Company is committed to continually identifying opportunities to further enrich the Board's skill matrix, ensuring alignment with its purpose, values, strategy, and desired culture.

Workforce Diversity

Hysan believes that a diverse workforce and an inclusive culture support Hysan in creating a dynamic environment that leads to higher performance and improved well-being. We are committed to fostering an inclusive, diverse and supportive workplace where all employees, regardless of gender, background, skills and experience, are valued, respected and treated fairly with equal access to opportunities. In November 2024, the Company adopted a Workforce Diversity Policy, which outlines our approach and commitment to inclusion and diversity in the workforce (including senior management).

Considering the nature of Hysan's business and the markets in which it operates, gender diversity is the more common and significant issue for Hysan. As one of the measurable objectives under our Workforce Diversity Policy, Hysan commits to maintaining at least 40% female employees (including senior management). The Nomination Committee shall review the Company's workforce diversity, discuss and consider the measurable objectives set for implementing this Policy and the progress made towards achieving these objectives (in particular, the gender diversity targets) annually. The Nomination Committee shall also conduct regular reviews to identify any gender pay gaps and ensure equal pay for work of equal value.

As at 31 December 2024, we had 66.7% of senior management positions filled by women and a 37:63 female-to-male ratio in the overall workforce (excluding senior management), which was largely in line with the industry norm. The Company will strive to maintain at least 40% female employees (including senior management). In order to attract and retain candidates from the widest possible pool of available talent, the Workforce Diversity Policy will be applied in the recruitment and promotion processes of the Group. The Group has also implemented programmes that assist employees in their personal growth and skills to prepare them for potential promotions to senior management positions.

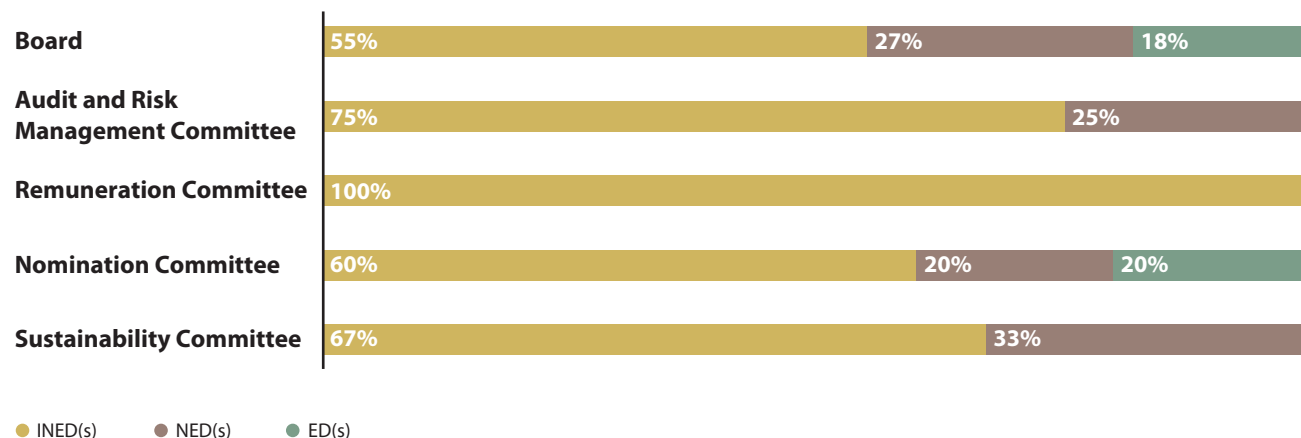
Please refer to our Sustainability Report 2024 for further details on Diversity and Inclusion.

Corporate Governance Report

BOARD INDEPENDENCE

The Company recognises that Board independence is one of the cornerstones of good corporate governance. As at 31 December 2024, six out of our 11 Directors were INEDs, exceeding the Listing Rules requirement that at least one-third of the Board (and not less than three Directors) shall be INEDs.

Independence Weighting



Independence Assessment

Criteria of Independence

- Clearly set out in our Corporate Governance Guidelines
- Free from any business or other relationship that may interfere with the exercise of their independent judgment

The Independence assessment of each of the INEDs is based on the independence criteria set out in the independence guidelines of the Listing Rules and our Corporate Governance Guidelines. We also consider and reference major proxy advisors' voting recommendations and guidelines in approaching the issue of INED independence. The assessments are carried out in advance of their appointment, annually, and at any time when necessary or appropriate, including through the following:

- INED nominations and the appointment process;
- Annual review of the structure, composition and balance of the Board in terms of its independence ratio;
- Disclosure of the number and nature of offices held in listed public companies and organisations, along with any other significant commitments;
- Annual independence confirmation from each INED;
- Full disclosure in annual reports of cross-directorships or other business relationships that may interfere with Directors' independence;
- Potential conflicts of interest reviewed by the Nomination Committee annually with recommendations on appropriate actions to take; and
- Confirmation by each Director and alternate Director on his/her other directorships, major appointments, and interests to the Company, twice a year.

Independence of Directors

The Company received written confirmations from all INEDs regarding their independence and that of their immediate family members for the year ended 31 December 2024. The Nomination Committee has carried out a detailed review of the Directors' independence on a case-by-case basis and considers each of the six INEDs to have been independent throughout the year under review:

Name	Management	Independent	Not Independent	Reason for Independence Status
Chung Cordelia		✓		<ul style="list-style-type: none"> No business relationships, family ties, past employment or other relationships with the Group or management that would affect independence No significant shareholding
Churchouse Frederick Peter		✓		
Poon Chung Yin Joseph		✓		
Wong Ching Ying Belinda		✓		
Young Elaine Carole		✓		
Zhang Yong		✓		

Tenure of INEDs

- The Nomination Committee considered the INEDs' tenure, noting that Mr. Churchouse Frederick Peter and Mr. Poon Chung Yin Joseph have served as INEDs for more than nine years. Mr. Churchouse's re-appointment is subject to a separate resolution to be approved by the Shareholders at the AGM, while Mr. Poon has informed the Board that he will retire as an INED after the conclusion of the forthcoming 2025 AGM and will not stand for re-election.
- With a career spanning more than 30 years in Asian and global securities markets, Mr. Churchouse Frederick Peter brings expertise and hands-on experience in property investment, asset management, research and valuation, offering exceptional value to the Board. His strategic insights and deep market understanding are instrumental in guiding the Group through periods of economic uncertainty, underpinning critical financial and risk management decisions, particularly in the realms of investment and capital allocation. Mr. Churchouse's profound knowledge of asset valuation and financial analysis plays a central role within the Audit and Risk Management Committee in advising the Board on risk management strategies and ensuring the integrity of the Group's fair value assessment and financial reporting, which are essential for maintaining trust with Shareholders and the broader investment community.
- Mr. Poon Chung Yin Joseph has extensive banking and financial market experience as senior management of various internationally renowned financial institutions. His expertise in accounting, financial reporting, auditing and risk management is a tremendous asset to the Board's decision-making, especially concerning capital and financial management. Mr. Poon's expertise in financial reporting and risk management underpins his ability to scrutinise the fiscal aspects of potential ventures, reinforce risk strategies and uphold the integrity of financial reporting. He meticulously challenges investment assumptions, ensuring decisions are made with integrity and empirical support. This discipline strengthens the Company's strategic direction and upholds rigorous governance standards, fostering trust and long-term growth.
- The unique expertise of Mr. Churchouse Frederick Peter and Mr. Poon Chung Yin Joseph in asset valuation, capital management, risk management, finance, financial reporting and internal control, as well as people and culture, together with their comprehensive understanding of the operations of the Company, enables them to provide valuable and objective guidance for the Group's business, particularly given the ongoing uncertainties in the macro-environment.

Corporate Governance Report

- The Board and the Nomination Committee are also of the view that Mr. Churchouse Frederick Peter and Mr. Poon Chung Yin Joseph have exercised independent judgement and consistently demonstrated a healthy level of professional scepticism, where appropriate, and have not refrained from asking probing questions and challenging management's views and recommendations. There is no evidence to suggest that their tenure has had any impact on their independence.
- After considering the above reasons and the relevant independence assessment requirements set out in Rule 3.13 of the Listing Rules, the Nomination Committee formed the view that, notwithstanding that they have served on the Board for over nine years, they remain independent, taking into account their impartial views and comments expressed during Board and Board Committee meetings, their positive and significant contributions, deep insights and guidance in the Company's strategies and business development during the year.

Other Directorships

- Ms. Chung Cordelia is currently an independent non-executive director of Hang Seng Bank Limited ("Hang Seng") (a substantial shareholder of a subsidiary of the Company and thus a connected person of the Company). Under Rule 3.13 of the Listing Rules on independence assessment, an independent non-executive director of a core connected person is specifically excluded from the factors that would affect independence. It is considered that Ms. Chung's directorship with Hang Seng in her capacity as an independent non-executive director would not affect her independence. Ms. Chung is thus able to fulfil the relevant independence requirements of the Listing Rules and is accordingly entitled to vote and be counted in the quorum for any transactions with the HSBC group (including the Hang Seng group). In addition, with unique expertise in information technology and the building industry, both of which are relevant to the Group's business, Ms. Chung would provide valuable and independent guidance for the Group's business.
- Ms. Chung Cordelia also holds a cross-directorship with Ms. Lee Irene Yun-Lien, since they both serve on the boards of the Company and Hang Seng. Considering that Ms. Chung plays an independent non-executive role and does not hold any shares in the two companies, the cross-directorship would not undermine the independence of Ms. Chung with respect to her directorship in the Company.

Other Business Relations

- Ms. Wong Ching Ying Belinda was the chairman and chief executive officer of Starbucks China during the year. The Board and the Nomination Committee assessed Ms. Wong's independence in the light of these circumstances, including (i) her background, experience, achievements and character, and (ii) the nature of the Company's relationship with the Starbucks group^{notes} and her roles, as well as the respective mitigating actions, and concluded that her independence would not be affected. It was decided that potential conflicts, which are minimal, could be managed and that the benefits of her appointment outweigh any risk of conflict. In addition, the mitigation principles and actions were adequate and appropriate to deal with any such issues.

Notes:

1. Shanghai Starbucks Coffee Enterprise Co., Ltd., a wholly-owned subsidiary of Starbucks Corporation (listed on NASDAQ), is one of the tenants of a commercial complex located in Shanghai, the People's Republic of China, owned by an associate of the Company. The revenue or profit derived from those leases indirectly as the share of results of an associate is immaterial (less than 1% of the Company's turnover or equity attributable to owners of the Company or total assets of the Company for the year ended 31 December 2024) to the Group.
2. During her term at Starbucks China, Ms. Wong abstained from voting on any Board resolution in relation to any business dealings with the Starbucks group. Since operational matters (office/retail leasing) were unlikely to be considered at Board level, any conflict of interest is regarded as unlikely to have occurred in practice.
3. Ms. Wong ceased to be a director of certain entities of Starbucks Coffee Company (including Shanghai Starbucks Coffee Enterprise Co., Ltd.) in 2022 and the chairman and chief executive officer of Starbucks China in January 2025.

Following the Independence assessment of each of the INEDs, the Nomination Committee and the Board are of the view that all INEDs were and remained independent and that there were no business or other relationships or circumstances which are likely to affect the judgement of any of the INEDs. The INEDs continue to bring an independent view to our Board discussions and strategy oversight, providing constructive challenge for management.

Mechanisms to Ensure Independence

Conflict Management

Apart from the aforementioned independence assessment, the following measures have also been taken to ensure all decisions and actions are in the best interests of the Company and its Shareholders:

- Strict compliance with our Code of Ethics, which aims to avoid conflicts of interest;
- Declaration of potential conflicts of interest;
- Voluntary abstention by Directors from discussions and voting on matters related to them (regardless of the absence of any potential conflicts on appropriate assessment) after due declaration of interest in accordance with the Companies Ordinance;
- Separate meetings among INEDs, without the presence of EDs or Board members related to the founding Lee family;
- Full Board approval of connected transactions, with transactions exempt under the Listing Rules required to be reported to and confirmed by the full Board each quarter after obtaining the Executive Committee's approval;
- Reminders to the Directors from the Company Secretary twice a year on compliance with the relevant Listing Rules requirements on connected transactions; and
- Independent professional advice, as and when required by individual Directors.

Please also refer to the "Directors' Disclosure on Conflicts of Interest" section below for further details.

Independent Views and Input Available to the Board

Apart from the INED nomination and appointment process as well as the independence assessments mentioned above, the Company has established mechanisms to ensure that Directors will be given adequate opportunities and channels (formal or informal) to communicate their independent views and inputs in an open and candid manner and, where necessary, in a confidential manner. Such mechanisms have been incorporated in the following aspects of our corporate governance framework and are subject to regular review by the Board:

- Proper meeting arrangements and procedures to facilitate open and constructive discussions as well as informed and thorough consideration of relevant issues;
- A Board culture that encourages Directors with different views to raise their concerns and to exercise independent judgement;
- Board's full access to senior management, management's updates, and availability of all material information on performance and key activities and projects;
- Communication outside of the boardroom, including separate meetings with the Chairman and/or senior management, and interactions with management and other Board members;
- Utilisation of the digital board portal to foster timely communication among Directors and senior management;
- Board evaluation on an annual basis; and
- Board access to independent professional advice.

Corporate Governance Report

In 2024, the Chairman held one meeting with the INEDs without the other Directors and senior management present, in addition to the regular Board meetings. This meeting served as an effective platform for the Chairman to hear and understand the INEDs' perspectives on issues that included corporate governance improvements, Board effectiveness, and any other issues they wished to discuss in a private setting.

BOARD REFRESHMENT

With the objective of striking a balance between fresh ideas and perspectives and a deep understanding of the Company's history, culture and long-term strategies, the Board has been refreshed in an orderly and forward-looking manner during the last few years. This initiative aims to bring new skills and perspectives to support the Group's strategy and governance as well as enhancing the Board's diversity. As part of our ongoing efforts to gradually refresh the Board, the Board saw four new appointments (three INEDs and one ED) and two retirements since 2021, including the appointment of a new INED and retirement of an INED during the year.

Nomination

Hysan believes that a proper and detailed nomination process ensures the nomination of Directors who are well-suited to advance the best interests of the Group, facilitates smooth transitions, and ensures continual refreshment of the Board, whereas the reshuffling of Board Committees provides a balance between continuity and fresh perspectives.

The nomination process has been, and will continue to be, conducted in accordance with our unique Nomination Policy and our Board Diversity Policy. These policies are subject to review by the Board on its implementation and effectiveness to ensure its compliance with regulatory requirements and good corporate governance practices.

Based on these policies, the Nomination Committee considers a variety of factors in assessing the suitability of a proposed candidate, including, among others, the following:

- Reputation for integrity;
- Accomplishments, experience and reputation in the real estate industry and other relevant sectors;
- Skillset and expertise relevant to the Company's business and in complementing and advancing the strategic goals of the Company;
- Commitment and attention to the Company's business, including devoting adequate time for preparation and participation in meetings, training sessions and other Board or Company associated activities;
- Diversity in all aspects including, but not limited to, gender, age, cultural and educational background, ethnicity, experience, skills, knowledge and length of service;
- Ability to assist and support management and make significant contributions to the Company's success;
- Compliance with the criteria of independence as prescribed under Rule 3.13 of the Listing Rules (for INEDs); and
- Any other relevant factors as may be determined by the Nomination Committee or the Board from time to time.

During the year, the Nomination Committee, after taking into consideration the criteria above, identified and interviewed a pool of shortlisted candidates. Following this process, the Nomination Committee recommended, for the Board's consideration and approval, the appointment of Mr. Zhang Yong as an INED and a member of the Audit and Risk Management Committee.

Appointment and Induction

In considering the appointment of any proposed candidate to the Board, the Nomination Committee shall undertake adequate due diligence in respect of the individual, evaluate the candidate using the same criteria regardless of the source of the candidacy, and make recommendations for the Board’s consideration and approval.

In order to ensure that the Directors are committed to allocating sufficient time and attention to the affairs of the Group, all Directors are engaged by formal letters of appointment, which set out clearly the terms and conditions of their appointments. Directors (including all NEDs and INEDs) serve for a term of three years and are subject to rotation under the Articles.

The Board has adopted comprehensive Onboarding Guidelines for Directors, which include a tailored induction programme that gives new Directors an understanding of the Group, its businesses and operations, risks and challenges, corporate culture and Board governance, with due regard to the Director’s unique background, experience and skills.

The induction programme includes an introductory session with the Company Secretary, individual meetings with the Chairman, Directors and senior management, portfolio visits, and meetings with the Company’s external advisors. Individual briefings are also arranged on specific topics such as Directors’ responsibilities and the Group’s business.

The Company provided Mr. Zhang Yong, the INED appointed during the year, a full and comprehensive induction upon his appointment. The induction was tailored for the new Director, taking into account his unique background, skills, experience and perspectives, which included a specific deep-dive session on the Group’s financial and capital management.

Priorities of our Induction Programme

To provide an overview of

- Hysan’s corporate culture and its VMVs;
- the Group’s strategies and challenges;
- the Group’s business and key risks;
- the Group’s financial and capital management;
- the Group’s corporate and organisational structure;
- the Board’s culture, governance and dynamics; and
- the legal and regulatory obligations of a Director.

To familiarise new Directors with the Board and senior management

- meetings with the Chairman, Committee Chairmen and senior management; and
- an introductory session with the Company Secretary and training by external advisors.

Great work has been done by the NC in methodically building up a panel of INEDs with diverse professional training, seasoned industry experience, and senior top management leadership. Efforts to refresh and diversify the Board continues without any major loss of experience and strength.

Directors’ comments received in Board Evaluation 2024

Corporate Governance Report

Re-election

In considering the re-appointment of any existing member(s) of the Board, the Nomination Committee shall review the retiring Director's overall contribution to the Company as well as the selection criteria set out in the Nomination Policy and the Board Diversity Policy. The Nomination Committee will then make recommendations to the Board for its consideration, with the Board determining whether to recommend the proposed candidates for re-election at the AGM.

The Directors are subject to re-election at the first AGM following their appointment. Every Director will be subject to retirement by rotation at least once every three years under the Articles. Retiring Directors are eligible for re-election at the AGM during which they retire. There is no cumulative voting in Directors' elections. Each Director shall be elected by separate resolutions.

Ongoing Review by the Nomination Committee

The Nomination Committee reviews the structure, size, composition, commitment, board skill matrix, independence and diversity of the Board and Board Committees from time to time, and undertakes a comprehensive review of the gender, age, tenure, cultural, educational and professional background, skills, knowledge and experience of each Director. The last review was conducted in November 2024.

Noting the new and escalating requirements for the Sustainability Committee, the Nomination Committee reviewed and considered the composition of the Sustainability Committee to ensure that members possess the necessary skills and competencies to oversee strategies that address ESG (including climate-related) risks and opportunities.

The Nomination Committee was satisfied with the structure, size, composition, commitment, board skill matrix, independence and diversity of the Board and the Board Committees.

While diversity in terms of length of service with the Board would in fact provide a proper balance between an understanding of the Group's practices and fresh perspectives, and despite the conclusion of the Nomination Committee that tenure would not affect our INEDs' independence, the Nomination Committee noted that INEDs' tenure is an increasing regulatory and governance concern to be addressed. The Nomination Committee has methodically built up a panel of INEDs with diverse backgrounds, seasoned industry experience, expertise and skills matrix and refreshed the Board in an orderly manner over the last few years.

In light of the new requirements regarding long-serving INEDs under the Amended CG Code, the Nomination Committee will maintain its focus on succession planning.

The Nomination Committee concluded that, for succession planning and long-term growth, the Board would require expertise in real estate, retail and consumers, finance and accounting. It is also recommended that Board refreshment should take into account the diversity of perspectives and Hysan's ultimate goal of gender parity at Board level.

Board Committees Refreshment

To maintain a balance between continuity and fresh perspectives while considering the evolving demands of the Board Committees, the Nomination Committee and the Board also considered and approved, the following changes to the composition of certain Board Committees:

With effect from the conclusion of the 2024 AGM:

- Mr. Fan Yan Hok Philip ceased to be the chairman of the Remuneration Committee and a member of the Audit and Risk Management Committee following his retirement as an INED on the same day.
- Ms. Chung Cordelia was appointed as the chairman of the Remuneration Committee.
- Ms. Young Elaine Carole was appointed as a member of the Remuneration Committee.

With effect from 9 December 2024:

- Mr. Zhang Yong was appointed as a member of the Audit and Risk Management Committee following his appointment as an INED on the same day.

The Remuneration Committee continues to consist entirely of INEDs following the aforementioned changes.

EFFECTIVENESS

Board effectiveness stems from achieving the right composition, size, diversity, commitment and independence. This can be attained through a proper board process, ongoing reviews and a board evaluation process.

BOARD COMMITMENT

Board effectiveness is attained through the significant commitment and contributions of each Director.

Time Engagement

Our Directors, in particular our INEDs, demonstrated strong engagement and a sufficient time commitment to the Company's affairs throughout the year. All Directors have confirmed that they committed sufficient time and attention to the affairs of the Group throughout their tenure during the year ended 31 December 2024.

Other Offices and Commitments

Directors disclose to the Company the number and nature of offices held in listed public companies and organisations and other significant commitments, together with the respective time engagement involved, twice a year. They also inform the Company promptly whenever there are changes regarding their other offices and commitments.

Other Directorships

None of our Directors, individually, held directorships in more than three public companies (excluding Hysan) as of 31 December 2024, and all of them have confirmed that they have given sufficient time to the affairs of the Company.

Ms. Lee Irene Yun-Lien currently holds directorships in three listed public companies in Hong Kong: as the Executive Chairman of Hysan, the independent non-executive chairman of Hang Seng, and an independent non-executive director of Alibaba Group Holding Limited ("Alibaba"). The Board and the Nomination Committee have taken into consideration various factors when evaluating Ms. Lee's time commitment to Hysan. Given the executive nature of her duties at Hysan, Ms. Lee dedicates a substantial amount of her attention and efforts to the Company. Meanwhile, her roles at Hang Seng and Alibaba are non-executive, focusing more on oversight responsibilities. Ms. Lee's 100% attendance record at Hysan in 2024, along with a strong attendance record at Hang Seng and Alibaba, demonstrates her dedication to fulfilling her commitments at Hysan and her ability to manage her responsibilities effectively across these organisations. The Board and the Nomination Committee are of the view that Ms. Lee has made a significant contribution to the Board through her strategic leadership and pivotal role in driving Hysan's success and ensuring sound corporate governance practices.

After reviewing each Director's other directorships, engagements with listed public companies and organisations, and other significant commitments, the Nomination Committee concluded that all Directors have dedicated sufficient time and made significant contributions to the Board during the year.

Corporate Governance Report

BOARD PROCESSES

Meetings of the Board and Board Committees

The Board held five meetings in 2024, exceeding the minimum number of board meetings required under the CG Code. The Board Committees also met regularly during the year under review.

- To facilitate Directors' participation and engagement, we typically schedule our Board and Board Committee meetings six months before commencement of the calendar year, giving Directors sufficient time to plan their schedule.
- Notice of at least 14 days is given to all Directors for the regular Board and Board Committee meetings.
- Draft agendas for the Board and Board Committee meetings are circulated to all Directors at least three weeks before each meeting to provide an opportunity for the Directors to include any other matters in the agenda.
- Agendas and meeting papers are uploaded to a private and secure digital board portal five days in advance of the intended date for regular meetings and reasonably in advance of any ad hoc meetings for sufficient preparation.
- Draft minutes of meetings of the Board and Board Committees are circulated for comment as soon as practicable after meetings.
- All signed Board and Board Committee minutes and resolutions are uploaded to the digital board portal for easy reference thereafter.
- Management and other department heads are invited to make presentations to the Board on operational topics during the year and to engage in open and in-depth discussions with the Board.
- Senior representatives from the valuer and the external auditor are invited to attend Audit and Risk Management Committee meetings for approval of the portfolio valuation and the interim and final results.
- The Audit and Risk Management Committee also holds a closed session with the external auditor and internal auditor, without the presence of the senior management, twice a year.

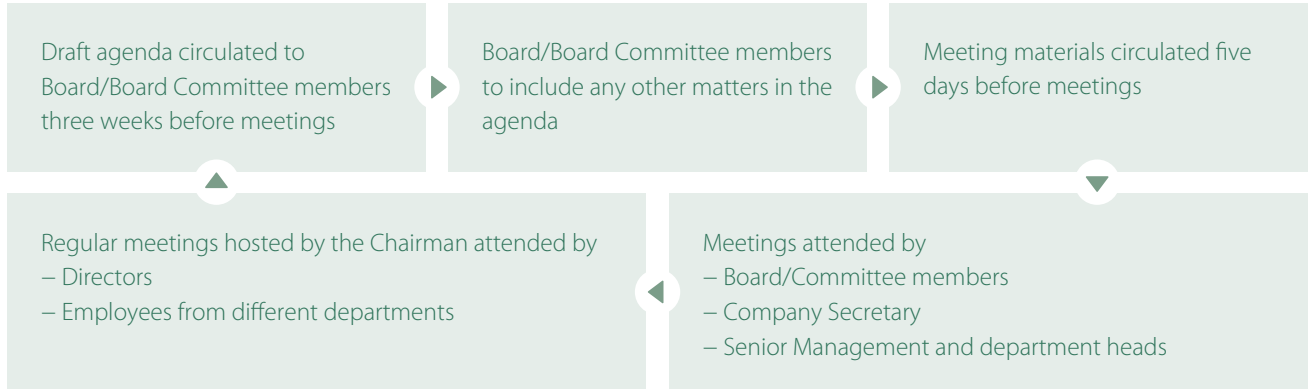
The Directors also participate in the consideration and approval of matters of the Company by way of written resolutions circulated to them as necessary. Thorough analysis and supporting materials are posted on the digital board portal, followed by management's elaborations and discussions, primarily via the same portal.

Hybrid (physical and virtual) Board and Board Committee meetings were arranged by telephone and/or video conference to facilitate full participation in 2024. This technological connectivity continues to promote a high level of involvement and engagement at different levels of the business.

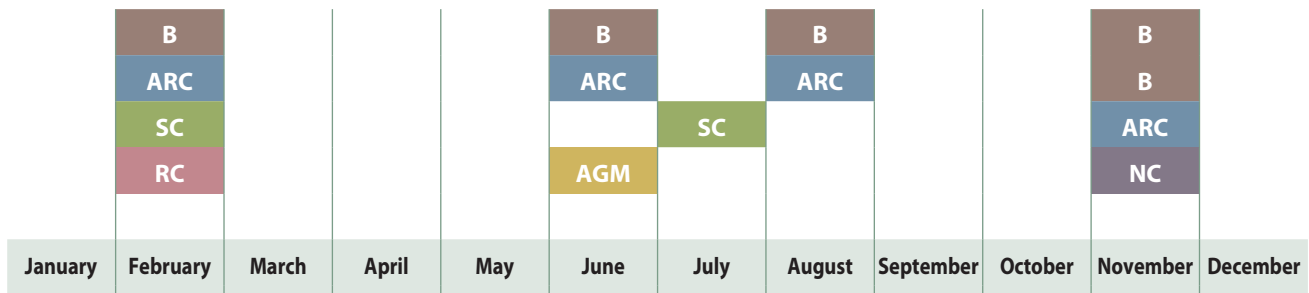
Meetings are well curated to allow adequate time and opportunity for all members to discuss and debate the wide range of matters that the committees are required to focus on.

Directors' comments received in Board Evaluation 2024

The use of the digital board portal enables timely and secure distribution of information to Directors and facilitates communication and interactions among Directors and senior management in a sustainable manner.



Board and Board Committee meetings in 2024



B Board Meeting(s)	RC Remuneration Committee Meeting	SC Sustainability Committee Meeting(s)
ARC Audit and Risk Management Committee Meeting(s)	NC Nomination Committee Meeting	AGM Annual General Meeting

Corporate Governance Report

Directors' Attendance at Meetings

As reflected in their high attendance in Board and Board Committee meetings during the year, the Directors continued to participate extensively in the Board's discussions and decisions, and Company affairs in 2024. The INEDs also held separate meetings with the Chairman to discuss Board and relevant matters.

The following table shows Directors' attendance at meetings.

Directors	Board ¹	Audit and Risk			Sustainability Committee	2024 AGM
		Management Committee	Remuneration Committee	Nomination Committee		
Lee Irene Yun-Lien	5/5	4/4 ²	1/1 ²	1/1	2/2 ²	1/1
Lui Kon Wai	5/5	4/4 ²	–	–	2/2 ²	1/1
Chung Cordelia	5/5	–	1/1	1/1	–	1/1
Churhouse Frederick Peter	5/5	4/4	1/1	1/1	–	1/1
Fan Yan Hok Philip³	2/2	2/2	1/1	–	–	1/1
Poon Chung Yin Joseph	5/5	4/4	1/1	1/1	–	1/1
Wong Ching Ying Belinda	5/5	–	–	–	2/2	1/1
Young Elaine Carole	5/5	–	–	–	2/2	1/1
Zhang Yong⁴	–	–	–	–	–	–
Lee Anthony Hsien Pin	5/5	4/4	–	–	–	1/1
Lee Chien	5/5	–	–	1/1	–	1/1
Lee Tze Hau Michael	5/5	–	–	–	2/2	1/1

Notes:

1. Included a dedicated half-day Board meeting held in November 2024 to discuss the Group's business plans and long-term directional strategy.
2. EDs are invited to present updates and/or answer relevant questions in order to facilitate the decision-making process. EDs are expressly excused from discussions of their own compensation packages during Remuneration Committee meetings.
3. Mr. Fan Yan Hok Philip retired as an INED with effect from the conclusion of the 2024 AGM.
4. Mr. Zhang Yong was appointed as an INED with effect from 9 December 2024.

All Board members are actively involved in all major issues that are discussed.

Directors' comments received in Board Evaluation 2024

CONTINUOUS PROFESSIONAL DEVELOPMENT

Directors undertake continuous professional development (“CPD”) training to keep abreast of the latest industry trends, and gain knowledge and skills concerning their respective areas of expertise and professions.

During the year, all Directors received regular legal and regulatory updates to the Listing Rules and applicable laws and regulations and had access to a comprehensive online board portal containing memoranda on Directors’ Duties and Responsibilities and other training materials required for discharging their duties. Directors also attended various seminars/talks organised by professional bodies and industry associations as well as presentations by distinguished speakers to develop and refresh their skills and knowledge on industry-related updates. Directors are required to provide the Company with details of the CPDs undertaken from time to time. The training records maintained by the Company during the year, are as follows:

Directors	Areas					Format ¹
	Legal and Regulatory Update	Corporate Governance/ Directors’ Duties	Sustainability & Climate Changes	Macroeconomic/ Industry Trends	Financial Reporting/ Risk Management	
Lee Irene Yun-Lien	√	√	√	√	√	A,B
Lui Kon Wai	√	√	√	√	√	A,B
Chung Cordelia	√	√	√	√	–	A,B
Churchouse Frederick Peter	√	√	√	√	√	A,B
Poon Chung Yin Joseph	√	√	√	√	√	A,B
Wong Ching Ying Belinda	√	√	√	√	–	A,B
Young Elaine Carole	√	√	√	√	–	A,B
Lee Anthony Hsien Pin	√	√	√	√	√	A,B
Lee Chien	√	√	√	√	–	A,B
Lee Tze Hau Michael	√	√	√	√	–	A,B

Notes:

1. A: Seminars/training courses/talks/other professional development
B: Regulatory and compliance updates and other selected reading materials
2. The above training record does not include Mr. Zhang Yong who was appointed as an INED on 9 December 2024.

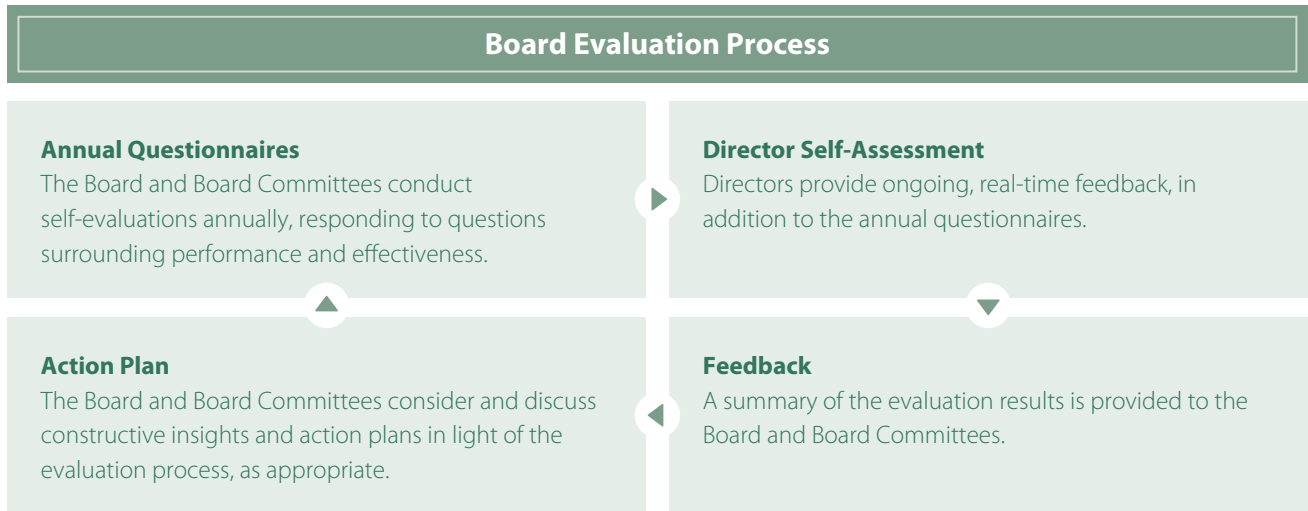
While there are no prescribed training hours as such under the Listing Rules, considering the scope and scale of the Company’s business, Directors are expected to undertake no less than eight hours of relevant training in each financial year. All Directors have fulfilled the recommended training hours for the year ended 31 December 2024.

In 2024, comprehensive training activities, including seminars, workshops and conferences, as well as regulatory updates relevant to the Company’s business and their duties, were also provided to the senior management and the Company Secretary. During the year, the Company Secretary took no less than 15 hours of relevant professional training. Such internal and external training has equipped them with the skills and knowledge necessary for fulfilling their roles and supporting the sustainable growth of the Company, as well as providing them with an understanding of their duties and responsibilities when acting as directors of subsidiaries and/or senior management of the Company.

Corporate Governance Report

BOARD EVALUATION

Hysan’s Board evaluation is an ongoing and continual process that is regarded as an important component of the mechanism to ensure independent views and inputs are available to the Board. In line with the best practice of the CG Code, Board evaluations in the form of a questionnaire are conducted on annual basis. In addition to the ongoing review by the Nomination Committee, the Directors play an important role in evaluating the performance of the Board and its four Board Committees (namely, the Audit and Risk Management Committee, the Nomination Committee, the Remuneration Committee, and the Sustainability Committee) to ensure the effectiveness of the Board.



Board Evaluation Process

Our Board evaluation process consists of an anonymous online questionnaire covering a broad range of topics, including performance, dynamics and processes, proceedings of meetings, composition and diversity of the Board and Board Committees, risk management, cyber security and sustainability (including climate-related matters), for completion by each Director. As the questionnaire is anonymous, Directors are encouraged to freely share comments, provide suggestions and raise any concerns.

2024 Board Evaluation

Consisting of both ratings and open-ended questions, the Board evaluation for the year ended 31 December 2024 (“2024 Board Evaluation”) was structured to solicit Director’s views on:

- the effectiveness and performance of the Board;
- areas for improvement; and
- future challenges and priorities of the Group.

The Chairman of the Board and Board Committees have struck a good balance of openness and debate, quality of discussion and meeting efficiency.

Directors’ comments received in Board Evaluation 2024

Focus of the 2024 Board Evaluation:



The 2024 Board Evaluation received a 100% response rate. The overall response was positive, and there were no material issues to report. Constructive qualitative feedback was received, particularly on open-ended questions. All Directors are of the view that this evaluation process is a timely opportunity to identify ways to improve performance. A detailed report on the 2024 Board Evaluation (“Evaluation Report”) was prepared based on the collective comments of all Directors, which was further submitted to, considered and discussed by the Board with constructive feedback received.

The 2024 Board Evaluation identified several key strengths of the Board, including: (i) effective operations of the Board and Board Committees with well-defined roles and responsibilities; (ii) engaged and committed leadership of Board and Board Committees; (iii) a culture of transparency and accountability, fostering an open and constructive environment for the exchange of opinions; (iv) systematic refreshment of the Board and its Committees, enhancing diversity and strengthening the composition; and (v) productive meetings characterised by a good balance of openness and debate, high-quality discussions, meeting efficiency, and significant contributions from each Director.

The Evaluation Report further concluded the Board Committees are highly effective in assisting the Board with the management and governance of the Company. Directors also indicated that they were satisfied with the independent views and input available to the Board. There was sufficient access to all necessary resources and information, and adequate explanations were provided by the management to facilitate the Board’s decision-making.

Directors further agreed that the Company should (i) remain vigilant against systemic risks to the financial system and effectively manage liquidity and leverage; (ii) continue to evaluate the risks and challenges in shaping the Company’s strategies and business plans, considering the state of the economy and business environment; and (iii) continue to direct attention to succession planning and Board refreshment.

Based on the findings of the 2024 Board Evaluation, and coupled with ongoing reviews by the Nomination Committee, the Board considered that Board effectiveness was ensured and maintained at all times during the year. The Board will continue to enhance its effectiveness in line with international best practices and in its sustained pursuit of excellent corporate governance.

ACCOUNTABILITY

DEFINING CLEAR LINES OF ACCOUNTABILITY

Our corporate governance structure provides clear lines of accountability.

The Board has the responsibility of ensuring that the Group is managed in a way that safeguards the interests of the Shareholders. Governed by the **Board of Directors Mandate**, Directors are required to act within their defined and clear authorities and powers. The **Schedule of Corporate Matters Reserved for the Board** further specifies the matters that would affect the Company's overall strategy, corporate governance, finances and Shareholders' interests, which are reserved for decision and approval by the Board, whereas the roles and responsibilities of each Board Committees are set out under their respective written **Terms of Reference**. Authority for managing the Group's daily operations and other decisions is delegated to the Executive Committee and supported by various Management Committees. Management of the Group is accountable for ensuring that a similar process of delegation is in place within his/her department or area of responsibility.

The Board is regularly kept up to date on the key events, material transactions, business outlook and financials of the Group through management reports and monthly financial reports. Offering comprehensive and balanced interim assessments between Board meetings, these reports provide the Board with sufficient transparency regarding the Company's operations. To facilitate the decision-making process, senior management are regularly invited to our Board and Board Committee meetings to make presentations and answer any questions the Board and Board Committee members may have.

Board Accountability

The Board and Board Committees are held accountable and responsible to the Shareholders by various means:

- All Directors are appointed by formal letters of appointment, which clearly set out the terms and conditions of their appointments;
- All Directors are subject to rotation, and the re-appointment of retiring Directors is subject to Shareholders' approval at AGMs;
- All Directors are required to make full disclosure of their cross-directorships and other commitments in the Company's annual reports;
- All Directors are required to make full disclosure of their associates and any potential connected transactions;
- Significant connected transactions must be approved by Shareholders in accordance with the Listing Rules and/or the full Board in accordance with Hysan's compliance policy, with connected transactions exempt under the Listing Rules requiring to be reported to and confirmed by the full Board after obtaining the Executive Committee's approval;
- All Directors are required to act within their defined authority and powers in accordance with the Group's corporate policies and guidelines, including but not limited to the Code of Ethics, Board of Directors Mandate, Schedule of Corporate Matters Reserved for the Board and the terms of reference of each Board Committee;
- NEDs and INEDs are additionally subject to the relevant corporate governance policy on the Roles and Requirements of Non- Executive Directors and Independent Non-Executive Directors;
- All Directors are subject to ongoing review by the Nomination Committee as well as evaluation by other Board members;

- All Directors are subject to the Code of Ethics, Anti-Fraud Policy, Anti-Bribery and Corruption Policy and Whistleblowing Policy (which allows an individual to report any irregularity directly to an independent third party, in confidence);
- All Directors are required to review the annual reports, interim reports, announcements and circulars for publication in a timely manner and in accordance with applicable laws and regulations, e.g. the Companies Ordinance and the Listing Rules; and
- Financial statements of the Group are verified and audited by an independent external auditor.

Executives Accountability

The Executive Committee, Management Committees, and senior management of the Company (collectively the “Executives”) are held accountable and responsible to the Board by various means:

- Executives are required to make full disclosure of their other commitments;
- Executives are required to make full disclosure of their associates and any potential connected transactions, which may require full Board approval and/or the full Board’s review in accordance with Hysan’s compliance policy;
- Executives are required to report and send timely updates to the Board on the key events and business outlook of the Group and submit monthly financial reports to the Board so that sufficient transparency is provided about the Company’s operations;
- Executives are required to attend relevant sections of Board and Board Committees meetings to answer any questions that the Board and Board Committee members may have;
- Because of their office and duties, Executives are deemed to potentially have access to inside information and are thus subject to the Code for Securities Dealing by Restricted Employees, which governs dealings in the Company’s securities; and
- Each Executive is required to declare semi-annually that they have complied with the Code for Securities Dealing by Restricted Employees throughout the relevant period. Each Executive has made such declarations for the year ended 31 December 2024.

Management has delivered excellent operationally, Board can have more focus and contribution in strategic, long term plans and succession planning.

Directors’ comments received in Board Evaluation 2024

Corporate Governance Report

2024 BOARD ACTIVITIES

An outline of the key areas of Board activities during the year is provided below.

Strategy

- Discussed the Group's strategic objectives, reaffirming Hysan's strong commitment to Hong Kong and the continual execution of the strategic plan at the core of Lee Gardens while continuing to build the complementary pillars.
- Discussed business strategy and opportunities for the sustainable growth of the Group in response to structural changes in the industry.
- Reviewed the upcoming challenges faced by the Group and discussed the mitigations, including the strategic move to rejuvenate our core portfolio and curate the Lee Gardens area.
- Considered and approved the Group's investment and development strategy, including rejuvenation and connectivity of the Lee Gardens area.
- Reviewed recent business developments, industry trends and market outlook

Board Composition

- Approved the appointment of Mr. Zhang Yong as an INED and a member of the Audit and Risk Management Committee.
- Reviewed the Board's structure, size, composition, skill matrix, diversity, Directors' time commitments and contributions, and the independence of the INEDs.
- Considered and approved the Board's refreshment and changes in Board Committees' composition.
- Reviewed and monitored the training and continuous professional development of Directors and senior management.

Governance and Accountability

- Endorsed and proposed amendments to the Articles for Shareholders' approval and giving the Company the flexibility to convene virtual general meetings as an alternative to physical or hybrid meetings.
- Reviewed, updated and approved key governance-related reports and policies to enhance our corporate governance practices and to align them with the proposed changes of the CG Code and Listing Rules, other relevant regulatory requirements and the latest market and international best practices. This included:
 - Schedule of Corporate Matters Reserved for the Board
 - Board Diversity Policy
 - Dividend Policy
 - Workforce Diversity Policy
- Reviewed operational compliance with legal and regulatory requirements and related policies.
- Reviewed and approved continuing connected transactions.
- Reviewed and updated the terms of reference of Board Committees.
- Considered and discussed feedback on the 2024 Board Evaluation, the evaluation process and the constructive insights and action plans, as appropriate.
- Reviewed the reports from the chairs of all Board Committees, including updates on the proceedings of their meetings, key discussion points and areas of concern.
- Approved proposed resolutions to be put forward to the AGM and the publication of a related circular.
- Approved the succession planning of the senior management and the change of an Executive Committee member.

Financial, Operational and Business Performances

- Considered the financial performance of the business.
- Considered and approved the annual budget and treasury policy.
- Reviewed the interim and annual results and approved the interim and annual reports.
- Approved and declared the payment of the first and second interim dividends.
- Reviewed and discussed financial forecasts and capital structure management.
- Reviewed operating results and regular updates of the Group's core businesses (i.e. office, retail, residential and property development segments) and pillars.
- Reviewed and updated the Dividend Policy, with enhanced disclosure on objectives and factors considered in dividend decisions.

Risk Management and Internal Controls

- Reviewed the Group's risk appetite and assessed external and internal risk level movements and mitigating actions.
- Reviewed the effectiveness of Hysan's risk management and internal control systems.
- Met with the Company's valuers regularly during the year to discuss the portfolio valuation.
- Reviewed the major risks the Group faces, including but not limited to the risks related to climate change and cyber security threats.
- Reviewed and considered the Group's cyber security framework.

Remuneration and Incentives

- Reviewed and evaluated Directors' fees.
- Reviewed compensation for the senior management.
- Reviewed staff development plans.
- Approved the share award scheme consisting of a series of performance metrics and targets aimed at retaining and motivating high-performing individuals.

Sustainability

- Reviewed the Group's sustainability strategy and progress, including issues related to climate change.
- Reviewed the carbon emission targets and the decarbonisation roadmap of the Group.
- Reviewed the progress of ESG initiatives on a quarterly basis and the status of climate actions
- Considered and approved the Sustainability Report.
- Reviewed the management's ongoing monitoring of sustainability risks and issues, in particular climate-related risks and opportunities.
- Reviewed the adequacy of resources of the Group's ESG functions.

Corporate Governance Report

DIRECTORS' INTERESTS IN SHARES

As at 31 December 2024, the interests and short positions of the Directors in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules (the "Model Code"), are set out below:

Aggregate Long Positions in Shares and Underlying Shares of the Company

Name	Number of ordinary shares held					Total	% of the total no. of issued shares (Note)
	Personal interests	Family interests	Corporate interests	Other interests			
Lee Irene Yun-Lien	559,100	–	–	–	559,100	0.054	
Lui Kon Wai	100	–	–	–	100	0.000010	
Young Elaine Carole	11,000	–	–	–	11,000	0.001	
Lee Chien	1,100,000	98,000	–	–	1,198,000	0.116	

Note:

The percentages were computed based on the total number of issued shares of the Company as at 31 December 2024 (i.e. 1,027,008,223 ordinary shares).

EDs have been granted (i) share options under the Company's share option scheme adopted on 10 May 2005 (the "2005 Share Option Scheme") and/or the scheme adopted on 15 May 2015 (the "2015 Share Option Scheme"); and (ii) share awards under the Company's share award scheme adopted on 19 January 2024 (the "2024 Share Award Scheme"). Please refer to the section "Long-term Incentives: Share Schemes" on pages 124 to 130. These constitute interests in underlying shares of equity derivatives of the Company under the SFO.

Apart from the above, as at 31 December 2024, no other interest or short position in the shares, underlying shares or debentures of the Company or any associated corporations as defined in the SFO were recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Compliance with the Model Code for Securities Transactions by Directors of Listed Issuers

The Company has adopted the Model Code set out in Appendix C3 to the Listing Rules as its own code of conduct regarding the securities transactions of the Directors. All Directors have confirmed, following a specific enquiry by the Company, that they have complied with the required standards set out in the Model Code throughout the year ended 31 December 2024.

DIRECTORS' DISCLOSURE ON CONFLICTS OF INTEREST

The Board has a process in place for regularly reviewing and resolving situations where a Director may have a conflict of interest.

To ensure compliance with disclosure requirements on potential conflicts of interests, all Directors are required to disclose to the Board the following information in relation to their interests upon appointment and on an annual basis:

- The number and nature of offices they hold in public companies or organisations and other significant commitments (if any) and their time engagements (immediately if there is any change);
- Their interests in contracts with the Group; and
- Whether he or she has an interest in any business that competes with the Group.

In addition, all Directors are required to declare the nature and extent of their interests, if any, in any transaction, arrangement or other proposal to be considered by the Board.

In 2024, all Directors fulfilled the above disclosure requirements. No potential conflict of interest was determined by the Board to be material, except for the continuing connected transactions as disclosed in the Directors' Report on pages 148 to 150, which were reviewed in the Board meeting in February 2025.

Directors' Interests in Contracts

During the year, certain Directors had interests, directly or indirectly, in contracts with the Group. These contracts constituted related party transactions, continuing connected transactions, connected transactions or contracts of significance under applicable accounting or regulatory rules. (Details are disclosed in the "Directors' Report".)

Directors' Interests in a Competing Business

The Group is principally engaged in property investment, development and management of high-quality investment properties in Hong Kong. No Director (excluding INEDs in accordance with Listing Rules disclosure requirements) was considered to have interests in other activities that compete or are likely to compete with the said core business of the Group, within the meaning of the Listing Rules.

OUR RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

Risk Management and Internal Control

Our risk management and internal control framework forms an essential part of our Governance Framework.

The Board has the overall responsibility of maintaining an effective and robust risk management and internal control system, determining the Group's risk appetite, and putting controls in place to mitigate risks in line with our long-term and strategic goals and targets.

With the support of the Audit and Risk Management Committee and the internal audit function, the Board oversees and reviews the Group's risk management and internal control system on an on-going basis, adopts appropriate policies and reviews the effectiveness of the systems at least annually in respect of the relevant financial year. The roles and responsibilities of each function/business unit are underpinned by the "Three Lines of Defence" model, with the first line to identify and manage risks, second line to oversee the management of risks, and third line to assess and advise on risk controls.

Details of our Risk Management and Internal Control Framework and activities during the year are set out in the "Risk Management and Internal Control Report" on pages 103 to 111.

Corporate Governance Report

Internal Audit

The internal audit function is carried out by the Group Internal Audit Department (“GIA”), which serves as the third line of defence independent of management and directly reports to the Audit and Risk Management Committee.

The GIA plays a major role in providing independent and objective assurance on risk management and internal controls as well as practices and procedures of the Group in conducting business, including the leasing business, accounting and financial reporting, and corporate communications processes, from time to time. The GIA is responsible for ensuring that our business affairs are conducted in full compliance with our corporate policies and guidelines. The GIA also examines and suggests areas of improvement for our corporate policies and guidelines.

Details of our internal audit activities during the year are set out in the “Risk Management and Internal Control Report” on page 111.

Operation Control

Our business is operated through a clear chain of delegation of authority and responsibility, from the Board to the Executive Committee and from the Executive Committee to the responsible business units.

To set out clear lines of accountability and maintain effective control, the Group has adopted comprehensive corporate policies and guidelines detailing our practices and procedures in carrying out our business. Key policies, guidelines and procedures are reviewed annually to ensure they are up to date and able to address the latest business developments and risks that the Group’s operation faces.

Heads of business and supporting units are the risk managers and first line of defence to ensure full compliance with all applicable corporate policies and guidelines in their day-to-day operations. Heads of control functions, as the second line of defence, are responsible for enforcing and monitoring the effectiveness of internal controls and ensuring risks are effectively managed in accordance with the risk monitoring and assessment process.

Our Group’s compliance policy sets out the control process for the early identification and recording of non-compliance in order to prevent and/or mitigate risks and potential loss. Each business unit, support unit and control function are required to report any irregularity or non-compliance immediately to the compliance team and submit a full compliance report twice a year, which will then be reported to the Audit and Risk Management Committee for confirmation.

The Group’s reporting process and financial management are also part of our internal controls. The Board, supported by the Audit and Risk Management Committee, monitors the integrity of the Group’s reporting process and financial management. It scrutinises the full- and half-year financial statements and reviews in detail the work of the external auditor and external valuer, as well as any financial judgements and estimates made by the management.

In addition, our Legal and Secretarial Department issues quarterly legal and regulatory updates to the Board and reviews and updates our corporate policies and guidelines regularly to ensure compliance with the latest legal and regulatory requirements and international best practices, incorporating any suggestions from the GIA.

Through these means, we are able to effectively monitor compliance, prioritise each case identified, and ensure accurate reporting and timely follow-up.

Financial Reporting

The Board acknowledges its responsibilities for:

- preparing financial statements for each financial year, which give a true and fair view of the state of affairs of the Company and that of the Group at the end of the financial year and of their respective profit or loss for the year then ended, in accordance with Hong Kong Financial Reporting Standards, the Listing Rules and the Hong Kong Companies Ordinance;
- selecting suitable accounting policies and applying them on a consistent basis, making judgments and estimates that are prudent, fair and reasonable;
- ensuring compliance with accounting standards and stating the reasons for any significant departure from accounting standards;
- preparing the financial statements on a going concern basis, unless it is not appropriate to presume the Company and the Group will continue in business for the foreseeable future; and
- keeping proper accounting records for safeguarding the assets of the Company and of the Group and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Inside Information

The Group has adopted the Corporate Disclosure Policy, which sets out the procedures and controls for the handling and dissemination of inside information, with a particular focus on the disclosure of material information to investors, analysts and media. This policy also identifies spokespersons and clearly outlines the responsibilities for communication with each Stakeholder group. Details are available on the Company's website: www.hysan.com.hk/governance.

Hysan has also established the Disclosure Committee, which promotes consistent disclosure practices with the aim of ensuring the timely, accurate, complete and fair dissemination and disclosure of inside information of the Group in accordance with applicable laws, regulatory requirements and the Corporate Disclosure Policy.

For any matter involving potentially price sensitive or inside information, business units are required to escalate the matter to the Disclosure Committee. The Disclosure Committee will assess the materiality and nature of the information and advise the Board promptly whether such information constitutes inside information and the necessary disclosures and/or appropriate follow-up actions. All discussions are recorded in the formal meeting minutes of the Disclosure Committee for the Board's inspection upon request.

Whistleblowing, Anti-Bribery and Corruption, and Other Key Group Policies

Hysan is committed to high standards of integrity, ethics, openness, accountability and good corporate governance. Our internal control framework requires that we operate in compliance with all applicable laws and regulations, and we have in place policies and procedures that embed our values and commitments in key aspects of our operation, including anti-fraud, taxation and human rights. Details of our policies are available on the Company's website: www.hysan.com.hk/governance.

Hysan has put in place a Whistle-blowing Policy to provide a clear procedure for the reporting and handling of whistleblowing cases, which enables anyone (employees or third parties) who becomes aware of any existing or potential misconduct, malpractice or irregularities related to the Group to directly report to the Group's designated independent third party in confidence and with anonymity. The cases will be reported to the Audit and Risk Management Committee and investigated in a confidential and timely manner. Results of the investigations will be reported to the Audit and Risk Management Committee, copying the GIA.

Corporate Governance Report

To promote a culture of integrity and honesty within the Group, the Anti-bribery and Corruption Policy was adopted by the Board in 2022 to reinforce our existing anti-corruption system and practices embedded in our Code of Ethics.

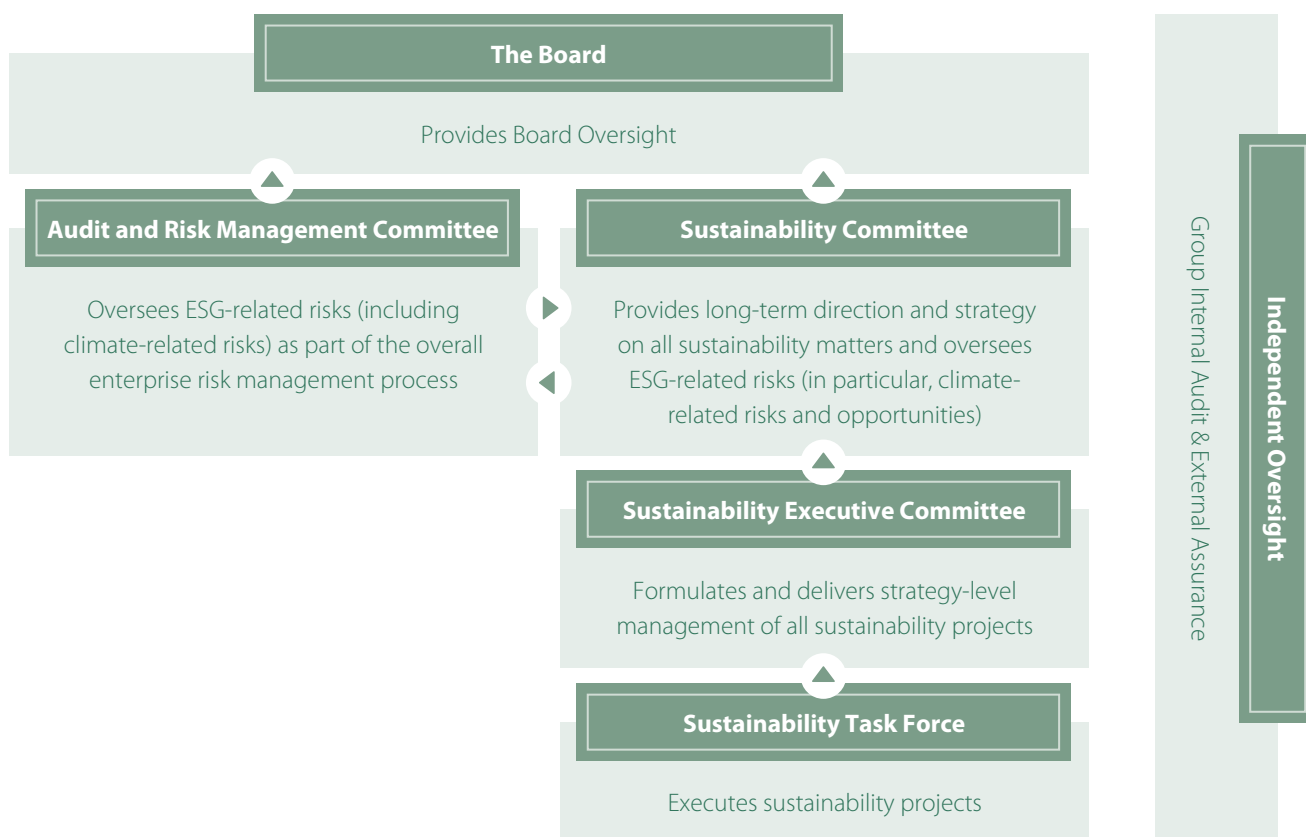
We consider that our Code of Ethics, Anti-Fraud Policy and Anti-bribery and Corruption Policy, together with our Whistle-blowing Policy, are conducive to setting a healthy corporate culture and good corporate governance practice and form key elements of our internal control framework. To ensure integrity in our business practices and promote Hysan's core values and desired culture, all staff receive regular training on these policies.

No regulatory breaches or confirmed cases of misconduct, malpractice or irregularity were reported in 2024.

SUSTAINABILITY

Sustainability Governance

A governance framework is crucial for the successful delivery of our sustainability strategy. The Board has the overall responsibilities for sustainability matters and established the Sustainability Committee in 2020 to support the Board in overseeing the Group's corporate responsibility, sustainable development and climate change positions.



The Sustainability Committee is primarily responsible for overseeing, assessing, and managing any ESG-related risks and issues (in particular, climate-related risks and opportunities), as well as bringing any such risks to the attention of the Board and the Audit and Risk Management Committee. As part of the Group's overall risk management framework, any ESG and climate related risks identified by the Sustainability Committee will be integrated into our overall enterprise risk management process, using the same set of risk assessment criteria.

In 2024, the Sustainability Committee held two meetings and received quarterly updates from the management on the sustainability performance of the Group (with dedicated sessions on climate-related risks and opportunities). To enhance its monitoring of progress on climate change initiatives, an additional meeting was held in July 2024, primarily to review and discuss the Company's carbon emission target and decarbonisation roadmap.

In view of the new ESG and climate-related requirements and the complexities of these issues, the composition of the Sustainability Committee was reviewed by both the Board and the Nomination Committee to ensure that appropriate skills and competencies are available to respond to the latest regulatory requirements and climate-related risks and opportunities:

- Leveraging her extensive experience in real estate and hospitality, Ms. Young Elaine Carole, as the chairman of our Sustainability Committee, demonstrates a profound understanding of sustainable practices as well as strategic insight into sustainable property investments and development. Her experience is invaluable in overseeing the transformative sustainability initiatives within the Lee Gardens portfolio, particularly those focused on property development and facilities management, ensuring alignment with industry best practices and our sustainability goals. Her co-chairmanship at The Mekong Club, a non-profit organisation dedicated to combatting modern-day slavery, also highlights her deep commitment to social responsibility and the promotion of ethical business practices. Ms. Young's commitment extends to collaborating with climate-related organisations. With her insights on emerging climate-related challenges and opportunities, Ms. Young is well-positioned to lead our Sustainability Committee in overseeing strategies that effectively address sustainability and climate-related risks and drive sustainable progress.
- Ms. Wong Ching Ying Belinda is a passionate and experienced sustainability leader dedicated to driving environmental and social impact. Under her leadership, Starbucks launched its first Greener Stores outside North America and became one of the first coffee retailers in China to pilot a water replenishment project. She led efforts to redefine sustainable retail through store design, energy-efficient technologies, responsible sourcing, and waste reduction initiatives. She advanced supply chain sustainability by improving manufacturing and logistics efficiency and reducing environmental impact. Housing the most energy-efficient coffee manufacturing and distribution center, the opening of Starbucks Innovation Park set a new benchmark for sustainability in China. She also oversaw initiatives to uplift underprivileged communities and support local coffee farmers. Ms. Wong contributes meaningfully to the Sustainability Committee, bringing deep expertise and a proven track record in driving impactful ESG strategies.
- Mr. Lee Tze Hau Michael actively participates in social and philanthropic services, devoting himself to equestrian sports and promoting corporate social responsibility and corporate governance through his involvement in various public companies and organisations. As the chairman of the Board of Stewards of The Hong Kong Jockey Club, one of the world's largest charity contributors supporting a wide range of community projects spanning sports, arts, culture, education, medical, and social welfare, his experience and track record in driving social and community initiatives, promoting sustainable practices that foster community well-being, complement Hysan's sustainability focus on community engagement. Mr. Lee is an invaluable asset in steering our sustainability initiatives towards long-term success and ensuring our charitable efforts create a meaningful impact for the community.

The Board and the Nomination Committee are of the view that the composition of our Sustainability Committee demonstrates a holistic approach to sustainability by integrating environmental concerns with impactful social initiatives aimed at achieving long-term success in our sustainability endeavours.

The management level Sustainability Executive Committee and the operational level Sustainability Task Force ensure that the Group's sustainability and climate-related strategies and practices are integrated into the Group's operations. They are also responsible for assisting the Board and the Sustainability Committee in identifying targets, exploring new initiatives and managing any ESG and climate related risks.

The Sustainability Executive Committee, led by Mr. Lui Kon Wai, our ED & COO, is responsible for formulating the Group's sustainability strategies, including the roadmap to achieve net zero emissions and key stakeholder engagement campaigns. Hysan has enhanced energy management, increased efficiency, and strengthened climate resilience across its core portfolio. The sustainable construction and green building design at Lee Garden Eight demonstrate the Company's decarbonization efforts through MiMEP implementation and climate-resilient design. Mr. Lui also oversees the community business model that guides the transformation of the Lee Gardens area, integrating sustainability principles while creating an inclusive urban environment. His leadership is pivotal to Hysan's commitment to addressing climate-related risks while advancing the Company's environmental and social objectives.

Sustainability Performance

During the year, the Board continued to further our sustainability strategy with a Community Business Model that focuses on environmental operations management and sustainable construction for our new developments and major enhancement works, as well as offering various social sustainability initiatives to our community.

Corporate Governance Report

Details of Hysan's sustainability framework and activities during the year are set out in the following:

- Sustainability Report 2024 available on Hysan's website: www.hysan.com.hk.
- The "Sustainability Committee Report" on pages 135 to 139.
- A summary of the Sustainability Report on pages 140 to 143.

The Sustainability Report is distributed electronically to reduce resources consumed in the printing and distribution of hard copies. It is available for public viewing on Hysan's website (www.hysan.com.hk) and the Stock Exchange's website (www.hkexnews.hk). Limited copies are printed and distributed primarily to our Shareholders.

ENGAGEMENT

Hysan believes that continual engagement and communication are the key to building trust and understanding between the Company and its Stakeholders. We attach great importance on engaging our Stakeholders, including Shareholders, employees, investors and the wider community. Through various communication channels, we articulate our VMVs, keep our Stakeholders informed about our business strategies and outlook, understand their views and address their concerns.

SHAREHOLDERS ENGAGEMENT

Hysan maintains an open and constructive dialogue with its Shareholders and provides them with the information necessary to make sound investment decisions.

Shareholder Communication Policy

The Company recognises the importance of communication with Shareholders and investors and has adopted the Shareholder Communication Policy, which governs our framework for providing Shareholders with ready, equal and timely access to balanced and easily comprehensible information about the Company.

Shareholder communication and engagement channels are shown in the table below:

Channels	2024 Highlights
Hybrid AGM	<ul style="list-style-type: none">• All Directors attended the 2024 AGM in person• Shareholders could opt to attend the 2024 AGM in person or online• Questions could be submitted in advance of the 2024 AGM and/or in person or online during the AGM• Shareholders could vote in real-time through the online platform
Investor relations activities	<ul style="list-style-type: none">• Led by the CFO and Investor Relations Department• Over 150 activities, including earnings calls, conferences, non-deal roadshows and meetings with institutional investors, as well as equity and fixed income analysts globally
Analyst briefings and press conference	<ul style="list-style-type: none">• Led by Chairman, ED & COO, CFO, Investor Relations Department and Corporate Communications Department• Attended by media, analysts and institutional investors• Coverage of the Group's interim and annual results
Corporate communications ^{Note}	<ul style="list-style-type: none">• Approximately 50 corporate communications documents (including annual report, interim report, sustainability report and various announcements and notices) were published on the websites of the Stock Exchange and the Company

Channels	2024 Highlights
Company website	<p>Contains:</p> <ul style="list-style-type: none"> • Hysan’s corporate governance and sustainability policies • Latest financial highlights and shareholder information • Updated list of Directors with their roles and functions and whether they are INEDs • Analyst briefings webcast and materials • Publications and press releases • Other information such as upcoming investor events, financial calendar and share price data
Social media	<ul style="list-style-type: none"> • Provide investors and other Stakeholders with regular updates on our initiatives relating to our businesses and community
Dividend information	<ul style="list-style-type: none"> • Dividend payment history available on Company’s website • Dividend policy and the Board’s dividend decisions are disclosed under “Dividend Policy” in the Annual Report
Policies and guidelines	<ul style="list-style-type: none"> • The Shareholders Communication Policy ensures that Shareholders and the investment community receive, equal and timely access to balanced and easily comprehensible information about the Company for making sound investment decisions and informed assessments of the Company, and to allow Shareholders and the investment community to engage with the Company, while ensuring that the Company fulfils its reporting obligations under the Listing Rules • The policy is regularly reviewed to ensure its effectiveness and is available on the Company’s website: (www.hysan.com.hk/governance/group-policies-and-governance-guidelines/)

Note:

The term “corporate communications” refers to all “corporate communications” as defined in the Listing Rules, including without limitation, Interim/Annual Reports, notices, circulars, proxy forms of the Company.

All Shareholders are welcome to provide their feedback and views on various matters affecting the Company to the Directors or senior management through the Company Secretary. Enquiries will be promptly addressed by the appropriate Board Committees or the Board, if necessary. For enhancing communication, proxy advisors are proactively engaged on the latest corporate governance trends, particularly with regard to shareholder engagement.

The Shareholder Communication Policy, its implementation and effectiveness was reviewed in November 2024, and it was confirmed that the policy had been effectively implemented throughout the year ended 31 December 2024.

REPORTING AND TRANSPARENCY

Hysan commits to maintaining a high standard of transparency and keeping Shareholders and other Stakeholders abreast of the Company’s financial and non-financial performance as well as its strategy and outlook. The Group ensures timely, transparent and accessible communication by publishing:

- its interim and annual reports within three months of the financial period/year end;
- announcements (and circulars, where required) on material information or developments as required by the Listing Rules and/or the SFC, or voluntarily as the Board considers appropriate;
- in accordance with the requirements of the Listing Rules, all Corporate Communications on the Company’s website, biographies of the Directors and the senior management, business and sustainability developments, the governance structure, financial calendar, and other news and developments at Hysan; and
- press releases, presentation materials and webcasts on the Company’s website, in conjunction with the Company’s AGM and results announcement.

Corporate Governance Report

All corporate communication with Shareholders will be delivered in plain languages in both English and Chinese. Shareholders have the right to choose their preferred language (English or Chinese) and/or means of receipt (print or electronic), free of charge, at any time, with reasonable notice in writing, to the Company or the Company's Registrar or by e-mail to hysan14-ecom@vistra.com or cosec@hysan.com.hk, respectively.

DIVIDEND POLICY

The Company is committed to creating long-term shareholder value by providing dividends. All Shareholders are entitled to receive dividends according to our Dividend Policy.

In general, dividends will be evaluated and decided by the Board semi-annually at the time when the interim results and annual results are approved. In determining the appropriate amount of a dividend, the Board decision will be based on key factors including:

- prevailing financial performance and cash earnings;
- business conditions and outlook;
- capital commitments on operation and investment projects; and
- growth strategy, capital allocation and productivity.

The financial calendar and dividend-related dates for the year ended 31 December 2024 are set out in "Shareholder Information" on page 238.

Information about dividend payments, amounts and key dates is set out on the Shareholder Information (Dividend Information) section of the Company's website: (www.hysan.com.hk/investor/shareholder-information/).

SHAREHOLDERS' RIGHTS

The Board is committed to treating all Shareholders equitably and fairly. The rights of our Shareholders are well recognised and include:

- the right to receive declared dividends and to vote and attend general meetings; and
- the right to convene general meetings and to put forward proposals for consideration at general meetings.

A general meeting of Shareholders can also be convened by the Board or via a written request signed by Shareholders holding at least 5% of the total voting rights of all the Shareholders. The Group's Procedures for Shareholders to Convene General Meetings/Put Forward Proposals, as well as the relevant contact details, are available on the Company's website: www.hysan.com.hk/governance/group-policies-and-governance-guidelines.

GENERAL MEETINGS

Hysan's AGMs are usually held in May or June each year. Serving as a key communication channel for our Shareholders, the AGM provides them with the opportunity to understand the business performance of the Company. Our Board members, in particular the INEDs and the chairmen of Board Committees (or their delegates), senior management and external auditors, attend the AGMs and engage with our Shareholders to understand their feedback and answer questions.

To ensure our Shareholders have sufficient time to consider the proposed resolutions, AGM notices, circulars and other documents, are dispatched to Shareholders more than 30 days prior to the AGMs. Comprehensive information is also given on each resolution to be proposed.

Since 2004, all votes at AGMs have been taken by poll. The poll is conducted and scrutinised by the Company's Registrar. Procedures for conducting the poll are explained at the AGMs prior to the taking of the poll. Poll results and Directors' attendance at the AGM are announced and posted on the websites of both the Stock Exchange and the Company.

2024 Hybrid AGM

The 2024 AGM was held in a hybrid format on 5 June 2024, allowing Shareholders to attend the meeting in person at the Principal Meeting Place, the Hong Kong Convention and Exhibition Centre at 1 Expo Drive, Wanchai, Hong Kong, or to join via the live online webcast system ("Online AGM"). Shareholders attending the Online AGM were also counted towards the quorum.

The Online AGM, which allows Shareholders to view the live proceedings of the AGM, submit questions by text to the interactive platform for Q&A, call to raise questions and vote online in real-time, offers Shareholders the same participation and voting rights as those attending in person. Shareholders are encouraged to make use of the Online AGM to view the live meeting proceedings and participate in voting.

Hybrid AGMs promote inclusivity, engagement and transparency, facilitate Shareholders' participation by providing convenient access and overcoming geographical constraints and space limitations, and protect Shareholders' right to attend and vote at general meetings. The Online AGM enabled our Shareholders to participate in the 2024 AGM from anywhere with an internet connection and to meet our Board members, senior management and auditors of the Company. This arrangement has also broadened the reach of the AGM and provide flexibility to Shareholders who do not wish to attend in person or for other overseas Shareholders who are unable to attend in person.

Key matters resolved at the 2024 AGM included:

- Receipt of the Statement of Accounts for the year ended 31 December 2023 and the Reports of the Directors and Auditor thereon;
- Re-election of Mr. Lui Kon Wai as Director;
- Re-election of Ms. Chung Cordelia as Director;
- Re-election of Mr. Poon Chung Yin Joseph as Director;
- Re-election of Ms. Wong Ching Ying Belinda as Director;
- Re-appointment of Deloitte Touche Tohmatsu as Auditor;
- Granting of a general mandate to allot, issue and deal with additional shares in the Company (not exceeding 10% of the number of its issued shares, and the discount for any shares to be issued shall not exceed 10%);
- Granting of a general mandate to repurchase shares in the Company (not exceeding 10% of the number of its issued shares) ; and
- 2024 Amendments to the Articles of Association.

All resolutions proposed at the 2024 AGM were passed by the Shareholders.

Corporate Governance Report

2025 AGM

The 2025 AGM will be held on 5 June 2025. Details of the meeting are set out in the notice of the 2025 AGM, which constitutes part of the circular to Shareholders sent together with this Annual Report. Notice of the 2025 AGM and the proxy form are also available on the websites of both the Stock Exchange and the Company.

INVESTOR RELATIONS

Hysan is committed to maintaining open and constructive dialogue via two-way communication with its Stakeholders, as well as fixed-income investors, analysts and credit rating agencies.

We provide regular updates on Hysan's operating and financial performance through a variety of channels to keep our Stakeholders informed about the business environment and how the Company responded to risks and challenges. Virtual and face-to-face meetings and conference calls with institutional investors as well as live webcasts and press conference for our post-results briefing were held regularly by our senior management.

A dedicated Investor section with timely updates on the Company's business performance and key developments is also available on the Company's website: www.hysan.com.hk/investor.

Calendar of our Main Investor Relations Events

2024 1st Half		2024 2nd Half	
	<ul style="list-style-type: none">• Annual results announcement<ul style="list-style-type: none">– Press conference– Analyst briefing (live webcasts were also available)• Post-results roadshows• Annual General Meeting• Investor conferences		<ul style="list-style-type: none">• Interim results announcement<ul style="list-style-type: none">– Press conference– Analyst briefing (live webcasts were also available)• Post-results roadshows

CONSTITUTIONAL DOCUMENTS

At the 2024 AGM, a special resolution was passed to amend the Company's Articles of Association, providing flexibility to hold general meetings using virtual meeting technology (i.e. virtual general meetings). The amendments also clearly define the related powers of the Board and the chairman of the general meetings, and include measures to ensure the security and orderly conduct of the meetings. These changes are intended to align with the latest Companies Ordinance, as amended by the Companies (Amendment) Ordinance 2023, which comes into operation on 28 April 2023.

The Amendments offer the Company greater flexibility in conducting general meetings, make the process of managing corporate affairs more efficient, and facilitate Shareholders' participation by providing convenient access overcoming geographical constraints and space limitations, all of which are beneficial to both the Company and its Shareholders. The latest consolidated version of the Company's constitutional documents is available on the websites of the Stock Exchange and the Company.

By Order of the Board
Lee Irene Yun-Lien
Chairman

Hong Kong, 18 February 2025

Risk Management and Internal Control Report

RESPONSIBILITY

Responsibility for risk management is shared between the Board and the management of the Group. The Board has overall responsibility for reviewing and maintaining sound and effective risk management and internal control systems. Management's role is to design and implement these systems and to report to the Board and the Audit and Risk Management Committee on the identification and management of risks. This process is crucial for achieving the Group's business objectives.

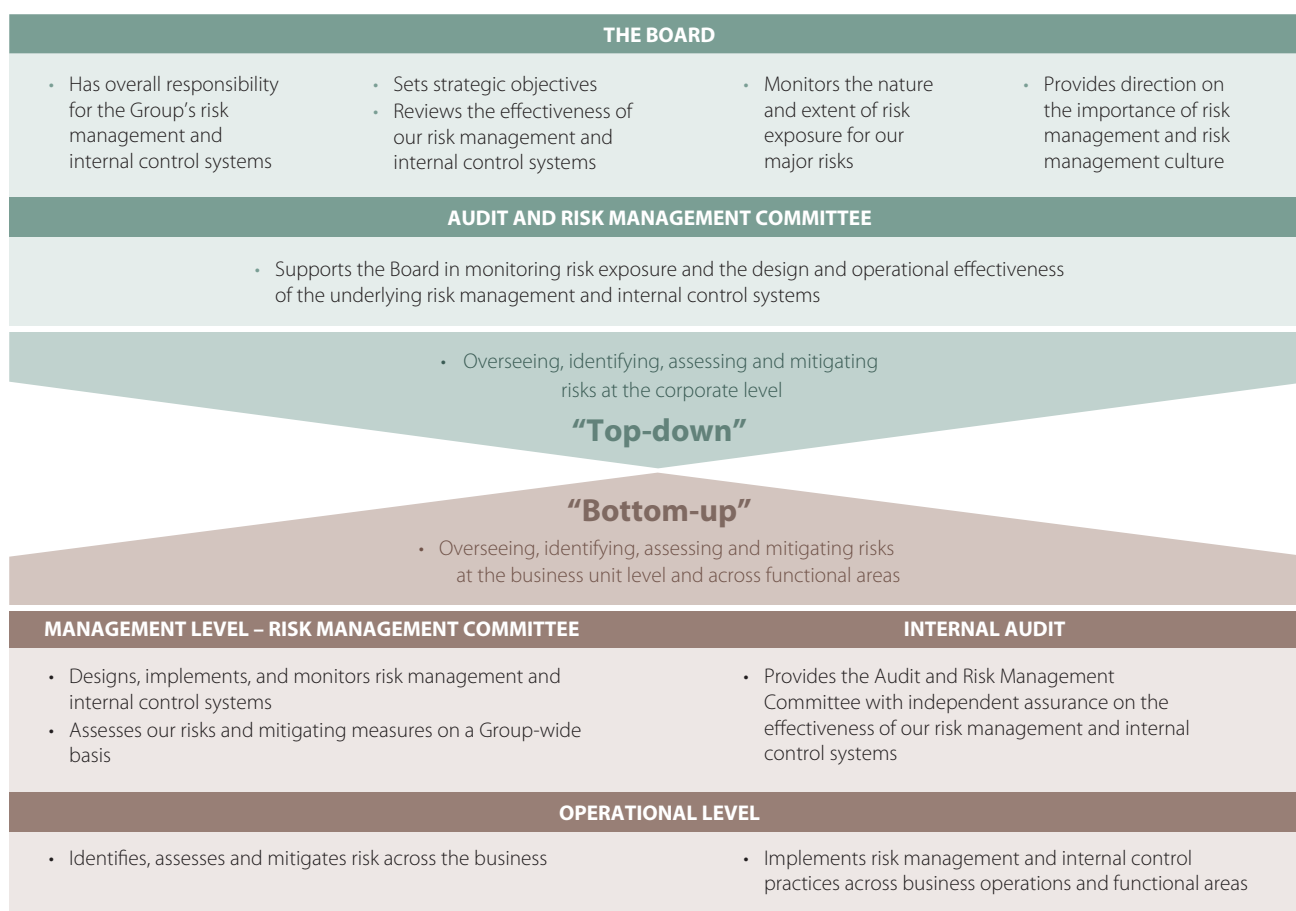
OUR RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The Audit and Risk Management Committee supports the Board in monitoring the Group's risk exposures and overseeing the design and operational effectiveness of its underlying risk management and internal control systems. Acting on behalf of the Board, the Audit and Risk Management Committee consistently supervises the following processes:

- Reviewing the Group's principal business risks and the control measures used to mitigate, transfer or avoid such risks; the strengths and weaknesses of the Group's overall risk management and internal control systems, and action plans to address such weaknesses or improve the assessment process;
- Reviewing reports by the Group Internal Audit on the Group's business processes and operations, including action plans to address any control weaknesses identified, and receiving status updates and monitoring the implementation of such audit recommendations; and
- Reviewing reports by the Group's external and internal auditors regarding any control issues identified in the course of their work, and discussing with external and internal auditors the scope of their respective reviews and findings.

The Audit and Risk Management Committee reports its findings to the Board, which then takes them into consideration when forming its own view of the effectiveness of the Group's risk management and internal control systems.

Hysan's Top-Down/Bottom-up Risk Management Framework



Risk Management and Internal Control Report

2024 REVIEW OF RISK MANAGEMENT AND INTERNAL CONTROL EFFECTIVENESS

In respect of the year ended 31 December 2024, the Board, with confirmation from the ED & COO, CFO, Head of Internal Audit and General Counsel & Company Secretary, considered the Group's risk management and internal control systems to be effective and adequate. No significant areas of concern that may affect the financial, operational and compliance controls, ESG compliance, internal audit, risk management and internal control functions of the Group were identified. The Group's risk management and internal control systems are designed to manage, rather than to eliminate, the risks of failure to achieve its business objectives and can only provide reasonable, not absolute, assurance against material misstatement or loss.

During the review, the Board also considered the resources and staff qualifications/experience of the Group's internal audit, accounting, financial reporting and business support functions, as well as those relating to ESG compliance, and found their training and budgets to be adequate.

OUR RISK MANAGEMENT AND INTERNAL CONTROL MODEL

Our risk management and internal control model is based on that of the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in the U.S., but with due consideration given to our organisational structure and business nature.

Our model has several components. The following section describes how our risk management and internal control model fits our operational and control environment.

- **Control Environment** – We have a strong tradition of good corporate governance and are committed to maintaining high standards of integrity, openness, probity and accountability. A formal Code of Ethics is communicated to all staff, including new recruits. We have maintained a separate Whistleblowing Policy since 2016, under which whistleblowers can raise concerns in confidence through an independent third party, who then reports cases to the Audit and Risk Management Committee.

In January 2021 and November 2022, we adopted a separate Anti-Fraud Policy and an Anti-Bribery and Corruption Policy respectively to promote an ethical corporate culture and emphasise our "zero tolerance" attitude to fraud, bribery and corruption. The policies are reviewed throughout the year to ensure the promotion of a healthy corporate culture and the maintenance of high standards of integrity and ethics through effective implementation. During the year, no material related issues were raised.

Following the Risk Management Guidelines developed in 2020, we adopted a Risk Appetite Statement in June 2021 that articulates the Group's principles regarding risk acceptance in pursuit of its strategic mission and business objectives. The statement defines the type of risk scenarios the Group should avoid and not to become exposed to, taking the varying levels of exposure into consideration.

- **Risk Assessment** – We continually improve our risk management process and the quality of information generated, while maintaining a simple and practical approach. We seek to embed risk management into all our operations (including retail, office, residential, property management and technical services, projects, marketing, and investment and strategic development) and functional areas (including the finance, human resources and administration, business technology, legal and secretarial, corporate communications and sustainability departments).

Department heads review and update their risk registers on an annual basis, providing assurance that controls are appropriately embedded and operating effectively.

At the management level, the Risk Management Committee, comprising the Chairman, ED & COO, CFO, and Head of Internal Audit, sets relevant risk management policies and regularly monitors potential weaknesses and the respective action items. The Committee is also responsible for identifying and assessing macro and strategic risks, including emerging risks.

This bottom-up approach, in which operating unit heads identify operational risks, is combined with top-down stewardship to ensure a comprehensive assessment of the Group's major risks. Discussions with all department heads further enhance the participatory and interactive aspects of our overall risk assessment and risk challenge process.

- **Control Activities** – Our business operations involve well-established business processes. The Group's control activities have traditionally been based on supervisor reviews, the segregation of duties, and well-defined physical and digital control points. These control policies have been formalised as written policies and procedures, with defined limits of delegated authority and segregated duties and controls.

The annual budgeting and planning process, one of our key control activities, takes into consideration all risk factors as well as the prevailing economic conditions and social trends. All operating units, in preparing their respective plans, are required to identify material risks that may have an impact on the achievement of their business objectives.

Action plans to mitigate identified risks are then required to be developed for implementation. Variance analyses are regularly performed and reported to the management and the Board, helping to identify deficiencies for which timely remedial actions can be taken.

The monitoring of major project expenditures is another significant control activity, as this represents a particularly capital-intensive aspect of our property business. For each project, a detailed analysis of expected risks and returns is submitted to the operating unit heads, ED & COO, CFO, Chairman and the Board for approval as appropriate. Criteria used to assess projects' business and financial feasibility are generally based on net present value, the payback period and the internal rate of return from projected cash flow, sensitivity analysis and life cycle analysis.

Management also conducts internal control self-assessments on an annual basis. All department and unit heads must complete a relevant control self-assessment questionnaire and confirm with management that appropriate internal control policies and procedures have been established and properly complied with.

- Monitoring Activities** – The Board and the Audit and Risk Management Committee oversee the control process with assistance from our Internal Audit team. Management provides updated reports to the Audit and Risk Management Committee on major risks and appropriate mitigating measures on a regular basis. In 2024, the Audit and Risk Management Committee held four meetings (2023: four meetings) to address dynamic risks and enhance the risk management oversight function. Each meeting included a dedicated discussion of risk management, internal control systems and recent developments.

RISK MANAGEMENT PROCESS

The Group has a robust process to review and communicate risks across its multi-level risk governance structure. This consists of (i) an ongoing process integrated into its day-to-day operations, in which risk owners dynamically evaluate and report any emerging risks they encounter to the Risk Management Committee, and (ii) a periodic risk assessment process through which key risks identified by management are systematically assessed on a regular basis.

Ongoing Risk Monitoring Process

Risk owners and the Risk Management Committee promptly make assessments and take action in response to new or emerging risks. This is a continuous and interactive process that includes communication and consultation with stakeholders.

- New risk confronted / anticipated
- Immediate risk review
- Assess risk
- Assess mitigation actions
- Notify parties
- Brainstorm and communicate
- Enforcement

Regular Risk Assessment Process

Risk Assessment

- Review and highlight key risks across different dimensions at the business unit level
- Analyse risks through detailed consideration of likelihood, impact and velocity, using established risk criteria



Risk Treatment

- Decide how to treat risks, based on the approaches of "Terminate, Transfer, Treat and Take" (or a combination thereof, where applicable)



Residual Risk and Risk Tolerance Level

- Collate the residual risk status (after risk treatment) with the risk tolerance level for each key risk
- Determine any further actions needed to close any risk gap



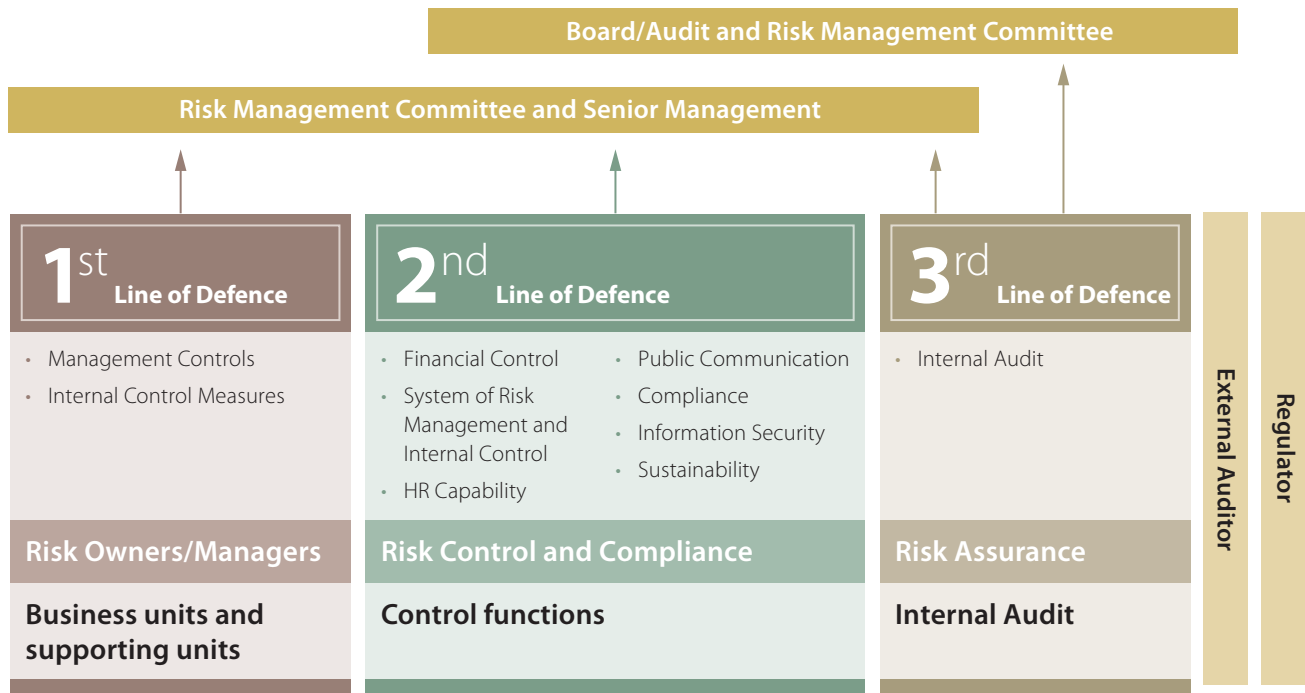
Risk Reporting

- Translate risk registers into a risk radar analysis
- Summarise and reflect the prioritised key risks of the Group

Risk Management and Internal Control Report

HYSAN'S "THREE LINES OF DEFENCE" MODEL

Clear responsibilities and robust controls are vital to help manage risks. In 2017, we reinforced our risk governance structure by adopting the "Three Lines of Defence" model to address how specific duties related to risk and control should be assigned and coordinated within the Group. This has reinforced Hysan's risk management capabilities and compliance culture across all divisions and functions.



The model aims to reinforce Hysan's risk management capabilities and compliance culture throughout the Group. The responsibilities of each of the defence lines are as follows:



OUR RISK PROFILE

Our approach for managing risk is underpinned by our understanding of our current risk exposures as well as how our risks are changing over time. The following table illustrates the nature of our major risks. Further analysis of our strategies is set out in other sections of this Annual Report as indicated below.

Risk area	Risk level changes during 2024	Description of risk change	Our mitigating measures
Overall business environment	—	<ul style="list-style-type: none"> Commercial property markets continued to be pressured as recovery of economic activities and consumer confidence in Hong Kong and Mainland China remained sluggish. Uncertainties in U.S. trade policy and trade tensions heightened, while global geopolitical conflicts continued to fester. The Fed and other central banks cut rates in 2024, but future trajectory remains uncertain. A series of stimulus and supportive policies were implemented by the Central Government of Mainland China and authorities in Hong Kong to boost the economy. 	<ul style="list-style-type: none"> Execution of our strategic plan to rejuvenate and curate our core Lee Gardens enhanced competitiveness amid market consolidation and defend asset value. Lee Garden Eight and the related connectivity project progressed on track. Investments in our growth pillars to diversify revenue sources. Strong performance from Lee Gardens Shanghai and Greater Bay Area Flex started contributing to earnings in 2024. Continued to improve operation efficiency and productivity and prioritise resources to capture and support business recovery. Executed our strategy with financial discipline and preserved liquidity in order to navigate near-term shocks.
Office sector	▲	<ul style="list-style-type: none"> Net absorption of Hong Kong Grade A offices was positive in 2024, but new supply pushed the vacancy rate higher, and overall market rental continued to decline. Co-working and work-from-home models continued to disrupt the traditional office leasing business. 	<ul style="list-style-type: none"> Diverse and dynamic leasing efforts widened our tenant mix and captured growing demand from different sectors (e.g. wealth management, wellness, and healthcare). Offered tailored solutions to increase the marketability of office units. The upcoming Lee Garden Eight, along with covered walkways and bridges, will enhance sustainability and connectivity. Embraced the Flex trend and widened our Flex offer through our Greater Bay Area Flex business and partnerships with other strong, established co-working operators. Collaborated with our Retail portfolio for mutual empowerment.

Risk Management and Internal Control Report

Risk area	Risk level changes during 2024	Description of risk change	Our mitigating measures
Retail sector	▲	<ul style="list-style-type: none"> Hong Kong retail sales declined amid ongoing changes in consumption patterns, weak consumer confidence and a strong Hong Kong Dollar. Changes in tourist and consumer behaviour, shifting from merchandise to experiential trades. Competition from Shenzhen, Hainan and other major cities continued to intensify. Competition among major shopping malls regarding promotions and loyalty incentives. 	<ul style="list-style-type: none"> Dynamic refinement and active curation of our trade mix and shopping experience reinforced our position as the home of luxury flagships and trendsetters. Diverse and flexible leasing efforts, along with continuous assessment of sales performance, ensured a resilient and sustainable tenant portfolio. Strengthened our long-term partnerships with strategic tenants. Achieved an appropriate and balanced customer profile for the local resident and tourist market segments. Curated and promoted the Lee Gardens heritage and community experience to attract tourists and local residents. Continued strengthening our loyalty programmes to drive spending and engagement through personalised services for Club Avenue members, as well as digital engagement and user experience for Hy! Members.
Residential sector	▼	<ul style="list-style-type: none"> Population inflows and returning expatriates continued to drive demand. Occupancy continued to recover. 	<ul style="list-style-type: none"> Flexible leasing offers to meet customer needs. Diversified our marketing channel and agents.
Tai Po Residential Development Project	—	<ul style="list-style-type: none"> The relaxed Loan to value (“LTV”) ratio and debt servicing ratio for home buyers, along with ongoing population inflows and declining mortgage rates, supported demand. However, high near-term supply and weak economic sentiment remained significant drags. 	<ul style="list-style-type: none"> Fine-tuning our sales programme and incentives helped capture market demand and speed up completion of property transactions.
Caroline Hill Road Commercial Development Project	—	<ul style="list-style-type: none"> Clouded outlook for commercial properties as uncertainties in local and global economies remained. Construction progress was satisfactory; show suite unveiled in January 2025 and pre-leasing was in progress. 	<ul style="list-style-type: none"> Ensured the project is carefully and professionally designed to meet up-and-coming market demand and remain competitive. Adopted of innovative, cost-efficient construction approach and technology. Developing the project with best-in-class green building standards and impactful yet practical sustainability features. Management committee closely monitored the tendering process and construction programme to manage construction costs and progress.

Risk area	Risk level changes during 2024	Description of risk change	Our mitigating measures
To Kwa Wan Residential Development Project	—	<ul style="list-style-type: none"> The relaxed LTV ratio and debt servicing ratio for home buyers, along with ongoing population inflows and declining mortgage rates, supported demand. However, high near-term supply and weak economic sentiment remained significant drags. Project progress was satisfactory. 	<ul style="list-style-type: none"> Ensured the project is carefully and professionally designed to meet up-and-coming market demand and remain competitive. Approached the market at the right moment. Management committee closely monitored the tendering process and construction programme to manage construction costs and progress.
Shanghai Investment Property – Lee Gardens Shanghai	—	<ul style="list-style-type: none"> The Shanghai office market remained sluggish, and market rental declined as corporates sought to cut rental costs. Lee Gardens Shanghai secured a strong occupancy ramp-up in 2024 by capturing the demand of corporate tenants relocating from traditional prime commercial districts. 	<ul style="list-style-type: none"> We built on our competitive advantages by extending our Lee Gardens business model and high-quality property management services to Shanghai. We implemented dynamic leasing strategies to sustain a solid buildup of occupancy. A strong and experienced local team was formed with support from Hong Kong Head Office. An asset management plan, along with financial and operational controls and compliance procedures, was formulated and implemented according to local needs.
Human Resources	—	<ul style="list-style-type: none"> Competition remained fierce for attracting skilled personnel, including those in frontline operations and management positions, to support our growth strategy. 	<ul style="list-style-type: none"> An improved working environment and benefits focused on wellbeing helped recruit new employees and retain talented people. Staff productivity was enhanced through technology and process automation. We grew and developed talent via internal training and our leadership programme. Strengthened our employer brand.
Cyber security	—	<ul style="list-style-type: none"> Increased risk of cyber security attacks on corporations, including cyber and physical security breaches, system failures, phishing attacks, computer viruses and malicious software, could lead to operational disruptions, reputational damage and claims from third parties. Similar cyber security risks are faced by our third-party information system service providers. 	<ul style="list-style-type: none"> Regular cyber security reviews and upgrades organised to identify and mitigate risks. Security awareness programme raised awareness of cyber security for all staff. Engaged external professionals to perform information security review on technical infrastructure and cyber security maturity. Cyber security policies and procedures, as well as insurance for cyber risk, continued. Information on cyber security risk and protection guidelines made available to all staff. Ongoing monitoring of key risk indicators. No direct or third-party cyber security breaches were reported for the year ended 31 December 2024.

Risk Management and Internal Control Report

Risk area	Risk level changes during 2024	Description of risk change	Our mitigating measures
ESG (including climate change)	—	<ul style="list-style-type: none"> • New requirements on ESG compliance are evolving. • Extreme weather events continued to pose threats on our operations and management of the buildings. 	<ul style="list-style-type: none"> • Continuously reviewed the requirements of ESG compliance and expectations of internal and external stakeholders with sustainability performance. • Kept sustainability-related policies up to date; and refined operational procedures and the ISO management system on an ongoing basis. • Conducted regular risk assessments and enhanced preventive measures for extreme weather events. • Evaluated and implemented cost-effective technology and operational solutions. • Planned for scenario analysis related to physical and transition risk assessment. • Decarbonisation roadmap, including both short and long-term initiatives, towards the objective of net zero carbon.
Customer Data Protection and Privacy Protection	—	<ul style="list-style-type: none"> • As applications of business technology continued to widen, personal data were collected through digital platforms and other channels. 	<ul style="list-style-type: none"> • Holistic approach in managing and protecting data and privacy through robust system and procedural controls. • Established Data Privacy Management Group to oversee the privacy risks and control system, introduced new measures for personal information management. • Regular data privacy compliance review. • Adopted stringent privacy policies and procedures, with strict compliance by all employees and service providers. • A centralised data privacy inventory is in place to track the risks and controls of personal data privacy. • No customer data loss cases or customer privacy breaches reported in the last three years.
Anti-fraud and Anti-corruption	—	<ul style="list-style-type: none"> • External service providers and third parties are engaged to provide business and technological solutions. 	<ul style="list-style-type: none"> • Adopted an Anti-fraud Policy as a framework, supported by established anti-fraud procedures and guidelines. • Adopted a separate Anti-bribery and Corruption Policy to promote a healthy corporate culture and high standards of integrity and ethics. • Put in place and regularly reviewed our Code of Ethics and Whistleblowing Policy. • Established an independent whistleblowing channel. • Identified potential fraud risks across the Group; no material related cases reported in the last three years.

Notes:

- ▲ where "inherent risks" have increased (i.e. before taking into consideration mitigating activities)
- ▼ where "inherent risks" have decreased
- where "inherent risks" have remained broadly the same

ENHANCEMENTS TO THE INTERNAL CONTROL ENVIRONMENT AND ACTIVITIES IN 2024

In addition to the actions described above, the following outlines examples of the improvements we have made to strengthen our risk management and internal control systems:

Control Environment – Compliance policies	<ul style="list-style-type: none"> We have established clear guidelines for policy owners regarding the establishment and ongoing review of corporate policies and procedures. This ensures our policies and procedures adequately address business and strategic developments and mitigate relevant emerging risks. We conduct annual reviews of the Anti-fraud Policy, the Anti-bribery and Corruption Policy, and the Group's Whistleblowing Policy to ensure there are adequate guidelines for our fraud risk management, as well as for the prevention and detection of misappropriation. 	<ul style="list-style-type: none"> Ongoing review process in place to ensure compliance
Control Environment – Risk Assessment and Control Self-Assessment Questionnaire	<ul style="list-style-type: none"> An online system is in place to facilitate our risk owners' annual risk assessments as well as a control self-assessment questionnaire. 	<ul style="list-style-type: none"> Systematic and efficient control assessment
Control Environment – Ethics of the Group	<ul style="list-style-type: none"> Our audits continue to evaluate the design, implementation and effectiveness of the Group's ethics-related objectives, programmes and activities from various perspectives. These include tone at the top, reporting structures, communications, and so forth. Below are some examples of past audits that have included ethical elements: <ul style="list-style-type: none"> Human Resources operation review in 2024 Group-wide procurement review in 2024 Finance and Treasury review in 2023 Fraud risk management in Marketing Operation in 2022 Corporate Communications Review, in which sustainability governance was covered, in 2022 Cultural audit in 2021 Data privacy audits in 2024, 2023 and 2020 Fraud risk management in Residential Operation in 2021 	<ul style="list-style-type: none"> Maintain high level of ethical standards for the employees of the Group
Control Activities – internal controls and policies and procedures	<ul style="list-style-type: none"> Reviews were conducted to strengthen the Group's procurement controls for the Group. Procurement policies were updated to address specific functional needs with a fraud-risk focus. Conducted a data privacy compliance review for the Group, including the operating procedures and controls for Shanghai procurement, to ensure compliance with Group standards and strengthen control over local practices. Conducted a Human Resources operation review. Conducted an annual information security review and review on information technology general controls. 	<ul style="list-style-type: none"> Continual review and refinement of internal controls and policies and procedures to keep risk management and internal controls aligned with the fast-changing business environments
Monitoring Activities – Cost review of development projects	<ul style="list-style-type: none"> We conduct ongoing and periodic reviews of the costs and controls of development projects, as the Group continues to execute several strategic developments, including the Caroline Hill Road Site Project and major asset enhancement projects. These reviews aim to ensure proper cost management and control of development projects. 	<ul style="list-style-type: none"> Ongoing review process in place to ensure proper development cost control

The Risk Management Committee
Hong Kong, 18 February 2025

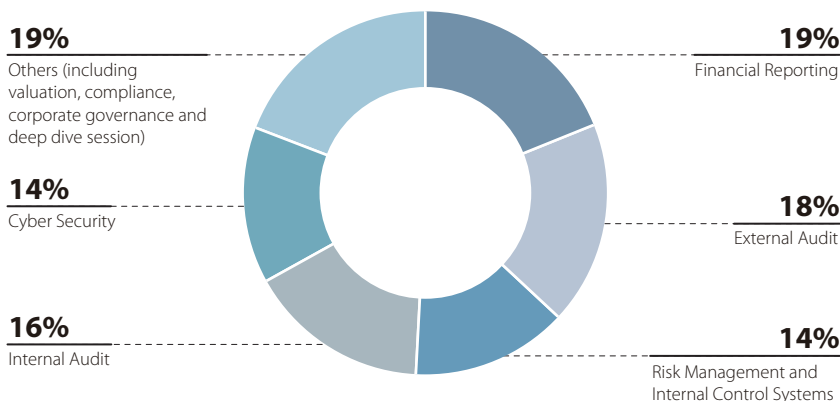
Audit and Risk Management Committee Report

Dear Shareholders,

We are pleased to present the report of the Audit and Risk Management Committee for 2024, which provides an overview of the works undertaken by the Committee during the year.

In 2024, the Committee continued to play a key oversight role for the Board in reviewing the Group's risk management and internal control systems, monitoring internal and external auditors, and overseeing and reviewing the financial reporting and Listing Rules compliance process. The Committee further provided independent and impartial oversight in relation to the overall risk approach of the Group. Recommendations were also made on the Group's risk appetite, profile and tolerance.

Committee activities and agenda time during the year



Composition in 2024	Poon Chung Yin Joseph* (Chairman) Churchouse Frederick Peter* Zhang Yong* (appointed on 9 December 2024) Lee Anthony Hsien Pin Fan Yan Hok Philip* (ceased to be a member on 5 June 2024) * INED
Independence Weighting	75%
Meeting Schedule	<ul style="list-style-type: none"> Four meetings were held during the year, with two of those meetings specifically focused on addressing dynamic risks (including cyber security) and enhancing the risk management oversight function Two pre-meeting sessions were held with external and internal auditors, without the presence of the management, to further facilitate open dialogue and assurance
Highlights in 2024 and 2025	<ul style="list-style-type: none"> Strengthened corporate policies and procedures for risk management (including financial, operational and cyber security) Deep dive sessions with external auditors and independent professional valuers on the reasonableness of property and investment valuation Quarterly reviews of cash flow projections and bank facilities to ensure ongoing financial robustness Enhanced policy on disclosure of dividend decisions to improve transparency regarding shareholder returns Conducted the annual data privacy compliance review Conducted an annual review of the information security review and a review of general controls on information technology Conducted quarterly cost reviews for Lee Garden Eight Construction Project Conducted a group-wide procurement review Conducted a human resource operations review Ongoing monitoring and enhancement of risk management and internal control systems in accordance with the Listing Rules and other regulatory requirements

ROLES AND AUTHORITIES

The Audit and Risk Management Committee's main roles and authorities are to:

- Oversee the Group's financial management and reporting processes and monitor the work carried out by the external auditor;
- Review and assess the Company's risk management and internal control systems;
- Review reports on major risks faced by the Group;
- Assess and review the risk appetite, profile and tolerance of the Group;
- Review resource adequacy and staff qualifications, skillsets and experience in the Group's internal audit, accounting and financial reporting functions, as well as their training programmes and budget;
- Review and ensure adequacy of corporate policies and procedures and effectiveness of the Group's compliance framework;
- Review the effectiveness of the Company's internal audit function; and
- Oversee the Company's relationship with the external auditor and provision of non-audit services.

ACTIVITIES

Details of the meeting held in February 2024 were set out in the 2023 Annual Report.

From March 2024 to February 2025, the Audit and Risk Management Committee held four meetings. The Board Chairman and senior management (including the ED & COO and CFO), internal auditor, external auditor and independent professional valuer presented updates and answered relevant questions to facilitate the Committee's decision-making process. Details of matters discussed in the meetings are given below.

Meetings of the Audit and Risk Management Committee Over the Past 12 Months

June 2024	August 2024	November 2024	February 2025
<ul style="list-style-type: none"> • Internal Audit Report • Cyber security • Deep-dive on "Market and Financial Risks: Sensitivity Analysis" • Legal and Regulatory Update 	<ul style="list-style-type: none"> • Interim Results • Property Valuations • Internal Audit Report • External Auditor Report • Legal and Regulatory Update 	<ul style="list-style-type: none"> • External Audit Progress Report • Risk Assessment • Internal Audit Report • Cyber security • Annual Review of Adequacy of Resources • Review and Update of Policy on Dividend Related Disclosures • Legal and Regulatory Update 	<ul style="list-style-type: none"> • Annual Results • Internal Audit Report • Property Valuations • Annual Review of Risk Management and Internal Control Effectiveness • Effectiveness and Independence of External Auditor • External Audit Completion Report • External Audit Plan For 2025 • Annual Review of Continuing Connected Transactions • Legal and Regulatory Update

Audit and Risk Management Committee Report

FINANCIAL REPORTING

The Audit and Risk Management Committee reviewed and discussed with management and the external auditor, and recommended to the Board for approval of the unaudited financial statements for the first six months ended 30 June 2024, the audited financial statements for the year ended 31 December 2024, and the Independent Auditor's Report for the year ended 31 December 2024, prior to their publication.

Within this process, management is responsible for the preparation of the Group's financial statements, including the selection and application of appropriate accounting policies, while the external auditor is responsible for auditing and attesting to the Group's financial statements and evaluating the Group's system of internal controls in this regard. Directors' responsibility for the financial statements are set out in the Corporate Governance section of this Annual Report.

The Committee's review and recommendations were based on the external auditor's review work, as well as the following:

- Discussions with the external auditor and internal auditor regarding the scope of their respective reviews and findings;
- Discussions with management regarding significant parameters and judgements affecting the Group's financial statements, including the valuation of investment properties as at 30 June 2024 and 31 December 2024 by the independent professional valuer, Knight Frank Petty Limited; and
- A joint review with both management and the external auditor of the key audit matters included in the Independent Auditor's Report for the year ended 31 December 2024.

REVIEW OF RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS

Key initiatives in relation to our review of risk management and internal control systems during the year are given below:

Corporate Policies and Procedures

We set out clear guidelines for policy owners regarding the establishment and ongoing review of corporate policies and procedures. This ensures the policies and procedures adequately address the business and strategic developments and mitigate the relevant emerging risks.

The Group saw significant advancements in strategic growth projects, including the construction of Lee Garden Eight, asset enhancements in the Lee Gardens Rejuvenation Project, and the rapid ramp-up of operations at Lee Gardens Shanghai, all supported by our robust group-wide procurement policy and process. In view of the significance of these key developments, we conducted a review of the group-wide procurement process to reinforce procurement controls and ensure their operating effectiveness. Procurement policies were also enhanced to address new functional needs and improve fraud prevention. In addition to the established financial and operational controls at Lee Gardens Shanghai, we have reinforced procurement controls by establishing clear guidelines for our procurement practices in Shanghai.

To further improve transparency in relation to shareholder returns, we have referred to the HKEx's consultation paper on Review of Corporate Governance Code (June 2024) and enhanced our policy on disclosure concerning the Board's dividend decisions.

The ARC's strong leadership plays a crucial role in enhancing internal audit capabilities. It also effectively monitors existing risks and proactively identifies emerging ones.

Directors' comments received in Board Evaluation 2024

Data Privacy

The Data Privacy Management Group, comprising compliance experts from the management team, oversees the data privacy risks and control system of the Group.

An annual data privacy compliance review was conducted for the Group (including the Shanghai operation), ensuring compliance with applicable laws as well as relevant corporate policies and statements regarding the collection, use, storage and retention of personal data.

Data privacy management procedures are in place with clear guidelines set on data collection, access, data inventory maintenance, internal and external communication, and incident response protocols. With operations commencing in Shanghai, new privacy compliance procedures in respect of property management and marketing specifically for Lee Gardens Shanghai were also adopted in 2024 to further enhance compliance with PRC privacy laws and reinforce our commitment to maintaining robust privacy standards.

To further ensure staff awareness of handling personal information and adherence to data privacy management procedures in all functional areas, all employees were required to complete mandatory annual training in data privacy to refresh their knowledge and understanding of the latest data privacy practices and regulations.

Internal Controls

Each year, the Group carries out an annual internal control self-assessment. In 2024, all department and unit heads completed a control self-assessment questionnaire tailored to their specific operations and functional risks. This process promote alignment between the leadership's tone at the top and the bottom-up insights and risk assessments provided by the functional teams.

Furthermore, we maintained our commitment to the continuous monitoring and strengthening of our internal controls. This effort aligns with the requirements of the Listing Rules and other relevant regulatory standards.

Capital and Financial Management

In response to the risks stemming from economic uncertainties and the Group's capital commitment to major construction projects, we have intensified our monitoring and control processes for managing our capital management, liquidity buffer and cost controls. The management team undertakes several key actions to ensure financial robustness by (i) constantly evaluating the Company's credit metrics, cash deployment, funding plans, liquidity buffers, and funding costs to maintain financial health and manage exposure to market changes, (ii) taking appropriate action in view of the market environment and outlook, and (iii) providing comprehensive updates to the Board through quarterly and ad hoc reports, ensuring transparency and informed decision-making at all levels.

INFORMATION SECURITY

The Audit and Risk Management Committee places great emphasis on information security and has a primary oversight responsibility for cyber security risks. The topic of information security is a regular item on the Committee's meeting agenda in the June and November Committee meetings. During the meetings, senior management provided regular updates on matters relating to information security of the Group, including regular reviews and assurance on the security of the infrastructure and updates on system enhancements. The Committee dedicated substantial time in numerous discussions on this issue.

Annual Information Security Review

In 2024, we engaged external experts to conduct an independent comprehensive review of the Group's information system and technical infrastructure, assessing cyber security maturity and all network changes implemented throughout the year. This evaluation helped identify and mitigate potential cyber security risks and vulnerabilities, guiding our efforts to fortify key information technology infrastructure and enhance network protection.

Audit and Risk Management Committee Report

Information Technology General Controls Review

We performed an audit of the information technology general controls, focusing on evaluating the effectiveness of security measures and operational objectives in daily operations. This critical review not only confirmed the robustness of our IT controls but also ensured their adaptability to address emerging threats, thereby maintaining the resilience of our technological framework.

Ongoing Cyber Security Management

During the year, the Committee undertook an ongoing review of the Group's information system to confirm that our current cyber security measures meet essential standards and requirements for effectively safeguarding the Group against cyber threats. After a thorough review of updates from management and assessments by external professional experts, the Committee concluded that our information security system is both adequate and fit for purpose.

Recognising the critical importance of cyber security awareness, we mandated annual cyber security awareness training for all employees. In 2024, we introduced a tailored cyber security awareness training programme, featuring a series of courses covering a broad spectrum of relevant topics. This initiative is designed to enhance the overall security posture of the Company by equipping our staff with the knowledge and skills necessary to identify, mitigate and respond to cyber security threats.

In addition, the Audit and Risk Management Committee:

- Evaluated the financial aspects of the Group's strategy implementation;
- Considered the Group's key corporate risks, including the overall business environment, operational risks and ESG risks and compliance, with the overall approach set by senior management;
- Considered the key imminent risks and risk registers presented by the management;
- Reviewed all legal and regulatory updates and trends that may affect the Group and their implications;
- Reviewed the methodology used by the Group's independent professional valuer, Knight Frank Petty Limited, in the valuation of its investment properties and discussed the key judgements made by the valuer;
- Reviewed resource adequacy and staff qualifications and experience in the Group's internal audit, accounting and financial reporting functions, as well as their training programmes and budget; and
- Reviewed the annual risk management and internal control systems performance for 2024, based on the following:
 - Reports from the GIA on the review of the Company's continuing connected transactions for the year ended 31 December 2024, as well as the adequacy and effectiveness of the related internal control procedures;
 - Regular reports from management regarding major risks, movements in risk levels and mitigating actions, as well as special reports on major risk items identified (as detailed above);
 - Regular reports from the GIA, including the implementation status of its recommendations;
 - Certification and confirmation of controls' effectiveness by management, covering financial, operational and compliance controls, ESG compliance, internal audit, risk management and internal control, as well as the adoption of a control self-assessment questionnaire across the operating departments; and
 - Confirmation from the external auditor that it had not identified any control weaknesses in respect of the Group's financial reporting cycle during its audit.

The Audit and Risk Management Committee was satisfied with the adequacy and effectiveness of the Company's risk management and internal control systems, including resource adequacy and staff qualifications and experience in the Group's accounting, financial reporting and internal audit functions, as well as their training programmes and budget. No significant areas of concern that might affect financial, operational and compliance controls, ESG compliance, cyber security, internal audit, risk management or internal control were identified.

THE FOLLOWING MEASURES ARE IN PLACE TO ENSURE THE INDEPENDENCE OF EXTERNAL AUDITORS:

- Detailed assessment of the external auditor's independence, service quality and remuneration level;
- Annual confirmation of the auditor's independence issued by the external auditor;
- A rotation arrangement for the lead audit partner was established and implemented by the external auditor;
- The lead audit partner is required to comply with professional ethical standards and independence policies and requirements applicable to the work performed;
- The award of any non-audit services provided by the Group's external auditors (and their affiliates) is subject to the Group's procurement policy, which is consistent with all other third-party vendor relationships;
- All non-audit services were pre-approved by the Audit and Risk Management Committee; and
- Appropriate policies and procedures have been established to identify audit and non-audit services, as well as prohibited non-audit services that might impair the independence of the auditor. The external auditor confirmed its independence with regard to the non-audit services provided.

A summary of the external auditor's services and fees for the years ended 31 December 2024 and 2023 is as follows:

	2024 HK\$ million	2023 HK\$ million
Audit services	3.5	3.5
Non-audit services		
– Recurring (Note a)	0.6	0.6
– One-time transactional		
• Technology services (Note b)	7.4	7.0
Total	11.5	11.1

Notes:

- (a) Recurring services include statutory compliance and regulatory or government procedures required to comply with financial, accounting or regulatory report matters.
- (b) Deloitte Advisory (Hong Kong) Limited ("Deloitte Consulting") was appointed to provide technology services, system integration and application management for our customer relationship management ("CRM") platforms based on their demonstrated subject matter expertise in implementing similar CRM solutions, proven track record from past projects and competitive pricing presented through a rigorous tender process. To maintain the Auditor's independence, the External Auditor confirmed that such technology services are provided by professionals from Deloitte Consulting who are not audit engagement team members and Deloitte Consulting did not assume any management responsibility during the provision of such services. In 2024, the development of the CRM platforms was completed and launched.

Audit and Risk Management Committee Report

EXTERNAL AUDITOR

The Group engaged Deloitte Touche Tohmatsu as the external auditor of the Company and regards their independence as crucial to the effectiveness of our corporate governance. In overseeing the Group's relationship with the external auditor and ensuring its independence, the Audit and Risk Management Committee:

- Reviewed and considered the terms of engagement of the external auditor in respect of the Group's 2024 results (including the 2024 annual audit, the related results announcement, and the annual review of continuing connected transactions) and the annual update regarding its MTN Programme;
- Reviewed the audit progress report of the external auditor;
- Reviewed the annual assessment of the auditor's independence, qualifications, expertise and services, and remained satisfied with the same;
- Reviewed and considered the 2024 audit service plan of the external auditor and the terms of its engagement in respect of the 2024 interim results review; and
- Recommended to the Board that the Shareholders be asked to re-appoint Deloitte Touche Tohmatsu as the Group's external auditor for 2024.

The Audit and Risk Management Committee and the Group were satisfied that the auditor's independence and objectivity were not in any way impaired by the provision of non-audit services.

INTERNAL AUDIT

The Audit and Risk Management Committee reviewed the internal audit plan regarding the key risks and business strategy of the Group, details of specific significant internal audit findings, management responses to audit reports issued during the year, and regular reports on their implementation status. Following the Group's three-year audit plan, Internal Audit continually conducted projects that highlighted control gaps for management rectification. Audit findings were presented via audit reports, including management responses regarding the status of subsequent follow-up and implementation.

EVALUATION

The Board and Board Committee evaluation process, which took place during the year, concluded that the Audit and Risk Management Committee was effective in fulfilling its roles in 2024. For details, please refer to the "Board Evaluation" section of the Corporate Governance Report (pages 86 to 87).

Members' attendance records are disclosed in the table on page 84.

Members of the Audit and Risk Management Committee

Poon Chung Yin Joseph (Chairman)
Churhouse Frederick Peter
Zhang Yong
Lee Anthony Hsien Pin

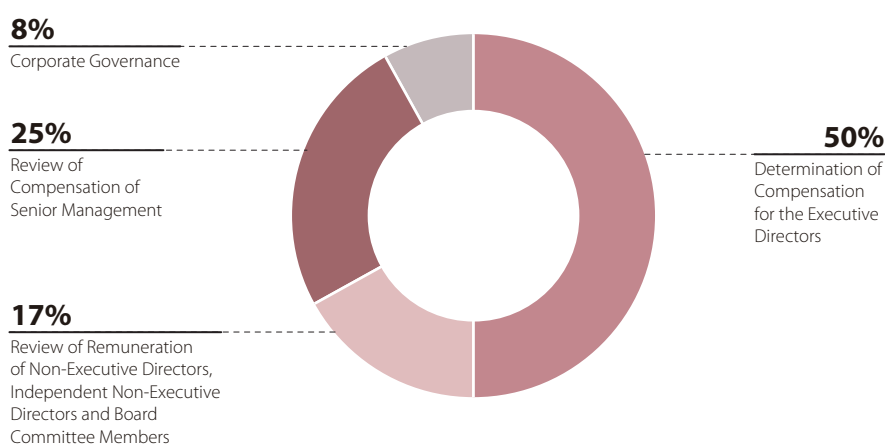
Hong Kong, 18 February 2025

Remuneration Committee Report

Dear Shareholders,

We are pleased to present the Remuneration Committee Report for 2024. The primary roles of the Remuneration Committee are to advise the Board on the formulation of remuneration policy, to determine remuneration and incentive packages for Directors and senior management, and to ensure that the remuneration packages are commensurate with the qualifications and competencies of the Directors and senior management and are in the best interests of the Company and its Shareholders.

Committee activities and agenda time during the year



Composition in 2024	Chung Cordelia* (Chairman) (appointed as the chairman on 5 June 2024) Churchouse Frederick Peter* Young Elaine Carole* (appointed on 5 June 2024) Fan Yan Hok Philip* (ceased to be a member on 5 June 2024) * INED
Independence Weighting	100%
Meeting Schedule	<ul style="list-style-type: none"> At least one meeting every year One meeting in 2024
Highlights in 2024 and 2025	<ul style="list-style-type: none"> Considered remuneration for Directors and senior management Considered the Group's compensation structure Reviewed and updated its terms of reference

Remuneration Committee Report

ROLES AND AUTHORITIES

The Remuneration Committee's main roles and authorities are to:

- Review the Group's framework and general policies for the remuneration of EDs and senior management and make recommendations to the Board;
- Review and determine the remuneration of EDs and senior management as recommended by the management;
- Review and make recommendations to the Board on the fees of NEDs, INEDs and Board Committee members prior to Shareholders' approval at the general meetings; and
- Review matters related to share incentive plans (including matters related to share schemes under Chapter 17 of the Listing Rules), changes to the key terms of pension plans, and the key terms of any new compensation and benefits plans that have a material financial, reputational and strategic impact on the Company.

ACTIVITIES

The EDs and management may be invited to Remuneration Committee meetings to present updates and/or answer relevant questions in order to facilitate the decision-making process. No Director is involved in deciding their own remuneration.

Details of the meeting held in February 2024 were set out in the 2023 Annual Report. In February 2025, the Remuneration Committee held a meeting to:

- Approve the EDs' 2025 compensation packages and 2024 performance-based bonuses;
- Review the fees for NEDs, INEDs and Board Committee members;
- Review and determine the compensation packages of senior management; and
- Review the terms of reference of the Remuneration Committee.

Members' attendance records are disclosed in the table on page 84.

REMUNERATION POLICY

We recognise the importance of a transparent remuneration policy and practice, which are underpinned by three cornerstones:

1. Effective Corporate Governance
 - No Director is involved in deciding their own remuneration;
 - Compensation packages of EDs are reviewed and approved by the Remuneration Committee;
 - Remuneration of NEDs and INEDs are approved by the Board upon the recommendation of the Remuneration Committee and subject to Shareholders' approval;
 - Compensation packages of senior management and department heads are reviewed and approved by the Remuneration Committee; and
 - Independent professional advice is to be sought where appropriate.

2. Market Benchmarking

- Hong Kong property developers and companies listed on the main board of the Stock Exchange with investment property business were selected as comparators for benchmarking Director's fees and remuneration of EDs and senior management.

3. Performance-linked

- Remuneration packages and structures for EDs and senior management shall reflect a fair reward system for all participants, taking into account both quantitative and qualitative assessments of performance in the forms of financial and operational targets and behavioural competencies that align with the Group's long-term strategy, corporate culture and core values.
- With the aim of incentivising a proper balance between business performance and long-term sustainable growth, long-term contributions shall be reviewed and evaluated based on, among others, the pre-determined long-term objectives and development plan, considering also the alignment with the Group's long-term strategy, corporate culture and core values, etc.

REMUNERATION POLICY FOR EXECUTIVE DIRECTORS AND SENIOR MANAGEMENT

The Group's approach is to provide a fair market level of remuneration to attract, retain and motivate high-quality EDs, senior management and employees. At the same time, rewards must be aligned with the Company's strategy, corporate culture, core values, performance and Shareholders' interests.

The following principles of remuneration for EDs and senior management have been established:

- The Remuneration Committee shall determine the overall amount of each component of remuneration, taking into account:
 - (i) both quantitative and qualitative assessments of performance;
 - (ii) the achievement of financial and operational key performance targets; and
 - (iii) behavioural competencies that align with the Group's long-term strategy, corporate culture and core values;
- Remuneration policy and practices shall be as transparent as possible and reviewed regularly, independent of executive management;
- Grantees of the share schemes of the Company shall develop significant personal shareholdings through executive share incentive schemes, in order to align their interests with those of the Shareholders;
- Remuneration packages shall be set at levels that ensure comparability and competitiveness with Hong Kong-based companies competing for a similar talent pool, with special emphasis on the real estate industry. Independent professional advice is to be sought where appropriate; and
- Pay and employment conditions elsewhere in the Group shall be taken into account.

Remuneration Committee Report

In reviewing and determining remuneration for EDs and senior management, the Remuneration Committee will take into account their overall achievements with respect to the following determining factors, each with a series of measures:

Components	Determining Factors
Fixed compensation	
Base salary and allowances	<ul style="list-style-type: none"> Market trends: increments in line with general and real estate industry norms Market benchmarks relevant to role and job scope Company performance (with reference to the Group's turnover growth, occupancy rate, property expenses ratio, underlying profit, etc.) Individual performance and contribution^{Note 1}, measured against annual financial and operational targets (turnover, expense ratio, earnings per share ("EPS"), portfolio year-end occupancy, achievement of key strategic initiatives, etc.)
Variable compensation	
Performance bonus	<ul style="list-style-type: none"> Company performance (with reference to the Group's turnover growth, occupancy rate, property expenses ratio, underlying profit, etc.) Individual performance and contribution^{Note 1}, measured against annual financial and operational targets (turnover, expense ratio, EPS, portfolio year-end occupancy, achievement of key strategic initiatives, etc.) Actual bonus payout ranges from 0–200% of target bonus, which is set as a percentage of annual base salary
Share incentives	<ul style="list-style-type: none"> Company performance (with reference to the Group's turnover growth, occupancy rate, property expenses ratio, underlying profit, etc.) Corporate KPIs^{Note 2}, individual performance and potential, as well as long-term contribution^{Note 3} to the Company Level of share options and/or share awards granted is based on a prescribed grant multiple of annual base salary^{Note 4}

Notes:

- Employees are required to undergo mid-year and annual performance appraisals, during which individual performance targets (financial and operational) are set. Performance is continually monitored throughout the year and evaluated against these performance targets semi-annually. Performance assessment on the achievement of performance targets and behavioural competencies that align with the Group's long-term strategy, corporate culture and core values, culminating in an individual performance rating that will determine the fixed and variable compensation outcomes.
- The grant of share incentives is contingent upon the fulfilment of specific corporate level performance conditions, including the KPIs on Group's turnover growth, occupancy rate, property expenses ratio, and underlying profit. Under the 2024 Share Award Scheme, the vesting of Performance Shares is determined by company performance, measured as Total Shareholder Return. For details, please refer to the relevant section in this Remuneration Committee Report.
- With the aim of incentivising a proper balance between business performance and long-term sustainable growth, long-term contribution is reviewed and evaluated based on, among others, the pre-determined long-term objectives and development plan, considering also the alignment with the Group's long-term strategy, corporate culture and core values, etc.
- The size of the grant will be determined based on a multiple of the base salary and relevant individual performance metrics. The Board regularly reviews both the grant and vesting structures to ensure alignment with the goals of the share incentive schemes, as well as the VMVs of the Group.

In February 2025, the Remuneration Committee held a meeting to consider the annual base salaries of Ms. Lee Irene Yun-Lien and Mr. Lui Kon Wai. The Remuneration Committee approved and recommended for the Board's approval their 2025 annual fixed base salaries of HK\$8,240,000 and HK\$5,953,000 respectively, and 2024 performance-based bonus amounts of HK\$11,124,000 and HK\$5,953,000, respectively.

Details of Directors' remuneration, including individual EDs and senior management's emoluments for 2024, as well as changes in share options and/or share awards for EDs during the year, are set out in notes 10, 11 and 36, respectively, to the consolidated financial statements.

Remuneration Policy for NEDs and INEDs

These are the key guiding principles of the remuneration for our NEDs and INEDs:

- Remuneration shall be set at an appropriate level to attract and retain first-class non-executive talent;
- Remuneration of NEDs and INEDs shall be set by the Board and subject to Shareholders' approval at the general meetings and should be proportional to their commitment and contribution to the Company;
- Remuneration practices shall be consistent with recognised best practices and standards for the remuneration of the NEDs and INEDs;
- Remuneration shall be in the form of cash, payable semi-annually; and
- NEDs and INEDs shall not receive share options and/or share awards from the Company.

In 2024, NEDs and INEDs received no compensation from the Group other than the Directors fees disclosed below. None of the NEDs and INEDs received any pension benefits from the Company, nor did they participate in any bonus or incentive schemes.

NEDs and INEDs received fees totalling HK\$3,223,000 during 2024.

Director Fee Levels

Director fees are subject to Shareholders' approval at general meetings. In February 2025, the Remuneration Committee duly considered a number of factors, including the level of responsibility, experience and abilities required of the Directors, the level of care and amount of time required, employment conditions elsewhere in the Group, as well as the fees offered for similar positions in comparable companies requiring the same talent and agreed that the Director fees shall be maintained at the same level.

The current fees for the NEDs, INEDs and Board Committee members are set out below. EDs do not receive any Director fees.

	Per annum HK\$	
Board		
NED and INED	280,000	(Note 1)
Audit and Risk Management Committee		
Chairman	180,000	(Note 1)
Member	108,000	(Note 1)
Remuneration Committee		
Chairman	75,000	(Note 1)
Member	45,000	(Note 1)
Nomination Committee		
Chairman	50,000	(Note 1)
Member	30,000	(Note 1)
Sustainability Committee		
Chairman	50,000	(Note 2)
Member	30,000	(Note 2)

Notes:

1. Approved by Shareholders at the 2019 AGM and took effect on 1 June 2019.
2. Approved by the Board and took effect on 1 January 2020.

Remuneration Committee Report

Human Resources Practices

The Group aims to attract, retain and develop high-calibre individuals who are committed to attaining our objectives and aligning with Hysan's corporate culture and core values. The total number of employees of the Group as at 31 December 2024 was 520 (2023: 516). The Group's human resources practices are aligned with our corporate objectives in order to maximise Shareholder value and achieve sustainable growth. Details of our human resources programmes, training and development are set out in our Sustainability Report 2024.

Long-term Incentives: Share Schemes

Share Option Schemes

The Company may grant options under executive share option schemes as adopted from time to time (the "Share Option Schemes"). The purpose of such schemes is to strengthen the connection between individual employees and Shareholders' interests.

The Board may, at its discretion, appoint a scheme administrator to administer, manage and implement the Share Option Schemes according to the respective scheme rules. The Remuneration Committee is authorised by the Board to administer the Share Option Schemes, including the granting of options to management staff below the ED level. The power to grant options to EDs is also vested in the Remuneration Committee, with endorsement by all INEDs being required under the Listing Rules.

The 2005 Share Option Scheme (the "2005 Share Option Scheme")

The Company adopted the 2005 Share Option Scheme at its AGM held on 10 May 2005 (the "2005 AGM"), which had a term of 10 years and expired on 9 May 2015. All outstanding options granted under the 2005 Share Option Scheme will continue to be valid and exercisable in accordance with the provisions of the 2005 Share Option Scheme. No further option will be granted under the 2005 Share Option Scheme.

Under the 2005 Share Option Scheme, options to subscribe to the ordinary shares of the Company may be granted to employees of the Company or any of its wholly-owned subsidiaries (including EDs), as well as such other persons as the Board may consider appropriate from time to time, on the basis of their contribution to the development and growth of the Company and its subsidiaries.

The maximum number of shares in respect of which options may be granted under the 2005 Share Option Scheme and any other share option scheme of the Company shall not exceed the maximum number of shares permissible under the Listing Rules, being 10% of the total number of shares in issue as at the date of the 2005 AGM (being 104,996,365 shares, representing approximately 10% of the total number of issued shares of the Company as at the date of this Annual Report).

The maximum entitlement of each participant under the 2005 Share Option Scheme must not, during any 12-month period, exceed the maximum number of shares permissible under the Listing Rules (which is 1% of the total number of shares in issue as at the date of the 2005 AGM, being 10,499,636 shares). The exercise price shall be at least the higher of (i) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date of grant; and (ii) the average closing prices of the shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant. The consideration for each grant of option is HK\$1 and is required to be paid within 30 days from the date of grant, with full payment for the exercise price to be made upon the exercise of the relevant option.

The 2015 Share Option Scheme (the "2015 Share Option Scheme")

The Company adopted the 2015 Share Option Scheme at its AGM held on 15 May 2015 (the "2015 AGM"), which has a term of 10 years and will expire on 14 May 2025. The terms of the 2015 Share Option Scheme are substantially the same as those of the 2005 Share Option Scheme. Upon the expiration of the 2015 Share Option Scheme, no further option will be granted under it, and all outstanding options granted will continue to be valid and exercisable in accordance with the provisions of the 2015 Share Option Scheme.

Under the 2015 Share Option Scheme, options to subscribe to the ordinary shares of the Company may be granted to employees of the Company or any of its subsidiaries (including EDs), as well as such other persons as the Board may consider appropriate from time to time, on the basis of their contribution to the development and growth of the Company and its subsidiaries.

The maximum number of shares in respect of which options may be granted under the 2015 Share Option Scheme and any other share option schemes of the Company shall not in aggregate exceed the maximum number of shares permissible under the Listing Rules, being 10% of the total number of shares in issue as at the date of the 2015 AGM (being 106,389,669 shares, representing approximately 10% of the total number of issued shares of the Company as at the date of this Annual Report). Under the Listing Rules, a listed issuer may seek approval from its shareholders in a general meeting to “refresh” the 10% limit under the 2015 Share Option Scheme. In addition, the total number of shares that may be issued upon the exercise of all outstanding options granted but not yet exercised under the 2015 Share Option Scheme and any other share option schemes of the Company must not exceed 30% of the shares in issue from time to time (or the maximum number of shares permissible under the Listing Rules). No options may be granted where such a grant would result in this 30% limit or the maximum permissible limit being exceeded.

The maximum entitlement of each participant under the 2015 Share Option Scheme must not, during any 12-month period, exceed the maximum number of shares permissible under the Listing Rules (which is 1% of the total number of shares in issue as at the date of the 2015 AGM, being 10,638,966 shares). The exercise price shall be at least the higher of (i) the closing price of the shares as stated in the Stock Exchange’s daily quotations sheet on the date of grant; and (ii) the average closing prices of the shares as stated in the Stock Exchange’s daily quotations sheets for the five business days immediately preceding the date of grant. The consideration for each grant of option is HK\$1 and is required to be paid within 30 days from the date of grant, with full payment for the exercise price to be made upon the exercise of the relevant option.

Grant and vesting structures

Under the Company’s current policy, grants are to be made on a periodic basis, subject to fulfilment of specific corporate level performance conditions, including Group’s turnover growth, occupancy rate, property expenses ratio and underlying profit, whereas the size of the grant will be determined based on a multiple of the base salary and relevant individual performance metrics. The exercise period is 10 years. The vesting period is three years in equal proportions starting from the first anniversary of the grant, with the shares becoming fully vested on the third anniversary. The size of the grant will be determined with reference to a base salary multiple and job performance metrics. The Board reviews the grant and vesting structures from time to time.

Movement of share options

Since the 2005 Share Option Scheme expired on 9 May 2015, no option was available for grant under the 2005 Share Option Scheme as at 1 January 2024 and 31 December 2024 respectively. No option was granted under the 2005 Share Option Scheme during the year.

The number of options available for grant under the scheme mandate limit of the 2015 Share Option Scheme as at 1 January 2024 and 31 December 2024 was 98,579,673 and 99,699,340 respectively. During the year, no share options were granted under the 2015 Share Option Scheme.

As at 31 December 2024:

- share options exercisable into a total of 305,000 ordinary shares of the Company granted and fully-vested under the 2005 Share Option Scheme remained outstanding, representing approximately 0.03% of the total number of issued shares of the Company;
- share options exercisable into a total of 6,266,400 ordinary shares of the Company (including fully-vested share options exercisable into 5,730,394 ordinary shares of the Company) granted under the 2015 Share Option Scheme remained outstanding, representing approximately 0.61% of the total number of issued shares of the Company; and
- 99,699,340 shares remained issuable under the 2015 Share Option Scheme, representing approximately 9.71% of the total number of issued shares of the Company.

Remuneration Committee Report

Details of options granted, exercised, cancelled/lapsed and outstanding under the Share Option Schemes during the year are as follows:

Name	Date of grant	Exercise price HK\$	Exercise period (Note a)	Outstanding Options as at 1.1.2024	Changes during the Year				Outstanding Options as at 31.12.2024
					Granted	Exercised	Lapsed (Note b)	Cancelled (Note c)	
2005 Share Option Scheme									
Executive Director									
Lee Irene Yun-Lien	10.3.2014	32.84	10.3.2015–9.3.2024	325,000	–	–	(325,000)	–	–
	12.3.2015	36.27	12.3.2016–11.3.2025	300,000	–	–	–	–	300,000
Other employee participants	31.3.2014	33.75	31.3.2015–30.3.2024	36,000	–	–	(36,000)	–	–
	31.3.2015	34.00	31.3.2016–30.3.2025	47,000	–	–	(42,000)	–	5,000
				708,000	–	–	(403,000)	–	305,000

Name	Date of grant	Exercise price HK\$	Exercise period (Note a)	Outstanding Options as at 1.1.2024	Changes during the Year				Outstanding Options as at 31.12.2024
					Granted	Exercised	Lapsed (Note b)	Cancelled (Note c)	
2015 Share Option Scheme									
Executive Directors									
Lee Irene Yun-Lien	9.3.2016	33.15	9.3.2017–8.3.2026	375,000	–	–	–	–	375,000
	23.2.2017	36.25	23.2.2018–22.2.2027	300,000	–	–	–	–	300,000
	1.3.2018	44.60	1.3.2019–29.2.2028	373,200	–	–	–	–	373,200
	22.2.2019	42.40	22.2.2020–21.2.2029	494,200	–	–	–	–	494,200
	21.2.2020	29.73	21.2.2021–20.2.2030	650,000	–	–	–	–	650,000
	26.2.2021	33.05	26.2.2022–25.2.2031	664,000	–	–	–	–	664,000
	28.2.2022	23.25	28.2.2023–27.2.2032	819,000	–	–	–	–	819,000
	Lui Kon Wai	29.3.2018	41.50	29.3.2019–28.3.2028	179,000	–	–	–	–
29.3.2019		42.05	29.3.2020–28.3.2029	203,000	–	–	–	–	203,000
31.3.2020		25.20	31.3.2021–30.3.2030	262,000	–	–	–	–	262,000
31.3.2021		30.40	31.3.2022–30.3.2031	267,000	–	–	–	–	267,000
28.2.2022		23.25	28.2.2023–27.2.2032	400,000	–	–	–	–	400,000
Other employee participants		31.3.2016	33.05	31.3.2017–30.3.2026	85,000	–	–	(65,000)	–
	31.3.2017	35.33	31.3.2018–30.3.2027	178,667	–	–	(104,667)	–	74,000
	29.3.2018	41.50	29.3.2019–28.3.2028	214,000	–	–	(90,000)	–	124,000
	29.3.2019	42.05	29.3.2020–28.3.2029	330,000	–	–	(156,000)	–	174,000
	31.3.2020	25.20	31.3.2021–30.3.2030	403,000	–	–	(180,000)	–	223,000
	31.3.2021	30.40	31.3.2022–30.3.2031	490,000	–	–	(214,000)	–	276,000
	31.3.2022	23.36	31.3.2023–30.3.2032	699,000	–	–	(310,000)	–	389,000
				7,386,067	–	–	(1,119,667)	–	6,266,400

Notes:

- All options granted have a vesting period of three years in equal proportions, starting from the first anniversary of the grant and becoming fully vested on the third anniversary. "Exercise period" accordingly begins with the first anniversary of the date of grant.
- Options lapsed during the year in accordance with the rules of the Share Option Schemes.
- Options cancelled during the year in accordance with the rules of the Share Option Schemes.

Save as disclosed above, there is no further information which is required to be disclosed under Rule 17.07 of the Listing Rules.

The 2024 Share Award Scheme

Terms & Purposes

The Company on 19 January 2024 (the "Adoption Date") adopted the 2024 Share Award Scheme. With a term of 10 years from the Adoption Date, the 2024 Share Award Scheme shall remain in force until 18 January 2034, subject to any early termination as may be determined by the Board pursuant to the scheme rules. The purpose of the 2024 Share Award Scheme are (i) to attract and retain critical talent and drive long-term commitment; (ii) to drive performance and a culture of excellence; and (iii) to instil a culture of accountability, engagement and sense of ownership in the Group.

Administration

The Board has delegated the administration of the 2024 Share Award Scheme to the Remuneration Committee, which consists solely of INEDs. This delegation ensures proper governance when reviewing and deciding on proposed grants of the share awards, guaranteeing that the administrator of the 2024 Share Award Scheme shall not be a participant in the scheme, aligning the objectives of the 2024 Share Award Scheme with Shareholders' interests.

Eligible Participants

Pursuant to the 2024 Share Award Scheme, the Remuneration Committee, as authorised by the Board, may, from time to time, exercise its absolute discretion in selecting any employee (for this purpose only, including without limitation, any Director) of any member of the Group (other than any Excluded Employee (as defined in the Company's announcement dated 19 January 2024)) for participation (the "Selected Employee"), and grant such number of Shares (the "Awarded Shares") to any Selected Employee at no consideration and subject to such terms and conditions as it may in its absolute discretion determine.

Maximum number of Shares

The maximum number of Shares that may be awarded under the 2024 Share Award Scheme during its term is limited to 20,540,164 Shares, representing approximately 2% of the issued share capital of the Company as at the Adoption Date.

Maximum entitlement

The maximum number of Awarded Shares that may be granted under the 2024 Share Award Scheme to any Selected Employee shall not exceed 0.5% of the issued share capital of the Company from time to time (being 5,135,041 Shares as at the date of this Annual Report).

Purchase of Shares by the 2024 Scheme Trustee

Shares under the 2024 Share Award Scheme will be purchased on the Stock Exchange at the prevailing market price, by BOCI Trustee (Hong Kong) Limited (the "2024 Scheme Trustee"), the trustee of the 2024 Share Award Scheme, at the cost of the Company and the Awarded Shares will be held by the 2024 Scheme Trustee in trust for the relevant Selected Employee(s) under the 2024 Share Award Scheme until vesting.

During the year, there was no purchase by the 2024 Scheme Trustee on the Stock Exchange or by any other means for the purpose of the 2024 Share Award Scheme.

Remuneration Committee Report

Grant and Vesting

As delegated by the Board, the Remuneration Committee has the authority to determine the granting and the vesting period of the Awarded Shares under the 2024 Share Award Scheme.

Awarded Shares comprise: (i) performance shares ("Performance Shares") and (ii) restricted shares ("Restricted Shares"). Generally, a higher proportion of Performance Shares would be granted to senior management to place greater emphasis on linking incentive with Hysan's long-term strategy and value creation for Shareholders. The Restricted Shares are to attract and retain critical talent, especially at the junior and middle levels. The vesting period and structure are carefully designed to promote these objectives:

- (i) Performance Shares will vest on the third anniversary of the date of grant subject to the achievement of Company's performance target. This target is measured by relative Total Shareholder Return ("TSR"), which takes into consideration share price performance and dividend, over a three-year performance period. Hysan's TSR is compared against a group of pre-determined peer companies to determine the percentile rank, which in turn establishes a direct linkage between the vesting percentage and shareholder value creation. The target performance level for TSR is the 50th percentile of peer companies' performance, while the maximum performance level is the 80th percentile or above of peer companies' performance, at which 150% of the target number of Performance Shares will vest.
- (ii) Restricted Shares have a vesting period of three years in equal proportions, starting from the first anniversary of the grant and becoming fully vested on the third anniversary. This enhances attraction, motivation and retention of talent through time-vesting.

The 2024 Share Award Scheme incorporates clawback mechanisms to recover, cancel, forfeit or withhold any Awarded Shares for both good and bad leaver scenarios.

In determining the number of Awarded Shares granted to Selected Employee, the following key factors are considered: (i) individual performance rating, potential and expected long-term contribution to the Group, (ii) the financial condition and performance of the Group (such as turnover, expense ratio, EPS, portfolio year-end occupancy, achievement of key strategic initiatives, etc.), as well as (iii) alignment with the Group's long-term strategy, corporate culture and core values in the achievement of the pre-determined long-term objectives and development plan.

Basis of determining the purchase price of Awarded Shares

Not applicable.

Movement of Share Award

Since the Adoption Date and up to 31 December 2024 (the "Relevant Period"), a total of 1,416,905 Awarded Shares has been granted to Selected Employees at nil consideration under the 2024 Share Award Scheme. As at 31 December 2024, 19,245,187 Shares are available for grant under the 2024 Share Award Scheme, representing approximately 1.87% of the total number of issued Shares as at the date of this Annual Report.

Movements in the Awarded Shares during the Relevant Period are set out below:

Name	Date of Grant	Vesting period	Fair Value per Awarded Share HK\$ (Note a)	Closing price of Shares immediately before the date of grant HK\$	Unvested as at 19.01.2024	Changes during the Relevant Period				Unvested as at 31.12.2024
						Granted	Vested (Note f)	Lapsed (Note g)	Cancelled (Note h)	
2024 Share Award Scheme										
Executive Directors										
Lee Irene Yun-Lien	1.4.2024	1.4.2025–1.4.2027	12.62	12.62	–	463,369 (Note b)	–	–	–	463,369
Lui Kon Wai	1.4.2024	1.4.2025–1.4.2027	12.62	12.62	–	269,925 (Note c)	–	–	–	269,925
Five highest paid individuals (excluding the Executive Directors) during the Relevant Period (“Five Highest Paid Individuals”)	1.4.2024	1.4.2025–1.4.2027	12.62	12.62	–	259,648 (Note d)	–	–	–	259,648
Other grantees	1.4.2024	1.4.2025–1.4.2027	12.62	12.62	–	423,963 (Note e)	–	(121,928)	–	302,035
					–	1,416,905	–	(121,928)	–	1,294,977

Notes:

- The fair value of the Awarded Shares was calculated based on the closing price of the Shares immediately before the date of grant (i.e. 28 March 2024), which was HK\$12.62 per share, given that the date of grant was not a business day. The Group has adopted the accounting standard in accordance with HKFRS 2 – *Share-based Payment*. According to HKFRS 2, the fair value of the employee services received in exchange for the grant of the Awarded Shares is recognised as an expense, with a corresponding increase in equity, over the vesting period of the Awarded Shares. The amount recognised as an expense is adjusted to reflect the number of Awarded Shares for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of Awarded Shares that meet the related service and non-market performance conditions at the vesting date.
- Among the 463,369 Awarded Shares granted to Ms. Lee Irene Yun-Lien, 139,011 Awarded Shares are Restricted Shares and 324,358 Awarded Shares are Performance Shares.
- Among the 269,925 Awarded Shares granted to Mr. Lui Kon Wai, 80,978 Awarded Shares are Restricted Shares and 188,947 Awarded Shares are Performance Shares.
- Among the 259,648 Awarded Shares granted to Five Highest Paid Individuals, 92,544 Awarded Shares are Restricted Shares and 167,104 Awarded Shares are Performance Shares.
- Among the 423,963 Awarded Shares granted to other grantees, 211,377 Awarded Shares are Restricted Shares and 212,586 Awarded Shares are Performance Shares.
- No Awarded Shares were vested during the Relevant Period.
- Awarded Shares lapsed during the year in accordance with the rules of the 2024 Share Award Scheme.
- Awarded Shares cancelled during the year in accordance with the rules of the 2024 Share Award Scheme.

Save as disclosed above, there is no further information which is required to be disclosed under Rule 17.07 of the Listing Rules.

The total number of shares that may be issued in respect of options and awards granted under all share schemes of the Company during the year ended 31 December 2024 was 118,944,527, representing approximately 11.58% of the weighted average number of issue shares of the relevant class in issue (excluding treasury shares) of the Company for the year ended 31 December 2024, which was 1,027,008,223 shares.

Remuneration Committee Report

During the year, the Remuneration Committee performed the following work related to the share schemes of the Company:

- (i) reviewed and endorsed the adoption of the 2024 Share Award Scheme and recommended the same for Board's approval; and
- (ii) reviewed and endorsed the grant of share awards under the 2024 Share Award Scheme.

COMMITTEE EFFECTIVENESS

The Committee's effectiveness was formally reviewed during the year as part of the Board evaluation process, which concluded that the Committee continues to operate effectively.

Members of the Remuneration Committee

Chung Cordelia (Chairman)
Churchouse Frederick Peter
Young Elaine Carole

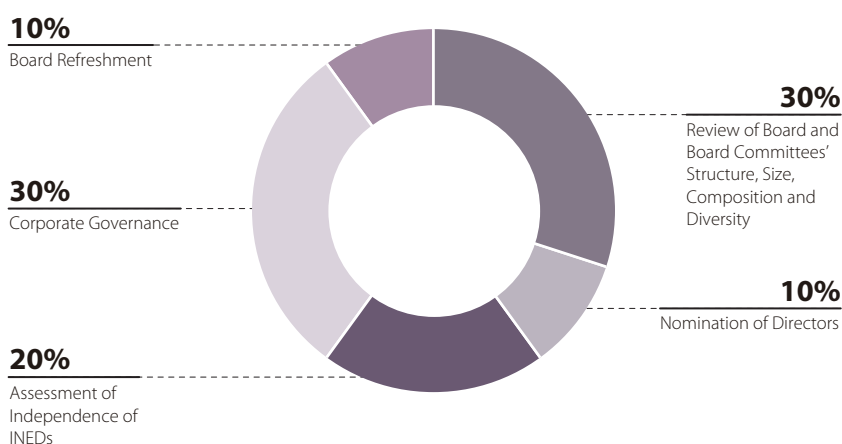
Hong Kong, 18 February 2025

Nomination Committee Report

Dear Shareholders,

We are pleased to present the Nomination Committee Report for 2024. The primary roles of the Nomination Committee are to review the Board's structure, size, composition and diversity, and to recommend Board appointments. The roles of the Directors continue to evolve in line with the growing demands of regulatory requirements and a fast-changing business environment. The Board is constantly looking ahead to ensure that our Directors have the skills, knowledge, experience and diversity of perspectives required to achieve the highest standards of performance. During the year, we were pleased to welcome Mr. Zhang Yong to the Board.

Committee activities and agenda time during the year



Composition in 2024	Lee Irene Yun-Lien (Chairman) Chung Cordelia* Churchouse Frederick Peter* Poon Chung Yin Joseph* Lee Chien * INED
Independence Weighting	60%
Female Representation	40%
Meeting Schedule	<ul style="list-style-type: none"> At least one meeting every year One meeting in 2024
Highlights in 2024	<ul style="list-style-type: none"> Nominated Mr. Zhang Yong as an INED and a member of the Audit and Risk Management Committee Considered Board refreshment and Board Committee's composition Considered the re-appointment of Directors and independence of INEDs Adoption of Workforce Diversity Policy Reviewed and updated Board Diversity Policy Reviewed and considered the progress made towards achieving the measurable objectives for Board and workforce diversity Reviewed and updated its terms of reference

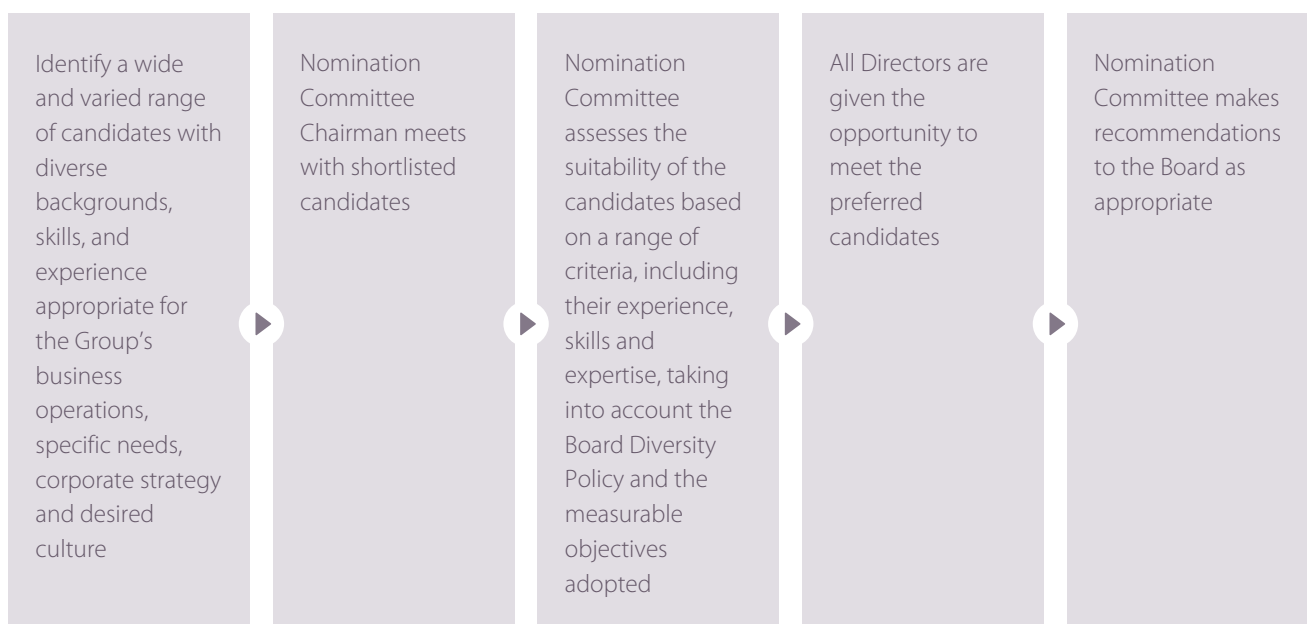
Nomination Committee Report

ROLES AND AUTHORITIES

The Nomination Committee's main roles and authorities are to:

- Review and make recommendations on the structure, size, composition (including the skills, knowledge and experience) and diversity of the Board with regard to any need for changes or enhancements to the Board's composition and with respect to the perspectives and further skills required to complement the Company's purpose, values, strategy and desired culture;
- Oversee the implementation and review the effectiveness of the Nomination Policy, the Board Diversity Policy and Workforce Diversity Policy on an annual basis;
- Assess the independence of INEDs pursuant to the Listing Rules' requirements;
- Make recommendations to the Board on the appointment or reappointment of Directors;
- Oversee the general succession planning of the Board and for the senior management team;
- Oversee the human capital of the Group;
- Review and assess the time commitment and contribution of each Director as well as his/her ability to discharge his/her responsibilities effectively on an annual basis;
- Review the training and continuous professional development of the Directors and senior management;
- Review the gender diversity progress and evaluation of targets set for achieving gender diversity at Board level and across the workforce; and
- Recommend the nomination of Directors after careful consideration of the attributes and values required in accordance with the Company's Nomination Policy, taking into account diversity aspects (including, but not limited to, gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service) and our diversity agenda, as set out under the Board Diversity Policy.

Director Recruitment Process



ACTIVITIES

During 2024, the Nomination Committee held one meeting. Details of matters discussed in the Committee meeting are given below.

Composition of the Board and Board Committees

Regarding the composition of the Board and the Board Committees, the Committee took into account the following:

Board and Board Committees Refreshment

- Considered and endorsed the nomination of Mr. Zhang Yong as an INED and a member of the Audit and Risk Management Committee and recommended his appointment for the Board's approval. The recommendation was made on the basis of Mr. Zhang's expertise in e-commerce, consumer behaviour, and technological trends in accordance with the Company's Nomination Policy and Board Diversity Policy. Mr. Zhang would bring a wealth of experience and a forward-thinking approach that aligns with the Group's mission, values and strategy. The appointment of Mr. Zhang reflects the Group's commitment to refresh the average tenure of Directors and expand the Board's breadth of experience by bringing in a new spectrum of expertise and experience;
- Considered and endorsed proposed changes to the composition of the Board Committees (to take effect during the year);
- Considered Board refreshment and succession planning, taking into account Hysan's diversity agenda, measurable objectives and increasing regulatory and governance concerns regarding long-serving INEDs as well as potential new regulatory requirements; and
- Recommended the re-election by rotation of Directors at the 2024 AGM to the Board.

Board Skill Matrix

- Assessed the structure, size, composition and diversity of the Board and Board Committees, and monitored the progress made towards enriching the skill matrix and experience of Board members, while improving Board diversity in its widest sense (including gender) in line with the Company's strategy and to meet evolving business needs. The Committee also reviewed the availability of appropriate skills and competencies within the Board to oversee sustainability strategies, including climate-related risks and opportunities. The Nomination Committee was satisfied that the current composition and size of the Board is appropriate for the time being; and
- The Board continued to engage Ms. Li Xinzhe Jennifer as an advisor to the Board to enrich the Board's skills and diversity and support its strategic decision-making.

Time Commitment

- Reviewed the time commitment of Directors. As reflected in the Directors' high rates of attendance, the Committee was satisfied that all Directors were committed to the Company and had contributed to the Board through their participation in the Company's affairs and discussions at Board and Board Committee meetings during the year (please refer to the table on page 84 for Directors' attendance record);
- Reviewed the contributions of each Director, particularly those due to retire and are subject to re-election at the forthcoming 2025 AGM; and
- Reviewed the continuing professional development taken by the Directors and senior management during the year, ensuring that all Directors fulfilled the recommended training hours for the year ended 31 December 2024 (please refer to page 85 for Continuous Professional Development).

Nomination Committee Report

Board and Workforce Diversity

The Committee reviewed Hysan's diversity agenda and progress in achieving its gender diversity target. Having exceeded the gender diversity target of 33% female Directors during the year, the Committee incorporated the Board's commitment to achieving and maintaining a minimum of 33% female representation on the Board, with the ultimate goal of achieving gender parity at the Board level as one of the measurable objectives under the Board Diversity Policy.

The Committee further reviewed the gender diversity of its members and is satisfied with the current composition of two female members (40% female), which is above the Listing Rules requirement.

The Committee also adopted the Workforce Diversity Policy, which outlines our approach and commitment to inclusion and diversity in the workforce (including senior management). The Company commits to maintaining at least 40% female employees (including female senior management) as one of the measurable objectives under the Workforce Diversity Policy.

Independence of INEDs

The Committee assessed the independence and commitment of each of the INEDs during the year. Details of Board Independence, including the process of Independence Assessment, are set out on pages 74 to 78.

The Committee and the Board were thus satisfied that, notwithstanding the length of service of each INED, as well as the number and nature of offices they hold in other public companies and/or their other commitments, they remained highly committed, are independent and impartial, and continue to be in a position to discharge their duties and responsibilities in the coming year.

Review and Adoption of Policies

During the year, the Committee reviewed the Nomination Policy, updated the Board Diversity Policy to codify the measurable objectives and adopted the Workforce Diversity Policy in accordance with the CG Code, all of which are available on the Company's website.

COMMITTEE EFFECTIVENESS

The Committee's effectiveness was formally reviewed during the year as part of the Board evaluation process, which concluded that the Committee continues to operate effectively.

Members of the Nomination Committee

Lee Irene Yun-Lien (Chairman)

Chung Cordelia

Churchouse Frederick Peter

Poon Chung Yin Joseph

Lee Chien

Hong Kong, 18 February 2025

Balanced and diverse. Recent additions will strengthen the Board further.

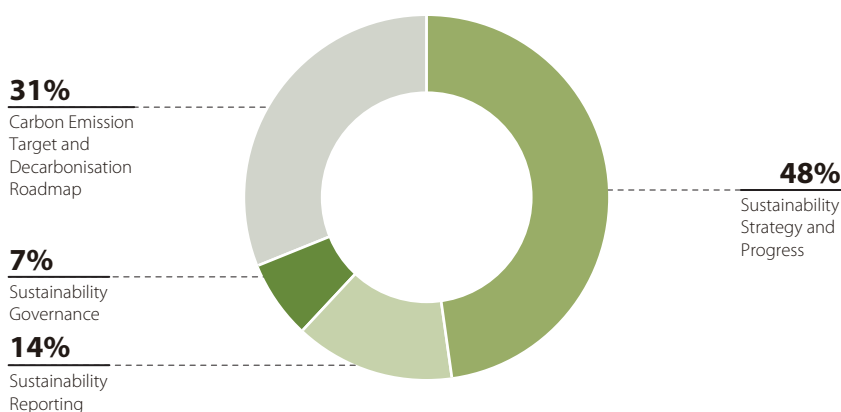
Directors' comments received in Board Evaluation 2024

Sustainability Committee Report

Dear Shareholders,

We are pleased to present the Sustainability Committee Report for 2024. The primary roles of the Sustainability Committee are to review and oversee the Group's overall vision and action plans for corporate responsibility, sustainability development and related policies. The Committee is tasked with bringing any ESG-related issues including climate-related matters, to the attention of the Board. It also assesses and makes recommendations on matters concerning the Group's sustainability risks and opportunities, including those associated with climate.

Committee activities and agenda time during the year



Composition in 2024	Young Elaine Carole* (Chairman) Wong Ching Ying Belinda* Lee Tze Hau Michael * INED
Independence Weighting	66.7%
Meeting Schedule	<ul style="list-style-type: none"> At least one meeting every year Two meetings in 2024
Highlights in 2024 and 2025	<ul style="list-style-type: none"> Reviewed the Group's sustainability strategy and progress Reviewed the need to adjust relevant policies or guidelines due to the latest sustainability developments Reviewed the Group's carbon emission target and decarbonisation roadmap Reviewed the progress of ESG initiatives on a quarterly basis and the status of climate actions Assessed sustainability risks and issues, including the climate-related risks and opportunities Reviewed and endorsed the sustainability report

Sustainability Committee Report

ROLES AND AUTHORITIES

The Sustainability Committee's main roles and authorities are to:

- Review and endorse the Group's corporate responsibility and sustainability plans, strategies and policies, practices and frameworks, and report to the Board;
- Review and evaluate the adequacy and effectiveness of the actions taken by the Group, based on its corporate responsibility and sustainability plans, strategies, priorities, policies and frameworks, and recommend improvements;
- Review, assess and bring any ESG-related risks and issues, including climate-related matters, to the attention of the Board and the Audit and Risk Management Committee as part of its oversight of the Group's overall enterprise risk management process;
- Monitor and review existing and/or emerging issues, trends and investments related to the corporate responsibility and sustainability priorities of the Group;
- Monitor and review the Group's corporate responsibility and sustainability policies and practices to ensure they remain relevant and compliant with legal and regulatory requirements (including, but not limited to, the Environmental, Social and Governance Reporting Code issued by the Stock Exchange and the Listing Rules); and
- Review the annual sustainability report and relevant disclosures in the Company's annual report and provide recommendations to the Board for approval.

ACTIVITIES

Details of the meeting held in February 2024 were set out in the 2023 Annual Report.

From March 2024 to February 2025, the Sustainability Committee held two meetings and received quarterly updates on the sustainability progress of the Group from the management. Management (including the representative from the Sustainability Department) attended the meetings to present updates and answer questions and facilitate the Committee's decision-making process. Details of matters reported, discussed and/or considered during the year are given below.

Activities and Agenda of the Sustainability Committee Over the Past 12 Months

July 2024 Meeting	August Quarterly Update	November Quarterly Update	February 2025 Meeting
<ul style="list-style-type: none"> Sustainability Progress Update Q1 & Q2 2024 Review of the revised Group's Sustainability Strategy & Framework and the associated corporate targets Review of carbon emission target and decarbonisation roadmap Policy and regulatory update, including the HKEx New Climate Requirements and Science-based Target Initiative ("SBTi") Buildings Sector Guidance 	<ul style="list-style-type: none"> Sustainability Progress Update – Q2 2024 Review of the revised Group's Sustainability Strategy & Framework and the associated corporate targets Policy and regulatory update, e.g. HKEx New Climate Requirements Sustainability Performance <ul style="list-style-type: none"> half yearly update on KPIs Profiling of GHG emissions in the Hysan Portfolio Green Building Certification status Community programmes and training 	<ul style="list-style-type: none"> Sustainability Progress Update – Q3 2024 <ul style="list-style-type: none"> Review of the fine-tuned Group's Sustainability Strategy & Framework and the associated corporate targets Sustainability Performance <ul style="list-style-type: none"> Green and WELL certification status for Lee Gardens Shanghai Sustainability Awards Community programmes 	<ul style="list-style-type: none"> Sustainability Progress Update – Full year 2024 Sustainability Report 2024 Policy/regulatory/ guidelines updates including HKMA's Hong Kong Taxonomy for Sustainable Finance and TNFD Review of sustainability-related policies Annual review of adequacy of resources for ESG functions Annual review of ESG risks Update on status of climate actions and other ESG performance Reviewed the terms of reference

Review of the Group's Sustainability Strategies & Framework

The Committee reviewed the Group's sustainability strategies, objectives and framework, considered the Group's action plan and identified potential sustainability-related risks and challenges, with a focus on climate-related risks and opportunities, as benchmarked against international standards and industry peers. It also identified material ESG-related issues, including climate-related matters, and brought them to the attention of the Board.

Sustainability Committee Report

Discussion of ESG Overview and Initiatives

In terms of the Group's ESG activities and initiatives, the Committee:

- Reviewed the Group's engagement strategy on a regular basis to prepare for the future. Hysan has consistently engaged with the community in which it operates, since our community is core to the Group's heritage;
- Reviewed ESG measures taken to promote the sustainable development of the Group, highlighting our initiatives to ensure the safety and well-being of our employees and the community;
- Reviewed our sustainability finance framework and initiatives to support eligible green or social projects;
- Reviewed sustainability efforts and achievements;
- Reviewed the climate-related initiatives in place, assessed their effectiveness and impact, and evaluated the action plan implemented to enhance our sustainability efforts; and
- Identified long-term and short-term sustainability targets across the Group and reviewed their progress.

Discussion of the Group's Carbon Emission Target and Decarbonisation Roadmap

In terms of the Group's carbon emission target and decarbonisation road map, the Committee:

- Reviewed the Group's carbon reduction targets based on SBTi, assessed their alignment with peers and evaluated progress made towards achieving these targets;
- Reviewed the Group's decarbonisation strategy towards near-term targets and the advancements made; and
- Reviewed other environmental targets and respective reduction strategies, including proposed waste target and water target.

Sustainability Governance

With regard to sustainability governance, the Committee:

- Reviewed, endorsed and reported to the Board and the Audit and Risk Management Committee (as part of its oversight of the Group's overall enterprise risk management) on the major ESG-related risks, including climate-related risks and opportunities, as well as corresponding mitigation measures. Details are set out in the Risk Management and Internal Control Report;
- Reviewed the framework for sustainability governance and confirmed its satisfaction with the adequacy of resources for ESG performance and reporting;
- Reviewed its terms of reference to enhance the Group's sustainability governance structure; and
- Reviewed the sustainability-related policies, including the Climate Change Policy, to identify, assess, monitor and report on climate-related issues.

More details are set out in the Sustainability Report 2024 .

COMMITTEE EFFECTIVENESS

The Committee's effectiveness was formally reviewed during the year as part of the Board evaluation process, which concluded that the Committee continues to operate effectively.

Members of the Sustainability Committee

Young Elaine Carole (Chairman)

Wong Ching Ying Belinda

Lee Tze Hau Michael

Hong Kong, 18 February 2025

Sustainability Report 2024 – Summary

The following summary of Hysan’s Sustainability Report 2024 (the “Sustainability Report”) provides an overview of the sustainability approach taken by Hysan and its Environmental, Social and Governance (“ESG”) performance for the reporting period from 1 January 2024 to 31 December 2024. The Sustainability Report aligns with the ESG Reporting Guide of the Stock Exchange of Hong Kong Limited (“HKEx”) (Appendix C2)¹, based on reporting principles that include “materiality”, “quantitative”, “consistency” and “balance”. The Sustainability Report also references Global Reporting Initiative (“GRI”) Standards 2021 and focuses on sustainability issues that have been identified as material to Hysan’s business and its stakeholders. The Sustainability Report has received an independent opinion with a reasonable level of assurance from Hong Kong Quality Assurance Agency.

In April 2024, the consultation conclusion on enhancing climate-related disclosures under Appendix C2 was published. With the growing complexity of global climate-related disclosures, HKEx is committed to improving listed companies’ disclosures with reference to ISSB’s IFRS S2. The amended listing rules took effect on 1 January 2025, with a phased approach based on issuer scale. As a result, we are phasing in our disclosures and have strengthened areas in the Sustainability Report, including governance and Scope 3 carbon emission disclosure. We also continue to share our climate disclosures in accordance with the framework recommended by the Task Force on Climate-related Financial Disclosures (“TCFD”).

In our Sustainability Report, we highlight the progress achieved through our Community Business Model and its role in guiding our sustainable development. This helps stakeholders understand our actions and motivations as we build a portfolio that benefits now and generations to come.

THE 100TH ANNIVERSARY OF HYSAN – COMMUNITY ENGAGEMENT

Hysan has shaped Hong Kong’s growth for over a century, transforming Causeway Bay into a commercial hub under the vision of founder Lee Hysan. As we celebrate our 100th anniversary, we reflect on a century of growth, innovation and community building. From our humble beginnings to becoming a cornerstone of Causeway Bay, Hysan has consistently demonstrated a commitment to excellence and sustainability. Over the century, Hysan has played a pivotal role in shaping the city’s growth, particularly in the Lee Gardens area.

We are dedicated to placemaking, focusing on creating vibrant, sustainable, and community-centric spaces that enhance the urban experience for residents, tenants, and visitors alike. Through continuous innovation and strategic investments, we strive to build a strong and resilient community in the bustling heart of Causeway Bay, reinforcing our commitment to sustainability.

Celebrating our centennial, Hysan continues to innovate with sustainable projects like Lee Garden Eight, enhancing liveability and economic impact in Causeway Bay and beyond. We will continue to focus on providing designated places for social engagement and interaction, offering enriching and culturally relevant experiences, and creating a vibrant and appealing environment for businesses.

As we envision the completion of Lee Garden Eight on Caroline Hill Road, in addition to the large-scale provision of commercial space and community facilities, there will be 60,000-square-foot green public open space – The LifeStyle Park – and over 20,000 square feet dedicated to a performing arts and cultural facility. Furthermore, the integrated pedestrian system from the Causeway Bay MTR station at two basement levels of Hysan Place through to Lee Garden Eight, encompassing four bridges and a covered walkway, will make it the most walkable neighbourhood and enhance the accessibility of the whole Lee Gardens. Lee Garden Eight will exemplify our Community Business Model. We aim to contribute to a sustainable smart city by incorporating the latest technologies. The project has adopted the innovative Multi-trade Integrated Mechanical, Electrical, and Plumbing (“MiMEP”) construction method, with a high adoption rate of over 80%, setting a new benchmark in sustainability standards, from technology to environmental stewardship.

¹ The version effective from 31 December 2023, which remains applicable to annual reports for financial years commencing before 1 January 2025. The Sustainability Report has also referenced HKEx ESG Reporting Code (effective from 1 January 2025), including the new climate related disclosure requirements under Part D of the Code, as a preparatory measure for the next reporting cycle.

COMMUNITY BUSINESS MODEL

Our sustainability approach – as illustrated in our Community Business Model – harnesses collaboration, innovation and responsible practices to build a more sustainable and resilient future. Through the CBM, we prioritise the wellbeing and aspirations of our communities, focusing on enhancing liveability, social wellbeing, environmental stewardship and positive economic impacts. Our goal is to create sustainable and vibrant neighbourhoods that adapt to change, offering a lasting and unique community experience.

OUR TARGETS

Aligned with our commitment to the Science Based Targets initiative (“SBTi”) and the refinement of our Community Business Model, we have updated our corporate targets to better demonstrate our impacts. We have set new goals for Scope 1, 2, and 3 carbon emissions, highlighting our environmental stewardship. For community contributions, we have established new objectives that better demonstrate our impacts and we have exceeded achieving these community goals in 2024. Additionally, we continue to maintain a high percentage of female inclusion on our board, showcasing our commitment to diversity in our leadership.

COMMITMENT TO SBTi

Last year, Hysan made a significant commitment to the Science Based Targets initiative (“SBTi”). By signing the pledge, we dedicated ourselves to combatting climate change by setting greenhouse gas (“GHG”) emissions reduction targets to limit the global average temperature rise to 1.5°C above pre-industrial levels. While we await validation from SBTi, we are developing our decarbonisation roadmap to meet near-and-long-term targets, aiming to achieve net-zero carbon emissions by 2050.


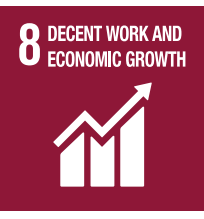


STATUS OF OUR ESG TARGETS IN 2024

Category	Targets	Base Year	Status
Environment	• Achieve 46% reduction in absolute Scope 1 and 2 carbon emissions by 2031	2021	On Track
	• Achieve 46% reduction in absolute Scope 3 carbon emissions by 2031	2023	On Track
	• Achieve 10% reduction in water consumption intensity by 2031	2021	Behind
	• Divert >50% waste from landfill by 2031		On track
	• Maintain at least 40% of debt financed by sustainable finance		Achieved
Community	<ul style="list-style-type: none"> • Engage >500,000 participants by hosting no fewer than 100 events covering arts & culture, wellness, sustainability and family • Curate 2 million Happy Hours • Maintain the Lee Gardens neighbourhood co-existence ratio of traditional trade and modern urban culture shops to 25:75 • Provide support to 30% of the stakeholders in the Lee Gardens neighbourhood to help sustain their businesses 	Annual	Achieved
People	• Reduce workplace injury rate to <0.5 injuries per 100 employees by 2030		On track
	• Zero work-related employee fatalities		Achieved
	• Increase number of training hours by 30% by 2030	2022	On track
Governance	<ul style="list-style-type: none"> • Maintain compliance of CG Code of the Listing Rules • Maintain a minimum of 33% female representation on the Board 		Achieved

Sustainability Report 2024 – Summary

OUR CONTRIBUTION TO THE SDGs

We focus our sustainability efforts on the four key United Nations Sustainable Development Goals (“SDGs”) that are highly relevant to our business. These SDGs are illustrated below, highlighting our alignment with sustainable development objectives.

SDGs		Hysan’s contribution towards achieving the respective SDGs
	3 – Good Health and Well-being	<ul style="list-style-type: none"> Promote community wellness and resilience, including health & safety via various programmes and activities to stakeholders in the community. Establish and maintain comprehensive management measures to provide a safe and healthy environment for our tenants, customers and staff at work and within our community.
	8 – Decent Work and Economic Growth	<ul style="list-style-type: none"> Promote sustainable economic growth. Drive tenants’ business growth. Nurture entrepreneurs and incubate innovative new businesses. Provide an inclusive environment of decent work².
	11 – Sustainable Cities and Communities	<ul style="list-style-type: none"> Make cities and neighbourhoods inclusive, safe, resilient and sustainable. Apply climate actions and develop green and WELL buildings to optimise impacts. Develop smart communities that leverage technology to enhance liveability, connectivity, and quality of life for stakeholders. Conduct activities with a focus on contributing to community health and wellness, family and children, art and culture, environmental sustainability, diversity and inclusion.
	17 – Partnerships for the Goals	<ul style="list-style-type: none"> Mobilise multiple resources, including support from project partners, non-government organisations (“NGOs”) and the government, to make positive impacts on communities through our operations. Enhance the use of enabling technology to create smart solutions that improve operational efficiency and environmental performance, and develop smart communities to enhance liveability, connectivity and quality of life for stakeholders.

² By “decent work”, we mean providing employees with safe working conditions, and opportunities for growth, while also promoting equality and respect for all workers.

CLIMATE RISKS ASSESSMENT

In line with the TCFD's guidelines for disclosing climate-related financial risks, we have completed the initial phase of a climate-related risk assessment that covers both physical and transition risks by third-party consultants. The initial phase focused on physical risks, computing climate hazards at our portfolio locations in Hong Kong and Shanghai across various timeframes and climate scenarios, based on the Intergovernmental Panel on Climate Change (IPCC)'s Sixth Assessment Report. Key acute risks identified include tropical cyclones, extreme heat, pluvial floods, and landslides, along with chronic risks such as water stress. These findings highlighted the need for effective adaptation strategies.

The next phase of assessment involves detailed asset-level evaluations of our properties to determine their resilience against acute weather conditions. This includes examining building infrastructure, systems and susceptibility to extreme weather events. The insights gained will guide the implementation of measures to enhance asset resilience.

A transition risks assessment was also completed, identifying inherent risks in categories such as Policy and Legal, Technology, Market, and Reputation. Using scenarios developed by the Network for Greening the Financial System (NGFS), we examined risks and opportunities based on their impact and regional specificity. Key transition risks and opportunities in the shift towards a lower-carbon economy included considerations on the development of a carbon trading market, potential increases in insurance premiums, litigation risks, the need for technological innovation, financial impacts from property damage, and increased costs of raw materials. For further details on our Climate Risks Assessment, please refer to the "Environment" section of the Sustainability Report.

SHAPING THE FUTURE THROUGH ESG

As we transition to a low-carbon economy, we are seizing opportunities to enhance our ESG performance, fostering stronger engagement with our tenants and partnerships with stakeholders, which are vital to driving collaborative efforts in achieving our sustainability goals.

Environmental

Looking forward, Hysan will continue its commitment to the SBTi and combating climate change. We strive to reduce our near-term carbon emissions by 46% by 2031 and achieve net-zero carbon emissions by 2050. The next phase of our climate resilience assessment will identify relevant adaptation measures for our portfolio. By setting these ambitious targets and adopting adaptation measures, we aim to protect our assets from climate impacts, minimise financial risks, and ensure business continuity.

Social

We are dedicated to enhancing liveability through placemaking and environmental curation, shaping our community into a unique place to live, work and enjoy. The extension of Lee Garden Eight will exemplify this vision, offering vibrant spaces that enhance social wellbeing. We will continue to invest in creating an inclusive community where everyone can celebrate culture, creativity and care. Through collaborations for social goodness, we will enrich the community by curating happy and memorable moments for the public to enjoy. By maintaining a diverse mix of trades and providing support to our neighbourhood, we aim to help sustain local businesses in a way that goes beyond our own success.

Governance

Hysan is committed to upholding the highest standards of corporate governance. We will ensure compliance with the Corporate Governance Code of the listing rules and strive to exceed these requirements where practicable, from board diversity to data privacy and beyond.

Together, we work towards a sustainable, inclusive, and ethically governed future for our community and stakeholders.

Directors' Report

The Directors submitted their report together with the audited consolidated financial statements for the year ended 31 December 2024, which were approved by the Board on 18 February 2025.

PRINCIPAL ACTIVITIES

The principal activities of the Group continued throughout 2024 to be property investment, management, and development. Details of the Group's principal subsidiaries, associates and joint ventures as at 31 December 2024 are set out in notes 16 to 18 respectively to the consolidated financial statements.

The turnover and results of the Group are principally derived from the leasing of investment properties located in Hong Kong. The Group's turnover and results by operating segment are set out in note 5 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2024 are set out in the consolidated statement of profit or loss on page 157.

The first interim dividend of HK27 cents per share, amounting to approximately HK\$277 million, was paid to Shareholders during the year.

The Board declared a second interim dividend of HK81 cents per share which will be payable in cash to the Shareholders whose names appear on the register of members of the Company on 5 March 2025, totalling approximately HK\$832 million. The dividends declared and paid for ordinary shares in respect of the full year 2024 will total approximately HK\$1,109 million, and the balance of the profit will be retained.

BUSINESS REVIEW AND PERFORMANCE

A fair review of the business of the Group and a discussion and analysis of the Group's performance during the year, the material factors underlying its results and financial position and material attributable factors relating to the development and likely future developments of the Group's business, are provided throughout this Annual Report, particularly in the following separate sections:

- (a) Review of the Group's business – "Management's Discussion and Analysis";
- (b) The Group's risk management framework, the principal risks the Group is facing and the controls in place – "Risk Management and Internal Control Report";
- (c) Particulars of important events affecting the Group that have occurred since the end of the financial year 2024 – "Chairman's Statement", "Management's Discussion and Analysis" and "Notes to the Consolidated Financial Statements";
- (d) Future development of the Group's business – "Key Facts" and "Chairman's Statement";
- (e) Analysis using financial key performance indicators – "Management's Discussion and Analysis";
- (f) Discussion of the Group's environmental policies and performance – "Sustainability Report 2024 – Summary";
- (g) Discussion of the Group's compliance with the relevant laws and regulations that have a significant impact on the Group – "Corporate Governance Report", "Sustainability Report 2024 – Summary" and "Independent Auditor's Report"; and
- (h) An account of the Group's key relationships with its employees, customers, suppliers and others that have a significant impact on the Group and on which the Group's success depends – "Directors' Report" and "Sustainability Report 2024 – Summary".

A detailed discussion of the Group's environmental policies and performance, its compliance with the relevant laws and regulations that have a significant impact on the Group, and its key relationships with Stakeholders, is contained in the separate Sustainability Report 2024, which is available on the websites of both the Stock Exchange and the Company.

These discussions form part of this Directors' Report.

RESERVES

Movements during the year in the reserves of the Group and the Company are set out in the consolidated statement of changes in equity on pages 160 and 161 and note 30 to the consolidated financial statements respectively.

INVESTMENT PROPERTIES

All of the Group's investment properties were revalued by an independent professional valuer as at 31 December 2024 using the fair value model. Details of movements during the year in the investment properties of the Group are set out in note 14 to the consolidated financial statements.

Details of the major investment properties of the Group as at 31 December 2024 are set out in the section "Schedule of Principal Properties" of this Annual Report.

PROPERTY, PLANT AND EQUIPMENT

Details of movements during the year in the property, plant and equipment of the Group are set out in note 15 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in the share capital of the Company during the year are set out in note 29 to the consolidated financial statements.

CORPORATE GOVERNANCE

The Company is committed to maintaining a high standard of corporate governance and fully complied with the code provision of the CG Code throughout the year.

Further information on the Company's corporate governance practices is set out in the following separate reports:

- (a) "Corporate Governance Report" (pages 40 to 102) – this gives detailed information on the Group's compliance with the CG Code and relevant laws and regulations, its adoption of local and international best practices, Directors' service contracts, and Directors' interests in shares, contracts and competing business;
- (b) "Risk Management and Internal Control Report" (pages 103 to 111) – this sets out the Group's framework for risk assessment and internal control (including control environment, control activities and work completed during the year);
- (c) "Audit and Risk Management Committee Report" (pages 112 to 118) – this sets out the terms of reference, work performed and findings of the Audit and Risk Management Committee for the year;
- (d) "Remuneration Committee Report" (pages 119 to 130) – this gives detailed information on Directors' remuneration and interests (including information on Directors' compensation);
- (e) "Nomination Committee Report" (pages 131 to 134) – this sets out the terms of reference, work performed and findings of the Nomination Committee for the year; and
- (f) "Sustainability Committee Report" (pages 135 to 139) – this sets out the terms of reference, work performed and findings of the Sustainability Committee for the year.

Further information on the Group's sustainability policies and practices is contained in the separate Sustainability Report 2024, which is available on the websites of both the Stock Exchange and the Company.

Directors' Report

THE BOARD

As at 31 December 2024 and up to the date of this Annual Report, the composition of the Board is set out below:

Lee Irene Yun-Lien (*Chairman*)
Lui Kon Wai (*Executive Director and Chief Operating Officer*)
Chung Cordelia**
Churchouse Frederick Peter**
Poon Chung Yin Joseph**
Wong Ching Ying Belinda**
Young Elaine Carole**
Zhang Yong**
Lee Anthony Hsien Pin*
(*Lee Irene Yun-Lien as his alternate*)
Lee Chien*
Lee Tze Hau Michael*

* Non-Executive Director
** Independent Non-Executive Director

Mr. Fan Yan Hok Philip retired as an INED and ceased to be the chairman of the Remuneration Committee and a member of the Audit and Risk Management Committee with effect from conclusion of the 2024 AGM.

Mr. Zhang Yong was appointed as an INED and a member of the Audit and Risk Management Committee with effect from 9 December 2024. On 3 December 2024, Mr. Zhang Yong obtained legal advice from a firm of solicitors qualified to advise on Hong Kong law as regards the requirements under the Listing Rules that are applicable to him as a Director and the possible consequences of making a false declaration or giving false information to the Stock Exchange. He confirmed that he understood his obligations as a Director.

The biographical details of the Directors are set out on pages 54 to 63. Details of their remuneration are set out in note 10 to the Financial Statements.

Under Article 114 of the Articles, one-third (or such other number as may be required under applicable legislation) of the Directors (and where the applicable number is not an integral number, to be rounded upwards), who have been longest in office shall retire from office by rotation at each AGM. A retiring Director is eligible for re-election.

Particulars of Directors seeking re-election at the forthcoming 2025 AGM are set out in the related circular to Shareholders.

The Company received from each INED an annual confirmation of his or her independence with regard to each of the factors referred to in Rule 3.13 (1) to (8) of the Listing Rules, and the Company considered all of them to be independent. The Nomination Committee also reviewed the Directors' independence in a meeting held in November 2024 (See "Corporate Governance Report" and "Nomination Committee Report").

The names of Directors who have served on the boards of the subsidiaries of the Company during the year and up to the date of this report are available on the Company's website: www.hysan.com.hk.

DIRECTORS' INTERESTS IN SHARES

Details of the interests and short positions of the Directors in the shares, underlying shares or debentures of the Company and its associated corporations are set out in "Corporate Governance Report" on page 92.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES

As at 31 December 2024, the interests or short positions of substantial Shareholders and other persons of the Company, in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO, or as otherwise notified to the Company, were as follows:

Aggregate long/short positions in shares and underlying shares of the Company

Name	Capacity	Long/short position	Number of ordinary shares held	% of the total no. of issued shares (Note)
Lee Hysan Company Limited	Beneficial owner	Long	433,130,735	42.17
Silchester International Investors LLP	Investment manager	Long	83,647,000	8.14
BlackRock, Inc.	Investment manager	Long	53,481,497	5.21
	Investment manager	Short	2,009,000	0.20

Note:

The percentages were computed based on the total number of issued shares of the Company as at 31 December 2024 (i.e. 1,027,008,223 ordinary shares).

Apart from the above, no other interest or short position in the shares or underlying shares of the Company were recorded in the register that is required to be kept under Section 336 of the SFO as at 31 December 2024.

RELATED PARTY TRANSACTIONS

The Group entered into certain transactions with parties regarded as "Related Parties" under applicable accounting principles. These mainly relate to contracts entered into by the Group in the ordinary course of business and that were negotiated on normal commercial terms and on an arm's length basis. Further details are set out in note 35 to the consolidated financial statements.

Some of these transactions also constituted "Continuing Connected Transactions" under the Listing Rules, as identified below.

Directors' Report

CONTINUING CONNECTED TRANSACTIONS

Certain transactions entered into by the Group constituted continuing connected transactions (the "Continuing Connected Transactions") that were subject to announcement, reporting and annual review requirements but exempt from the circular and Shareholders' approval requirements under Rule 14A.76(2) of the Listing Rules. Details of the Continuing Connected Transactions subsisting during the year and required to be disclosed are set out as follows:

I. Lease granted by the Group

The following lease agreements ("Hysan Place Lease Agreements") were entered into by Earn Extra Investments Limited ("Earn Extra"), a wholly-owned subsidiary of the Company and the owner of Hysan Place, 500 Hennessy Road, Hong Kong ("Hysan Place"), as landlord, with the following connected person:

Connected person	Date of agreements	Terms	Premises	Annual Caps
Jebsen and Company Limited ("Jebsen and Company")	(i) 19 March 2021	Three (3) years commencing from 1 November 2021 to 31 October 2024	The whole of 20th, 21st and 22nd Floors of Hysan Place	2021: HK\$9,600,000 (on pro-rata basis)
				2022: HK\$58,000,000 2023: HK\$58,500,000 2024: HK\$49,300,000 (on pro-rata basis)
	(ii) 28 October 2024	18 months commencing from 1 November 2024 to 30 April 2026		2024: HK\$9,700,000 (on pro-rata basis) 2025: HK\$59,000,000 2026: HK\$20,000,000 (on pro-rata basis)

The annual aggregated consideration payable by Jebsen and Company under the Hysan Place Lease Agreements includes the rent and operating charges (subject to revision as may be notified by Earn Extra from time to time) but excludes Government rates and other outgoings and shall be paid in cash in advance on a monthly basis. The rent for both of the Hysan Place Lease Agreements is HK\$3,846,480 per month. The operating charges of the lease agreement dated 19 March 2021 and the lease agreement dated 28 October 2024 are HK\$500,043 per month and HK\$524,083 per month respectively.

Jebsen and Company is a connected person of the Company at the subsidiary level under the Listing Rules by virtue of it being a substantial shareholder holding 10% equity interest in Barrowgate Limited ("Barrowgate"), an indirect non-wholly-owned subsidiary of the Company. Accordingly, the Hysan Place Lease Agreements and the transactions contemplated thereunder constitute continuing connected transactions of the Company under the Listing Rules. The aggregate contract amounts for transactions contemplated under the Hysan Place Lease Agreements, calculated based on rental and operating charges at prevailing rates, for the period from 1 January 2024 to 31 October 2024 and from 1 November 2024 to 31 December 2024 were HK\$45,915,649 and HK\$9,184,593, respectively (HK\$55,100,242 in total for the financial year ended 31 December 2024).

CONTINUING CONNECTED TRANSACTIONS (continued)

II. Provision of leasing and property management services to a non-wholly-owned subsidiary regarding Lee Garden Two

- (a) The following management agreement (“Leasing Services Agreement”) was entered into between Hysan Leasing Company Limited (“HLCL”), a wholly-owned subsidiary of the Company, and Barrowgate, a connected subsidiary of the Company, for the provision of leasing, marketing, renewal, rent reviews and rental collection services and lease administration services in respect of Lee Garden Two, 28 Yun Ping Road, Causeway Bay, Hong Kong (“Lee Garden Two”):

Connected person	Date of agreement	Terms	Premises	Annual Caps
Barrowgate	31 March 2022	Three (3) years commencing from 1 April 2022 to 31 March 2025	Whole premises of Lee Garden Two	HK\$45,000,000 per annum

The service charge payable under the Leasing Services Agreement is payable on a monthly basis and the breakdown is as follows:

- (i) Commission for leasing, marketing and reviews:
- (a) One month of rent will be charged for transactions carried out by HLCL solely;
 - (b) half a month of new rent will be charged for rent review negotiated by HLCL; and
 - (c) the lower of one fourth of a month’s rent or HK\$10,000 will be charged for transactions carried out with contribution from third party agents.
- (ii) Fees for rental collection: 3% of the monthly rent or licence fee and operating charges or management fees actually received on leases, tenancies or licences.

- (b) The following management agreement (“Property Management Services Agreement”) was entered into between Hysan Property Management Limited, a wholly-owned subsidiary of the Company, and Barrowgate, a connected subsidiary of the Company, for the provision of property management and maintenance services in respect of Lee Garden Two:

Connected person	Date of agreement	Terms	Premises	Annual Caps
Barrowgate	31 March 2022	Three (3) years commencing from 1 April 2022 to 31 March 2025	Whole premises of Lee Garden Two	HK\$6,500,000 per annum

The service charge payable under the Property Management Services Agreement is equivalent to 10% of the total budgeted management expenses but not exceeding HK\$6,500,000 per annum which is payable on a monthly basis at the end of the month.

Barrowgate was a connected subsidiary of the Company under the Listing Rules by virtue of it (i) being a non wholly-owned subsidiary of the Company; and (ii) having a substantial shareholder, namely Jebsen and Company, which is an associate of Mr. Jebsen Hans Michael (“Mr. Jebsen”), a former NED retired on 16 May 2023.

Following the expiry of 12 months since Mr. Jebsen’s retirement as a NED of the Company, Barrowgate ceased to be a connected subsidiary of the Company on 16 May 2024. Therefore, effective from 16 May 2024, any transactions between Barrowgate and the Company will no longer constitute continuing connected transactions of the Company under the Listing Rules.

Directors' Report

CONTINUING CONNECTED TRANSACTIONS (continued)

II. Provision of leasing and property management services to a non-wholly-owned subsidiary regarding Lee Garden Two (continued)

The Leasing Services Agreement, the Property Management Services Agreement and transactions thereunder hence constituted continuing connected transactions of the Company under the Listing Rules for the period from 1 April 2022 to 15 May 2024. The aggregate contract amounts for transactions entered into under the Leasing Services Agreement and Property Management Services Agreement for the period from 1 January 2024 to 15 May 2024 were HK\$9,399,559 and HK\$1,813,969 respectively, calculated on the basis of the fee schedules as prescribed in the respective agreements.

All the Continuing Connected Transactions have been entered into in the ordinary and usual course of business of the respective companies within the Group, after due negotiations on an arm's length basis with reference to the prevailing market conditions. Announcements in respect of the Continuing Connected Transactions were published in accordance with the Listing Rules. The Company confirms that it has complied with the disclosure requirements under Chapter 14A of the Listing Rules insofar as applicable.

Pursuant to Rule 14A.56 of the Listing Rules, the Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 (Revised) "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued an unqualified letter containing its findings and conclusions in respect of the continuing connected transactions disclosed by the Group on pages 148 to 150 of the Annual Report in accordance with Rule 14A.56 of the Listing Rules.

The Company's Internal Audit has reviewed the Continuing Connected Transactions and the related internal control procedures, and concluded that the internal control procedures are adequate and effective. Pursuant to Rule 14A.55 of the Listing Rules, all INEDs have reviewed the Continuing Connected Transactions and the report of the auditor, and confirmed that each of the Continuing Connected Transactions has been entered into:

1. in the ordinary and usual course of business of the Group;
2. on normal commercial terms or better; and
3. on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

DIRECTORS' INTEREST IN CONTRACTS OF SIGNIFICANCE

There were no transactions, arrangements or contracts that are significant in relation to the businesses of the Company and its subsidiaries to which the Company or any of its subsidiary was a party and in which a Director or his/her connected entity had a material interest, whether directly or indirectly, subsisted during or at the end of the financial year.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, the aggregate amount of purchases attributable to the Group's five largest suppliers was less than 30% (being the Listing Rule disclosure threshold) of total purchases of the Group. The aggregate amount of turnover attributable to the Group's five largest customers was also less than 30% (being the Listing Rule disclosure threshold) of total turnover of the Group.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year, the Group repurchased and cancelled part of the US\$850 million Subordinated Guaranteed Perpetual Capital Securities (the "Securities") in the aggregate principal amount of US\$99,995,000 (approximately HK\$777 million), representing approximately 11.76% of the aggregate principal amount of the Securities initially issued. The Securities were issued in 2020 and are listed on the Stock Exchange, and the repurchase was carried out by way of a tender offer to purchase for cash with an aggregate purchase price of approximately HK\$728 million paid by the Group.

Save as disclosed above, there was no purchase, sale or redemption by the Company, or any of its subsidiaries, of the Company's listed securities during the year.

EQUITY-LINKED AGREEMENTS

Saved as the information disclosed under the section headed "Long-term Incentives: Share Schemes" of the Remuneration Report on pages 124 to 130, the Company did not enter into any equity-linked agreement for the year ended 31 December 2024, nor was there any equity-linked agreement entered into by the Company subsisting as at 31 December 2024.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained the prescribed amount of public float during the year and up to the date of this report as required under the Listing Rules.

DONATIONS

During the year, the Group made donations of approximately HK\$0.5 million to charitable and non-profit-making organisations.

PERMITTED INDEMNITY PROVISION

Pursuant to the Articles, every Director shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities incurred by him or her in the execution of the duties of his or her office or in relation thereto. The Directors and Officers Liability Insurance ("D&O Insurance") taken out by the Company throughout the year provides adequate cover for such indemnities to all the Directors of the Company and its subsidiaries. The relevant provisions in the Articles and the D&O Insurance were in force during the financial year ended 31 December 2024 and as of the date of this report.

AUDITOR

A resolution for the re-appointment of Deloitte Touche Tohmatsu as auditor of the Company is to be proposed at the forthcoming 2025 AGM.

By Order of the Board

Lee Irene Yun-Lien

Chairman

Hong Kong, 18 February 2025

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Financial Statements, Valuation and Other Information

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Independent Auditor's Report

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF HYSAN DEVELOPMENT COMPANY LIMITED

希慎興業有限公司

(incorporated in Hong Kong with limited liability)

Opinion

We have audited the consolidated financial statements of Hysan Development Company Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 157 to 231, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, material accounting policy information, notes to the consolidated financial statements and financial risk management.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Independent Auditor's Report (continued)

Key Audit Matters (continued)

Valuation of investment properties

We identified the valuation of investment properties as a key audit matter due to the inherent level of subjective judgements and estimates required in determining the fair values.

The Group's investment property portfolio comprises retail, office and residential properties, and is stated at fair value of HK\$96,547 million in aggregate, accounting for approximately 85% of the Group's total assets as at 31 December 2024 with a fair value loss of HK\$1,506 million recognised in the consolidated statement of profit or loss for the year then ended.

All of the Group's investment properties are measured using the fair value model based on a valuation performed by an independent qualified professional valuer (the "Valuer"). As disclosed in note 3 of the notes to the consolidated financial statements section of the consolidated financial statements, in determining the fair values of the Group's investment properties, the Valuer has applied a market value basis which involves, inter-alia, certain estimates, including appropriate capitalisation rates, reversionary income potential and redevelopment potential of the investment properties in determining the fair values. As further disclosed in note 14 of the notes to the consolidated financial statements section of the consolidated financial statements, the valuation of investment properties under development of HK\$20,680 million as at 31 December 2024 is based on the development potential of the properties as if they were completed and are also dependent upon the estimated costs of development and allowance of profit required for the development.

Other Information

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

How our audit addressed the key audit matter

Our procedures in relation to the valuation of investment properties included:

- Evaluating the competence, capabilities, and objectivity of the Valuer and obtaining an understanding of the Valuer's scope of work and their terms of engagement;
- Evaluating the appropriateness of the Valuer's valuation approaches to assess if they meet the requirements of the HKFRSs and industry norms;
- Challenging the reasonableness of the key assumptions applied based on available market data and our knowledge of the local property markets;
- Obtaining the detailed work of the Valuer on selected investment properties to evaluate the accuracy and relevance of key data inputs underpinning the valuation, such as rental income, term of existing leases by comparing them to the existing leases summary of the Group and reversionary income potential by comparing fair market rents estimated by the Valuer against recent lease renewals and evaluating whether capitalisation rates adopted are comparable to the market with the assistance of our valuation specialists; and
- Evaluating the reasonableness of the key inputs used by the Valuer on the valuation of investment properties under development, including capitalisation rate, prevailing market rent and the allowance of profit required for the development by comparing to the available market data, and comparing the estimated costs to complete the development with the Group's latest budgets.

Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

Independent Auditor's Report (continued)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in the independent auditor's report is Chung Chin Cheung.

Deloitte Touche Tohmatsu

Certified Public Accountants
Hong Kong

18 February 2025

Consolidated Statement of Profit or Loss

For the year ended 31 December 2024

	Notes	2024 HK\$ million	2023 HK\$ million
Turnover	4	3,409	3,210
Property expenses		(646)	(621)
Gross profit		2,763	2,589
Investment income		167	261
Other gains and losses		3	1
Administrative expenses		(308)	(307)
Finance costs	6	(450)	(478)
Change in fair value of investment properties		(1,506)	(2,763)
Change in fair value of other financial investments		(19)	(267)
Share of results (include impairment loss) of:			
associates		204	270
joint ventures		(287)	(37)
Profit (loss) before taxation		567	(731)
Taxation	7	(296)	(295)
Profit (loss) for the year	8	271	(1,026)
Profit (loss) for the year attributable to:			
Owners of the Company		35	(872)
Perpetual capital securities holders		418	442
Other non-controlling interests		(182)	(596)
		271	(1,026)
Earnings (loss) per share (expressed in HK cents)	13		
Basic		3	(85)
Diluted		3	(85)

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2024

	Note	2024 HK\$ million	2023 HK\$ million
Profit (loss) for the year		271	(1,026)
Other comprehensive income (expenses)	9		
Items that will not be reclassified subsequently to profit or loss:			
Loss on revaluation of properties held for own use (net of tax)		(10)	(5)
Change in fair value of equity instruments at fair value through other comprehensive income ("FVTOCI")		105	(258)
		95	(263)
Items that may be reclassified subsequently to profit or loss:			
Exchange difference on translation of subsidiaries		(124)	(104)
Net adjustments to hedging reserve		(25)	(257)
Share of translation reserve of an associate		(115)	(47)
		(264)	(408)
Other comprehensive expenses for the year (net of tax)		(169)	(671)
Total comprehensive income (expenses) for the year		102	(1,697)
Total comprehensive income (expenses) attributable to:			
Owners of the Company		(134)	(1,543)
Perpetual capital securities holders		418	442
Other non-controlling interests		(182)	(596)
		102	(1,697)

Consolidated Statement of Financial Position

As at 31 December 2024

	Notes	2024 HK\$ million	2023 HK\$ million
Non-current assets			
Investment properties	14	96,547	96,005
Property, plant and equipment	15	829	594
Investments in associates	17	5,347	5,488
Loans to associates	17	8	8
Investments in joint ventures	18	342	445
Loans to joint ventures	18	4,324	4,029
Other financial investments	19	1,657	1,557
Debt securities	20	578	900
Deferred tax assets	27	100	96
Other financial assets	21	135	198
Other receivables	22	1,315	954
		111,182	110,274
Current assets			
Accounts and other receivables	22	375	304
Debt securities	20	318	94
Other financial assets	21	3	–
Time deposits	23	647	1,271
Cash and cash equivalents	23	1,564	2,583
		2,907	4,252
Current liabilities			
Accounts payable and accruals	24	1,428	1,097
Deposits from tenants		306	352
Amounts due to non-controlling interests	25	189	199
Borrowings	26	2,872	158
Taxation payable		67	1
		4,862	1,807
Net current (liabilities) assets			
		(1,955)	2,445
Total assets less current liabilities			
		109,227	112,719
Non-current liabilities			
Amounts due to non-controlling interests	25	5,686	5,264
Borrowings	26	23,642	25,406
Other financial liabilities	21	587	576
Deposits from tenants		566	511
Deferred tax liabilities	27	1,317	1,271
		31,798	33,028
Net assets			
		77,429	79,691
Capital and reserves			
Share capital	29	7,723	7,723
Reserves		58,270	59,459
Equity attributable to owners of the Company			
Perpetual capital securities	28	9,437	10,224
Other non-controlling interests		1,999	2,285
Total equity		77,429	79,691

The consolidated financial statements on pages 157 to 231 were approved and authorised for issue by the Board of Directors on 18 February 2025 and are signed on its behalf by:

Lee Irene Y.L.
Director

Lui Kon Wai
Director

Financial Statements,
Valuation and Other Information

Consolidated Statement of Changes in Equity

For the year ended 31 December 2024

	Attributable to owners of the Company			
	Share capital HK\$ million	Share options reserve HK\$ million	General reserve HK\$ million	Investments revaluation reserve HK\$ million
As at 1 January 2024	7,723	39	96	20
Profit (loss) for the year	-	-	-	-
Exchange difference on translation of subsidiaries	-	-	-	-
Net losses arising from hedging instruments	-	-	-	-
Reclassification of net losses to profit or loss	-	-	-	-
Loss on revaluation of properties held for own use (net of tax)	-	-	-	-
Change in fair value of equity instruments at FVTOCI	-	-	-	105
Share of translation reserve of an associate	-	-	-	-
Total comprehensive income (expense) for the year	-	-	-	105
Recognition of equity-settled share-based payments	-	5	-	-
Forfeiture of share options	-	(4)	-	-
Dividends paid during the year (note 12)	-	-	-	-
Distribution paid to perpetual capital securities holders	-	-	-	-
Repurchase of perpetual capital securities (note 28)	-	-	-	-
As at 31 December 2024	7,723	40	96	125
As at 1 January 2023	7,723	36	96	278
(Loss) profit for the year	-	-	-	-
Exchange difference on translation of subsidiaries	-	-	-	-
Net losses arising from hedging instruments	-	-	-	-
Reclassification of net losses to profit or loss	-	-	-	-
Loss on revaluation of properties held for own use (net of tax)	-	-	-	-
Change in fair value of equity instruments at FVTOCI	-	-	-	(258)
Share of translation reserve of an associate	-	-	-	-
Total comprehensive (expenses) income for the year	-	-	-	(258)
Recognition of equity-settled share-based payments	-	3	-	-
Repurchase of own shares	-	-	-	-
Forfeiture of unclaimed dividend	-	-	-	-
Dividends paid during the year (note 12)	-	-	-	-
Distribution paid to perpetual capital securities holders	-	-	-	-
As at 31 December 2023	7,723	39	96	20

Attributable to owners of the Company							
Hedging reserve HK\$ million	Properties revaluation reserve HK\$ million	Translation reserve HK\$ million	Retained profits HK\$ million	Total HK\$ million	Perpetual capital securities HK\$ million	Other non-controlling interests HK\$ million	Total HK\$ million
(401)	447	(489)	59,747	67,182	10,224	2,285	79,691
-	-	-	35	35	418	(182)	271
-	-	(124)	-	(124)	-	-	(124)
(73)	-	-	-	(73)	-	-	(73)
48	-	-	-	48	-	-	48
-	(10)	-	-	(10)	-	-	(10)
-	-	-	-	105	-	-	105
-	-	(115)	-	(115)	-	-	(115)
(25)	(10)	(239)	35	(134)	418	(182)	102
-	-	-	-	5	-	-	5
-	-	-	4	-	-	-	-
-	-	-	(1,109)	(1,109)	-	(104)	(1,213)
-	-	-	-	-	(428)	-	(428)
-	-	-	49	49	(777)	-	(728)
(426)	437	(728)	58,726	65,993	9,437	1,999	77,429
(144)	452	(338)	62,097	70,200	10,224	2,987	83,411
-	-	-	(872)	(872)	442	(596)	(1,026)
-	-	(104)	-	(104)	-	-	(104)
(261)	-	-	-	(261)	-	-	(261)
4	-	-	-	4	-	-	4
-	(5)	-	-	(5)	-	-	(5)
-	-	-	-	(258)	-	-	(258)
-	-	(47)	-	(47)	-	-	(47)
(257)	(5)	(151)	(872)	(1,543)	442	(596)	(1,697)
-	-	-	1	4	-	-	4
-	-	-	(1)	(1)	-	-	(1)
-	-	-	1	1	-	-	1
-	-	-	(1,479)	(1,479)	-	(106)	(1,585)
-	-	-	-	-	(442)	-	(442)
(401)	447	(489)	59,747	67,182	10,224	2,285	79,691

Consolidated Statement of Cash Flows

For the year ended 31 December 2024

	2024 HK\$ million	2023 HK\$ million
Operating activities		
Profit (loss) before taxation	567	(731)
Adjustments for:		
Net interest income	(167)	(261)
Other gains and losses	(3)	(1)
Depreciation of property, plant and equipment	36	33
Share-based payment expenses	5	3
Finance costs	450	478
Change in fair value of investment properties	1,506	2,763
Change in fair value of other financial investments	19	267
Share of results of associates	(204)	(270)
Share of results of joint ventures	287	37
Operating cash flows before movements in working capital	2,496	2,318
(Increase) decrease in accounts and other receivables	(199)	102
Increase in accounts payable and accruals	237	33
Increase (decrease) in deposits from tenants	9	(22)
Cash generated from operations	2,543	2,431
Hong Kong Profits Tax paid	(187)	(224)
Net cash from operating activities	2,356	2,207
Investing activities		
Payments in respect of investment properties	(1,855)	(1,651)
Purchases of property, plant and equipment	(35)	(18)
Dividends received from an associate	230	226
Repayment from an associate	–	2
Repayment from joint ventures	–	930
Advance to joint ventures	(440)	(1,416)
Payments in respect of other financial investments	(14)	(47)
Interest received	110	172
Additions to time deposits with original maturity over three months	(2,729)	(6,262)
Proceeds upon maturity of debt securities	94	–
Proceeds upon maturity of time deposits with original maturity over three months	3,353	10,202
Net cash (used in) from investing activities	(1,286)	2,138

	Notes	2024 HK\$ million	2023 HK\$ million
Financing activities			
Payment of finance costs	31	(924)	(969)
Advance from non-controlling interest	31	230	416
New bank loans	31	7,593	1,130
Repayment of bank loans	31	(6,453)	(1,670)
Issuance of fixed rate notes	31	–	1,534
Repurchase of perpetual capital securities		(728)	–
Repayment of fixed rate notes	31	(150)	(2,730)
Receipt from settlement of derivative instruments	31	262	303
Payment to settlement of derivative instruments	31	(267)	(296)
Repayment to other non-controlling interests	31	(10)	(14)
Payment on repurchase of own shares		–	(1)
Dividends paid		(1,109)	(1,479)
Distribution paid to perpetual capital securities holders		(428)	(442)
Dividends paid to other non-controlling interests		(104)	(106)
Net cash used in financing activities		(2,088)	(4,324)
Net (decrease) increase in cash and cash equivalents		(1,018)	21
Effect of foreign exchange rate changes		(1)	2
Cash and cash equivalents as at 1 January		2,583	2,560
Cash and cash equivalents as at 31 December	23	1,564	2,583

Material Accounting Policy Information

For the year ended 31 December 2024

These consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments, which are measured at revalued amounts or fair values, as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the Hong Kong Companies Ordinance (“CO”). For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities (“Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The material accounting policy information adopted are as follows:

1. BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

The directors of the Company have, at the time of approving the consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributable to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests (including perpetual capital securities holders and non-controlling interests in subsidiaries) are presented separately from the Group’s equity attributable to owners of the Company therein.

1. BASIS OF CONSOLIDATION (continued)

In preparing the consolidated financial statements, the directors of the Company have carefully considered the future liquidity of the Group in light of the fact that the Group's current liabilities exceeded its current assets by HK\$1,955 million and the Group had capital commitments of HK\$3,974 million.

The Group has undrawn committed facility from the bank loans facility agreement amounting to HK\$16,689 million as at 31 December 2024. The directors of the Company reviewed the Group's cash flow projections which cover a period of not less than twelve months from 31 December 2024 that are of the opinion that the Group will have sufficient liquidity to meet its financial obligations that will be due in the coming twelve months from 31 December 2024. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

2. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of parties sharing control.

The results, assets and liabilities of associate or joint venture are incorporated in the consolidated financial statements using the equity method of accounting. The financial statements of associate or joint venture used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, investments in associate or joint venture are initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture.

3. INVESTMENT PROPERTIES

Investment properties are properties held to earn rental and/or for capital appreciation including properties under redevelopment for such purposes.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at fair value using the fair value model, adjusted to exclude any prepaid or accrued operating lease income. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

If a property becomes an owner-occupied property because its use has been changed as evidenced by commencement of owner-occupation, the fair value of the property at the date of change in use is considered as the deemed cost for subsequent accounting.

Construction costs incurred for investment properties under redevelopment are capitalised as part of the carrying amount of the investment properties under redevelopment. Investment properties under redevelopment are measured at fair value at the end of the reporting period. Any difference between the fair value of the investment properties under redevelopment and their carrying amount is recognised in profit or loss in the period in which they arise.

Material Accounting Policy Information (continued)

For the year ended 31 December 2024

4. FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value except for accounts receivables arising from contract with customers which are initially measured in accordance with HKFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss ("FVTPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

(a) Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost less impairment loss (except for debt investments that are designated as at FVTPL on initial recognition):

- the asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that initial recognition of a financial asset, the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 "Business Combinations" applies.

(i) Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments measured subsequently at amortised cost and is included in the investment income as disclosed in note 8 of the Notes to the Consolidated Financial Statements section.

(ii) Financial assets at FVTPL

Financial assets at FVTPL include derivatives that are not designated and effective as hedging instruments, club debentures and fund investment.

Investments in equity instruments are classified as FVTPL, unless the Group designates such investment that is not held for trading as at FVTOCI.

Financial assets at FVTPL are measured at fair value at the end of the reporting period, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend earned on the financial asset and is included in other gains and losses. Fair value is determined in the manner described in note 4 of the Financial Risk Management section.

4. FINANCIAL INSTRUMENTS (continued)

Financial assets (continued)

(a) Classification of financial assets (continued)

(iii) Equity instruments designated as at FVTOCI

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investments revaluation reserve and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to retained profits.

Financial liabilities and equity instruments

(a) Classification and measurement

Financial liabilities and equity instruments issued by a group entity are classified as financial liabilities or equity instruments according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The Group's financial liabilities are generally classified into (i) financial liabilities at FVTPL and (ii) other financial liabilities subsequently measured at amortised cost. The accounting policies adopted in respect of financial liabilities and equity instruments are set out below.

(i) Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period.

The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis for financial liabilities, other than those financial liabilities at FVTPL, of which the interest expense is included in other gains or losses.

(ii) Financial liabilities at amortised cost

Financial liabilities (including accounts payable and accruals, amounts due to non-controlling interests, deposits from tenants and borrowings) are subsequently measured at amortised cost, using the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in finance costs as disclosed in note 6 of the Notes to the Consolidated Financial Statements section.

(iii) Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Consideration paid to repurchase the Company's own equity instruments is deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Perpetual capital securities, which includes no contractual obligation for the Group to deliver cash or other financial assets to the holders is classified as equity instrument and is initially recorded at the proceeds received.

Material Accounting Policy Information (continued)

For the year ended 31 December 2024

4. FINANCIAL INSTRUMENTS (continued)

Derivative financial instruments and hedging

The Group enters into a variety of derivative financial instruments to manage its exposure to foreign exchange rate risks and interest rate risks, including cross currency swaps and interest rate swaps. Further details of derivative financial instruments are disclosed in note 21 of the Notes to the Consolidated Financial Statements section.

Derivatives are initially recognised at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair values at the end of the reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not due to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Hedge accounting

The Group designates certain derivatives as hedging instruments for cash flow hedges and fair value hedge.

At the inception of the hedging relationship, the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument that is used in a hedging relationship is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meets all of the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Group adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again.

Note 21 of the Notes to the Consolidated Financial Statements section sets out details of the fair values of the derivative instruments used for hedging purposes.

(a) Fair value hedges

The fair value change on qualifying hedging instruments is recognised in profit or loss. The carrying amount of a hedged item not already measured at fair value is adjusted for the fair value change attributable to the hedged risk with a corresponding entry in profit or loss. Where hedging gains or losses are recognised in profit or loss, they are recognised in the same line as the hedged item.

4. FINANCIAL INSTRUMENTS (continued)

Hedge accounting (continued)

(b) Cash flow hedges

The effective portion of changes in the fair values of derivatives that are designated and qualify as cash flow hedges are recognised in other comprehensive income and accumulated in hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in other gains and losses line item.

Amounts previously recognised in other comprehensive income and accumulated in hedging reserve are reclassified to profit or loss in the periods when the hedged item is recognised in profit or loss, in the same line of the consolidated statement of profit or loss as the recognised hedged item.

Furthermore, if the Group expects that some or all of the loss accumulated in the cash flow hedging reserve will not be recovered in the future, that amount is immediately reclassified to profit or loss.

(c) Discontinuation of hedge accountings

The Group discontinues hedge accounting prospectively only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. Discontinuing hedge accounting can either affect a hedging relationship in its entirety or only a part of it (in which case hedge accounting continues for the remainder of the hedging relationship).

5. REVENUE RECOGNITION

The Group recognises revenue from the following major sources:

- Leasing of investment properties
- Provision of property management services

The Group's accounting policies for rental income are included under "Leases" and accounting policies for revenue from property management services are as below:

Revenue is measured at the fair value of the consideration received or receivable.

The Group recognises revenue when (or as) a performance obligation is satisfied i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents goods and services (or a bundle of goods or services) that are distinct or a series of distinct goods or services that are substantially the same.

Material Accounting Policy Information (continued)

For the year ended 31 December 2024

5. REVENUE RECOGNITION (continued)

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct goods or service.

Revenue from provision of property management services is recognised over time.

6. LEASES

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application of HKFRS16 or arising from business combinations, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessor

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee. All other leases are classified as operating leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Rentals received with reference to turnover of tenants are recognised as income when they arise.

Rental income which are derived from the Group's ordinary course of business is presented as revenue.

Allocation of consideration to components of a contract

When a contract includes both lease and non-lease components, the Group applies HKFRS 15 to allocate consideration in a contract to lease and non-lease components. Non-lease components are separated from lease component on the basis of their relative stand-alone selling prices.

Refundable rental deposits

Refundable rental deposits received are accounted under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees. Such adjustments are recognised if the amount is considered material.

7. RETIREMENT BENEFIT COSTS

Payments to defined construction retirement benefit plan, state-managed benefit scheme, Mandatory Provident Fund Scheme are charged as an expense when employees have rendered service entitling them to the contributions.

8. TAXATION

Income tax expense represents the sum of the tax currently payable and deferred tax.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. For the purposes of measuring deferred tax for investment properties that are measured using the fair value model in accordance with HKAS 40 "Investment Property", such properties' value is presumed to be recovered through sale, while such presumption has not been rebutted.

9. FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 "Share-based Payment", leasing transactions that are accounted for in accordance with HKFRS 16, and measurements that have some similarities to fair value but are not fair value, such as value in use in HKAS 36 "Impairment of Assets".

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The financial instruments that are measured at fair value on a recurring basis, grouped into Levels 1 to 3 based on the degree to which the inputs to the fair value measurements are observable.

- Level 1: fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets and liabilities.
- Level 2: fair value measurements are those derived from inputs other than quoted prices included with Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

1. GENERAL

The Company is a public listed company incorporated in Hong Kong and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The addresses of the registered office and principal place of business of the Company are 50/F Lee Garden One, 33 Hysan Avenue, Hong Kong.

The principal activities of the Company and its subsidiaries (collectively referred to as the "Group") are property investment, management and development.

These consolidated financial statements are presented in Hong Kong dollars ("HKD"), which is the same as the functional currency of the Company.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

New and amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following new and amendments to HKFRSs issued by HKICPA for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2024 for the preparation of the consolidated financial statements:

Amendments to HKAS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

Except as described below, the application of the new and amendments to HKFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and or on the disclosures set out in these consolidated financial statements.

Amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following amendments to HKFRSs that have been issued but are not yet effective:

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to HKAS 21	Lack of Exchangeability ²
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments ³
Amendments to HKFRSs HKFRS 18	Annual Improvements to HKFRS Accounting Standards – Volume 11 ³ Presentation and Disclosure in Financial Statements ⁴

¹ Effective for annual periods beginning on or after a date to be determined.

² Effective for annual periods beginning on or after 1 January 2025.

³ Effective for annual periods beginning on or after 1 January 2026.

⁴ Effective for annual periods beginning on or after 1 January 2027.

The Group anticipated that the application of all these amendments to HKFRSs had no material impact on the Group's financial position and financial performance.

3. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in the "Material Accounting Policy Information" section, the management of the Group is required to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Fair value of investment properties

At the end of the reporting period, the Group's investment properties are stated at fair value of HK\$96,547 million (2023: HK\$96,005 million) based on the valuation performed by an independent qualified professional valuer. In determining the fair value, the valuer has applied a market value basis which involves, inter-alia, certain estimates, including appropriate capitalisation rates, reversionary income potential and redevelopment potential taking into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

In relying on the valuation, management has exercised their judgement and is satisfied that the method of valuation is reflective of the current market conditions at the end of the reporting period.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

4. TURNOVER

Turnover represents gross rental income from leasing of investment properties and management fee income from provision of property management services for the year.

The Group's principal activities are property investment, management and development, and its turnover and results are derived from investment properties located in Hong Kong and Mainland.

Contracts for property management services have various contractual periods for which the Group bills fixed amount for each month of service period. Substantially all of the revenue from provision of property management services is recognised at the amount to which the Group has right to invoice which reflect the progress towards complete satisfaction of performance obligations satisfied over time. The categories for disaggregation of revenue from provision of property management services recognised over time in Hong Kong and Mainland are consistent with the segment disclosure under note 5 of the Notes to the Consolidated Financial Statements section.

5. SEGMENT INFORMATION

Based on the internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to segments and to assess their performance, the Group's operating and reportable segments are as follows:

Retail segment – leasing of space and related facilities to a variety of retail and leisure operators

Office segment – leasing of high quality office space and related facilities

Residential segment – leasing of luxury residential properties and related facilities

Property development segment – development of properties for sale or leasing

5. SEGMENT INFORMATION (continued)

Segment turnover and results

The following is an analysis of the Group's turnover and results by operating and reportable segment.

	Retail HK\$ million	Office HK\$ million	Residential HK\$ million	Property development HK\$ million	Consolidated HK\$ million
For the year ended 31 December 2024					
Turnover					
Leasing of investment properties	1,514	1,283	192	–	2,989
Provision of property management services	170	224	26	–	420
Segment revenue	1,684	1,507	218	–	3,409
Property expenses	(307)	(262)	(77)	–	(646)
Segment gross profit	1,377	1,245	141	–	2,763
Share of results of a joint venture	–	–	–	(41)	(41)
Segment profit (loss)	1,377	1,245	141	(41)	2,722
Investment income					167
Other gains and losses					3
Administrative expenses					(308)
Finance costs					(450)
Change in fair value of investment properties					(1,506)
Change in fair value of other financial investments					(19)
Impairment loss of a joint venture					(258)
Share of results of:					
associates					204
a joint venture					12
Profit before taxation					567
For the year ended 31 December 2023					
Turnover					
Leasing of investment properties	1,372	1,273	181	–	2,826
Provision of property management services	161	199	24	–	384
Segment revenue	1,533	1,472	205	–	3,210
Property expenses	(302)	(258)	(61)	–	(621)
Segment gross profit	1,231	1,214	144	–	2,589
Share of results of a joint venture	–	–	–	(23)	(23)
Segment profit (loss)	1,231	1,214	144	(23)	2,566
Investment income					261
Other gains and losses					1
Administrative expenses					(307)
Finance costs					(478)
Change in fair value of investment properties					(2,763)
Change in fair value of other financial investments					(267)
Share of results of:					
associates					270
a joint venture					(14)
Loss before taxation					(731)

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

5. SEGMENT INFORMATION (continued)

Segment turnover and results (continued)

All of the segment turnover reported above is from external customers.

The accounting policies of the operating and reportable segments are the same as the Group's accounting policies described in the "Material Accounting Policy Information" section. Segment profit represents the profit earned by each segment without allocation of investment income, other gains and losses, administrative expenses (including central administrative costs and directors' emoluments), finance costs, change in fair value of investment properties, change in fair value of other financial investments, impairment loss of a joint venture and share of results of associates and a joint venture. This is the measure reported to the chief operating decision maker of the Group for the purpose of resource allocation and performance assessment.

Included in the above are the turnover, property expenses and administrative expenses attributable to Lee Gardens Shanghai located in Mainland amounting to HK\$73 million (2023: HK\$10 million), HK\$59 million (2023: HK\$36 million), and HK\$9 million (2023: HK\$4 million) respectively.

Segment assets

The following is an analysis of the Group's assets by operating and reportable segment.

	Retail HK\$ million	Office HK\$ million	Residential HK\$ million	Property development HK\$ million	Consolidated HK\$ million
As at 31 December 2024					
Segment assets	32,986	34,265	8,667	25,006	100,924
Investments in and loans to associates					5,355
Investments in a joint venture					340
Other financial investments					1,657
Other assets					5,813
Consolidated assets					114,089
As at 31 December 2023					
Segment assets	32,520	35,695	8,658	23,336	100,209
Investments in and loans to associates					5,496
Investments in a joint venture					328
Other financial investments					1,557
Other assets					6,936
Consolidated assets					114,526

Segment assets represented the investment properties and accounts receivable of each segment and investments in and loans to joint ventures engaged in property development business.

Unallocated assets include investments in and loans to associates, investments in joint ventures, other financial investments and other assets which include property, plant and equipment, debt securities, other financial assets, deferred tax assets, other receivables, time deposits and cash and cash equivalents.

This is the measure reported to the chief operating decision maker of the Group for the purpose of monitoring segment performances and allocating resources between segments. The investment properties are included in segment assets at their fair values whilst the change in fair value of investment properties is not included in segment profit.

5. SEGMENT INFORMATION (continued)

Segment assets (continued)

Included in the property development segment is an investment property under development, which will be transferred to other segments upon completion of the development.

Included in the retail and office segment is an investment property located in Mainland accounting to HK\$644 million (2023: HK\$602 million) and HK\$2,744 million (2023: HK\$2,962 million) respectively.

No segment liabilities analysis is presented as the Group's liabilities are monitored on a group basis.

All the Group's non-current assets excluding financial instruments and deferred tax assets are located in Hong Kong, except for those assets with carrying amounts of HK\$8,760 million (2023: HK\$9,079 million) which operate in Mainland.

Other segment information

	Retail HK\$ million	Office HK\$ million	Residential HK\$ million	Property development HK\$ million	Consolidated HK\$ million
For the year ended 31 December 2024					
Additions to non-current assets	192	158	21	2,050	2,421
For the year ended 31 December 2023					
Additions to non-current assets	296	148	6	1,626	2,076

6. FINANCE COSTS

	2024 HK\$ million	2023 HK\$ million
Finance costs comprise:		
Interest on bank loans	592	541
Interest on fixed rate notes	564	558
Imputed interest on amounts due to non-controlling interests	46	44
Total interest expenses	1,202	1,143
Other finance costs	60	42
Less: amounts capitalised (Note)	(785)	(713)
	477	472
Net exchange gains on borrowings	(79)	(1)
Reclassification of net losses from hedging reserve on financial instruments designated as cash flow hedges	48	4
Medium Term Note Programme expenses	4	3
	450	478

Note:

During the year, interest expenses have been capitalised to investment properties under development at an average capitalisation rate of 3.8% (2023: 3.6%) per annum.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

7. TAXATION

	2024 HK\$ million	2023 HK\$ million
Current tax		
Hong Kong Profits Tax		
– current year	234	200
– under (over)-provision in prior years	21	(4)
Deferred tax (note 27)	41	99
	296	295

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

	2024 HK\$ million	2023 HK\$ million
Profit (loss) before taxation	567	(731)
Tax at Hong Kong Profits Tax rate of 16.5%	94	(121)
Tax effect of share of results of associates	(34)	(45)
Tax effect of share of results of joint ventures	47	6
Tax effect of expenses not deductible for tax purposes	245	529
Tax effect of income not taxable for tax purposes	(193)	(147)
Tax effect of estimated tax losses not recognised	120	77
Utilisation of estimated tax losses not previously recognised	(4)	–
Under (over)-provision in prior years	21	(4)
Taxation for the year	296	295

In addition to the amount charged to the consolidated statement of profit or loss, deferred tax relating to the revaluation of the Group's properties held for own use has been charged directly to properties valuation reserve (see note 27 of the Notes to the Consolidated Financial Statements section).

8. PROFIT (LOSS) FOR THE YEAR

	2024 HK\$ million	2023 HK\$ million
Profit (loss) for the year has been arrived at after charging (crediting):		
Auditor's remuneration	4	4
Depreciation of property, plant and equipment	36	33
Gross rental income from investment properties including rentals received with reference to turnover of tenants of HK\$136 million (2023: HK\$159 million)	(2,989)	(2,826)
Less:		
– Direct operating expenses arising from leasing of investment properties	228	209
	(2,761)	(2,617)
Interest income (included in investment income)	(134)	(198)
Imputed interest income on interest-free loan to a joint venture (included in investment income)	–	(24)
Staff costs (including directors' emoluments)	327	331
Share of income tax of associates (included in share of results of associates)	93	117

9. OTHER COMPREHENSIVE INCOME (EXPENSES)

	2024 HK\$ million	2023 HK\$ million
Other comprehensive income (expenses) comprises:		
Items that will not be reclassified subsequently to profit or loss:		
Revaluation of properties held for own use:		
Loss on revaluation of properties held for own use (net of tax)	(10)	(5)
Change in fair value of equity instruments at fair value through other comprehensive income ("FVTOCI")	105	(258)
	95	(263)
Items that may be reclassified subsequently to profit or loss:		
Derivatives designated as cash flow hedges:		
Net losses arising during the year	(73)	(261)
Reclassification of net losses to profit or loss	48	4
	(25)	(257)
Exchange difference on translation of subsidiaries	(124)	(104)
Share of translation reserve of an associate	(115)	(47)
	(264)	(408)
Other comprehensive expenses for the year (net of tax)	(169)	(671)

Tax effect relating to other comprehensive (expenses) income:

	2024			2023		
	Before-tax amount HK\$ million	Tax expense HK\$ million	Net-of-tax amount HK\$ million	Before-tax amount HK\$ million	Tax expense HK\$ million	Net-of-tax amount HK\$ million
Loss on revaluation of properties held for own use	(11)	1	(10)	(6)	1	(5)
Change in fair value of equity instruments at FVTOCI	105	–	105	(258)	–	(258)
Net adjustments to hedging reserve	(25)	–	(25)	(257)	–	(257)
Exchange difference on translation of subsidiaries	(124)	–	(124)	(104)	–	(104)
Share of translation reserve of an associate	(115)	–	(115)	(47)	–	(47)
	(170)	1	(169)	(672)	1	(671)

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

10. DIRECTORS' EMOLUMENTS

	2024 HK\$ million	2023 HK\$ million
Directors' fees	3	3
Other emoluments		
Basic salaries, housing and other allowances	14	14
Bonus (Notes d & f)	17	19
Share-based payments	3	2
	37	38

The emoluments paid or payable to each of the Directors for the two years ended 31 December 2024 and 2023, calculated with reference to their employment as Directors or for provision of other services to the Company and the Group, are set out below:

	Directors' fees HK\$'000 (Note e)	Basic salaries, housing and other allowances HK\$'000 (Note d)	Bonus HK\$'000 (Note d)	Share-based payments HK\$'000 (Note g)	Retirement benefits scheme contributions HK\$'000	Total HK\$'000
For the year ended 31 December 2024						
Executive Directors (Note a)						
Lee Irene Yun-Lien	–	8,240	11,124	1,852	18	21,234
Lui Kon Wai	–	5,953	5,953	1,038	18	12,962
Non-Executive Directors (Note b)						
Lee Anthony Hsien Pin	388	–	–	–	–	388
Lee Chien	310	–	–	–	–	310
Lee Tze Hau Michael	310	–	–	–	–	310
Independent Non-Executive Directors (Note c)						
Churchose Frederick Peter	463	–	–	–	–	463
Fan Yan Hok Philip (Note h)	200	–	–	–	–	200
Poon Chung Yin Joseph	490	–	–	–	–	490
Wong Ching Ying Belinda	310	–	–	–	–	310
Young Elaine Carole	356	–	–	–	–	356
Chung Cordelia	372	–	–	–	–	372
Zhang Yong (Note i)	24	–	–	–	–	24
	3,223	14,193	17,077	2,890	36	37,419

10. DIRECTORS' EMOLUMENTS (continued)

	Directors' fees HK\$'000 (Note e)	Basic salaries, housing and other allowances HK\$'000 (Note f)	Bonus HK\$'000 (Note f)	Share-based payments (Note g)	Retirement benefits scheme contributions HK\$'000	Total HK\$'000
For the year ended 31 December 2023						
Executive Directors (Note a)						
Lee Irene Yun-Lien	–	8,243	12,360	1,464	18	22,085
Lui Kon Wai	–	5,609	6,048	660	18	12,335
Non-Executive Directors (Note b)						
Jebsen Hans Michael (Note j)	124	–	–	–	–	124
Lee Anthony Hsien Pin	388	–	–	–	–	388
Lee Chien	310	–	–	–	–	310
Lee Tze Hau Michael	312	–	–	–	–	312
Independent Non-Executive Directors (Note c)						
Churchouse Frederick Peter	456	–	–	–	–	456
Fan Yan Hok Philip	479	–	–	–	–	479
Poon Chung Yin Joseph	507	–	–	–	–	507
Wong Ching Ying Belinda	310	–	–	–	–	310
Young Elaine Carole	323	–	–	–	–	323
Chung Cordelia (Note k)	223	–	–	–	–	223
	3,432	13,852	18,408	2,124	36	37,852

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

10. DIRECTORS' EMOLUMENTS (continued)

Notes:

- (a) The Executive Directors' emoluments shown above were for the services in connection with the management of the affairs of the Company and the Group.
 (b) The Non-Executive Directors' emoluments shown above were for the services as Directors.
 (c) The Independent Non-Executive Directors' emoluments shown above were for the services as Directors.
 (d) The annual cash remuneration of Lee Irene Yun-Lien, Chairman, and Lui Kon Wai, Executive Director and Chief Operating Officer, are comprised of (i) fixed base salary; and (ii) variable performance bonus which is determined by reference to the Company's performance as well as individual performance and contribution, to be measured against annual financial and operational targets.

For the year ended 31 December 2024, Lee Irene Yun-Lien's base salary of HK\$8,240,000 and the performance bonus of HK\$11,124,000 were approved by the Remuneration Committee in February 2024 and February 2025 respectively.

For the year ended 31 December 2024, Lui Kon Wai's base salary of HK\$5,953,000 and the performance bonus of HK\$5,953,000 were approved by the Remuneration Committee in February 2024 and February 2025 respectively.

- (e) Last revision of annual Directors' fees for serving on the Board (effective 1 June 2019) were approved by shareholders at the 2019 AGM. Fees of chairman and members of the Sustainability Committee (effective 1 January 2020) were approved by the Board in February 2020. Details are set out in Remuneration Committee Report. Directors' fees are calculated on annual basis and paid semi-annually. For Directors not having served the full year on a position, the fees will be calculated and paid on pro rata basis.

Breakdown of Directors' fees of each of the Directors for the year ended 31 December 2024 is set out below:

	Board HK\$'000	Audit and Risk Management Committee HK\$'000	Remuneration Committee HK\$'000	Nomination Committee HK\$'000	Sustainability Committee HK\$'000	2024 Total HK\$'000	2023 Total HK\$'000
Executive Directors							
Lee Irene Yun-Lien	-	-	-	-	-	-	-
Lui Kon Wai	-	-	-	-	-	-	-
Non-Executive Directors							
Jebsen Hans Michael	-	-	-	-	-	-	124
Lee Anthony Hsien Pin	280	108	-	-	-	388	388
Lee Chien	280	-	-	30	-	310	310
Lee Tze Hau Michael	280	-	-	-	30	310	312
Independent Non-Executive Directors							
Churhouse Frederick Peter	280	108	45	30	-	463	456
Fan Yan Hok Philip	121	47	32	-	-	200	479
Poon Chung Yin Joseph	280	180	-	30	-	490	507
Wong Ching Ying Belinda	280	-	-	-	30	310	310
Young Elaine Carole	280	-	26	-	50	356	323
Chung Cordelia	280	-	62	30	-	372	223
Zhang Yong	18	6	-	-	-	24	-
	2,379	449	165	120	110	3,223	3,432

- (f) The annual cash remuneration of Lee Irene Yun-Lien, Chairman, and Lui Kon Wai, Executive Director and Chief Operating Officer, are comprised of (i) fixed base salary; and (ii) variable performance bonus which is determined by reference to the Company's performance as well as individual performance and contribution, to be measured against annual financial and operational targets.

For the year ended 31 December 2023, Lee Irene Yun-Lien's base salary of HK\$8,243,000 and the performance bonus of HK\$12,360,000 were approved by the Remuneration Committee in February 2023 and February 2024 respectively.

For the year ended 31 December 2023, Lui Kon Wai's base salary of HK\$5,609,000 and the performance bonus of HK\$6,048,000 were approved by the Remuneration Committee in February 2023 and February 2024 respectively.

- (g) Share-based payments are the fair values of share options and share awards granted to the Executive Directors, which are determined at the date of grant and expensed over the vesting period (except where options are forfeited before vesting), regardless of whether the Executive Directors exercise the share options or not during the year. Details of the share schemes are set out in note 36 of the Notes to the Consolidated Financial Statements section.
 (h) Fan Yan Hok Philip retired as an Independent Non-Executive Director, the chairman of the Remuneration Committee and a member of the Audit and Risk Management Committee with effect from the conclusion of 2024 AGM on 5 June 2024.
 (i) Zhang Yong was appointed as an Independent Non-Executive Director and a member of the Audit and Risk Management Committee with effect from 9 December 2024.
 (j) Jebsen Hans Michael retired as a Non-Executive Director and the chairman of the Sustainability Committee with effect from the conclusion of 2023 AGM on 16 May 2023.
 (k) Chung Cordelia was appointed as an Independent Non-Executive Director and a member of the Remuneration Committee and the Nomination Committee with effect from the conclusion of 2023 AGM on 16 May 2023.

There was no arrangement under which a Director waived or agreed to waive any remuneration during both years.

There was no payment to a Director as inducement for Director to join the Group or compensation for the loss of office as a Director in connection with the management of the affairs of any member of the Group during both years.

Details of material interests of the Directors in transactions, arrangements or contracts entered into by subsidiaries of the Company are disclosed in the Directors' Report.

11. EMPLOYEES' EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, two (2023: two) were Directors, details of whose emoluments are included in note 10 of the Notes to the Consolidated Financial Statements section. The emoluments of all of the five individuals with the highest emoluments for the years ended 31 December 2024 and 2023 were as follows:

	2024 HK\$ million	2023 HK\$ million
Basic salaries, housing and other allowances	22	24
Bonus	20	23
Share-based payments (Note)	4	3
	46	50

Note:

Share-based payments are the fair values of share options and Awarded Shares granted to Executive Directors and eligible employees, which are determined at the date of grant and expensed over the vesting period (except where options are forfeited before vesting), regardless of whether the Executive Directors or eligible employees exercise the share options or not during the year.

Their emoluments are within the following bands:

	Number of individuals	
	2024	2023
HK\$2,500,001 to HK\$3,000,000	1	–
HK\$3,000,001 to HK\$3,500,000	1	–
HK\$4,000,001 to HK\$4,500,000	–	1
HK\$4,500,001 to HK\$5,000,000	–	1
HK\$5,000,001 to HK\$5,500,000	1	–
HK\$6,000,001 to HK\$6,500,000	–	1
HK\$12,000,001 to HK\$12,500,000	–	1
HK\$12,500,001 to HK\$13,000,000	1	–
HK\$21,000,001 to HK\$21,500,000	1	–
HK\$22,000,001 to HK\$22,500,000	–	1
	5	5

Senior management during the year are Executive Directors and other members of senior management of the Group. Their emoluments are within the following bands.

	Number of individuals	
	2024	2023
HK\$1,000,001 to HK\$2,000,000	1	–
HK\$2,000,001 to HK\$3,000,000	1	–
HK\$4,000,001 to HK\$5,000,000	–	2
HK\$5,000,001 to HK\$6,000,000	1	–
HK\$6,000,001 to HK\$7,000,000	–	1
HK\$12,000,001 to HK\$13,000,000	1	1
HK\$21,000,001 to HK\$22,000,000	1	–
HK\$22,000,001 to HK\$23,000,000	–	1
	5	5

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

12. DIVIDENDS

(a) Dividends recognised as distribution during the year:

	2024 HK\$ million	2023 HK\$ million
2024 first interim dividend paid – HK27 cents per share	277	–
2023 first interim dividend paid – HK27 cents per share	–	277
2023 second interim dividend paid – HK81 cents per share	832	–
2022 second interim dividend paid – HK117 cents per share	–	1,202
	1,109	1,479

(b) Dividends declared after the end of the reporting period:

	2024 HK\$ million	2023 HK\$ million
Second interim dividend (in lieu of a final dividend) – HK81 cents per share (2023: HK81 cents per share)	832	832

The second interim dividend is not recognised as a liability as at 31 December 2024 because it has been declared after the end of the reporting period. It will be payable in cash.

13. EARNINGS (LOSS) PER SHARE

The calculation of the basic and diluted earnings (loss) per share attributable to the owners of the Company is based on the following data:

	Earnings (loss)	
	2024 HK\$ million	2023 HK\$ million
Earnings (loss) for the purposes of basic and diluted earnings (loss) per share:		
Earnings (loss) for the year attributable to owners of the Company	35	(872)
	Number of shares	
	2024	2023
Weighted average number of ordinary shares for the purpose of basic and diluted earnings (loss) per share	1,027,008,223	1,027,008,223

During the year ended 31 December 2024, the computation of diluted earnings per share does not assume the exercise of certain of the Company's outstanding share options as the exercise prices of those options were higher than the average market price for shares. During the year ended 31 December 2023, the computation of diluted loss per share does not assume the exercise of all of the Company's outstanding share options as their assumed exercise would result in a decrease in loss per share.

14. INVESTMENT PROPERTIES

	2024 HK\$ million	2023 HK\$ million
Fair Value		
At 1 January	96,005	96,787
Additions	2,421	2,076
Transfer (to) from property, plant and equipment	(248)	8
Change in fair value recognised in profit or loss – unrealised	(1,506)	(2,763)
Exchange difference	(125)	(103)
As at 31 December	96,547	96,005

All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties.

The fair value of the Group's investment properties as at 31 December 2024 and 2023 and as at the date of transfer from/to property, plant and equipment to/from investment properties has been arrived at on the basis of a valuation carried out on the respective dates by Knight Frank Petty Limited, an independent qualified professional valuer not connected with the Group. The Group's investment properties have been valued individually, on market value basis, which conforms to The Hong Kong Institute of Surveyors Valuation Standards. In estimating the fair value of the investment properties, the management of the Group has considered the highest and best use of the investment properties as their current use.

Investment properties in Hong Kong

The value of the completed investment properties is derived from the basis of capitalisation of net income with due allowance for the reversionary income potential but without allowances for any expenses or taxation which may be incurred in effecting a sale, and where appropriate, cross reference by sale comparables.

For investment properties under development, residual method of valuation was adopted. The value is based on the development potential of the properties as if they were completed in accordance with the existing development proposal at the date of valuation. The value has also taken into consideration all costs of development and allowance of profit required for the development, which duly reflected the risks associated with the development.

There has been no change to the valuation technique during the year for completed properties and properties under development in Hong Kong.

As at 31 December 2024, the aggregate fair value of the investment properties under development of the Group in Hong Kong amounted to HK\$20,680 million (2023: HK\$19,190 million) have been pledged as securities for the Group's borrowings.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

14. INVESTMENT PROPERTIES (continued)

Investment properties in Mainland

Income capitalisation approach – discounted cash flow (“DCF”) analysis was adopted for the valuation of such completed investment properties in Mainland. The DCF analysis is based on prospective periodic net cash flow to operating properties, which is typically estimated as gross income less vacancy and operating expenses and other outgoings. The series of periodic net operating cash flow, along with an estimate of the reversionary or terminal value anticipated at the end of the projection period, is then discounted at the discount rate, being the cost of capital or the rate of required return, into present value. A 10-year investment horizon has been undertaken for the DCF analysis and the net income in the year eleven is capitalised at an appropriate yield.

Fair value measurements using significant unobservable inputs (Level 3)

At the end of the reporting period, the management of the Group works with Knight Frank Petty Limited to establish and determine the appropriate valuation techniques and inputs for Level 3 fair value measurements. Where there is a material change in the fair value of the assets, the causes of the fluctuations will be reported to the Directors of the Company.

All of the fair value measurements of the Group’s investment properties were categorised into Level 3 of the fair value hierarchy. There were no transfers into or out of Level 3 during both years. Details of fair value hierarchy are set out as below.

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements of the Group’s investment properties by operating and reportable segment.

	Retail HK\$ million	Office HK\$ million	Residential HK\$ million	Investment properties under development HK\$ million	Total HK\$ million
As at 1 January 2023	31,517	36,906	8,724	19,640	96,787
Additions	296	148	6	1,626	2,076
Transfer between operating and reportable segments	126	(126)	–	–	–
Transfer from property, plant and equipment	–	8	–	–	8
Change in fair value recognised in profit or loss					
– unrealised	558	(1,162)	(83)	(2,076)	(2,763)
Exchange difference	(17)	(86)	–	–	(103)
As at 31 December 2023	32,480	35,688	8,647	19,190	96,005
Additions	192	158	21	2,050	2,421
Transfer between operating and reportable segments	135	(135)	–	–	–
Transfer to property, plant and equipment	–	(248)	–	–	(248)
Change in fair value recognised in profit or loss					
– unrealised	310	(1,252)	(4)	(560)	(1,506)
Exchange difference	(23)	(102)	–	–	(125)
As at 31 December 2024	33,094	34,109	8,664	20,680	96,547

14. INVESTMENT PROPERTIES (continued)

Information about fair value measurements using significant unobservable inputs (Level 3)

The following table shows the valuation techniques used in the determination of fair value for investment properties by operating and reportable segment and unobservable inputs used in the valuation models.

Description	Fair value as at 31 December		Valuation techniques	Significant unobservable inputs	Range/weighted average of unobservable inputs
	2024 HK\$ million	2023 HK\$ million			
Investment properties in Hong Kong					
Retail	32,450	31,878	Income capitalisation approach	(i) Capitalisation rate (ii) Prevailing market rent per month	5.25% – 5.50% (2023: 5.25% – 5.50%) HK\$133 per square foot (2023: HK\$131 per square foot)
Office	31,365	32,726	Income capitalisation approach	(i) Capitalisation rate (ii) Prevailing market rent per month	4.25% -5.00% (2023: 4.25% -5.00%) HK\$55 per square foot (2023: HK\$56 per square foot)
Residential	8,664	8,647	Income capitalisation approach	(i) Capitalisation rate (ii) Prevailing market rent per month	3.75% (2023: 3.75%) HK\$39 per square foot (2023: HK\$39 per square foot)
Investment properties under development	20,680	19,190	Residual method	(i) Capitalisation rate (ii) Prevailing market rent per month	3.50% – 5.00% (2023: 3.50% – 5.00%) HK\$94 per square foot (2023: HK\$98 per square foot)
Investment properties in Mainland					
Retail and Office	3,388	3,564	Discounted cash flow method	(i) Prevailing market rent per month (ii) Discount rate (iii) Stabilised growth rate	RMB19 per square foot (2023: RMB20 per square foot) 7.25% (2023: 7.25%) 4.00% (2023: 4.00%)

The higher the capitalisation rate and discount rate, the lower the fair value, and vice versa.

The higher the stabilised growth rate, the higher the fair value, and vice versa.

Prevailing market rent is estimated based on independent valuer's view of recent lettings, within the subject properties and other comparable properties. It does not always equal to the committed rent by tenants. The higher the prevailing market rent, the higher the fair value, and vice versa.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

15. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings HK\$ million (Note)	Furniture, fixtures and equipment HK\$ million	Computers HK\$ million	Motor vehicles HK\$ million	Total HK\$ million
COST OR VALUATION					
As at 1 January 2023	554	122	164	2	842
Additions	–	9	8	1	18
Transfer to investment properties	(8)	–	–	–	(8)
Exchange difference	(1)	–	–	–	(1)
Deficit on revaluation	(13)	–	–	–	(13)
As at 31 December 2023	532	131	172	3	838
Additions	–	6	29	–	35
Transfer from investment properties	248	–	–	–	248
Exchange difference	(1)	–	–	–	(1)
Deficit on revaluation	(22)	–	–	–	(22)
As at 31 December 2024	757	137	201	3	1,098
Comprising:					
At cost	–	137	201	3	341
At valuation	757	–	–	–	757
	757	137	201	3	1,098
ACCUMULATED DEPRECIATION					
As at 1 January 2023	–	106	112	1	219
Provided for the year	8	7	18	–	33
Eliminated on revaluation	(8)	–	–	–	(8)
As at 31 December 2023	–	113	130	1	244
Provided for the year	11	6	19	–	36
Eliminated on revaluation	(11)	–	–	–	(11)
As at 31 December 2024	–	119	149	1	269
CARRYING AMOUNTS					
As at 31 December 2024	757	18	52	2	829
As at 31 December 2023	532	18	42	2	594

The above items of property, plant and equipment are depreciated on a straight-line basis over the following terms or at the following rates per annum:

Leasehold land and buildings	Over the term of the lease or 40 years
Furniture, fixtures and equipment	20%
Computers	20%
Motor vehicles	25%

15. PROPERTY, PLANT AND EQUIPMENT (continued)

Note:

Fair value measurements and valuation processes

The fair value of the Group's leasehold land and buildings as at 31 December 2024 and 2023 and as at the date of transfer to/from investment properties from/to property, plant and equipment has been arrived at on the basis of a valuation carried out on those dates by Knight Frank Petty Limited, an independent qualified professional valuer not connected with the Group. The Group's leasehold land and buildings have been valued individually, on market value basis, which conforms to The Hong Kong Institute of Surveyors Valuation Standards. In estimating the fair value of the properties, the management of the Group has considered the highest and best use of the properties as their current use.

Leasehold land and buildings in Hong Kong

The value of leasehold land and building in Hong Kong was derived from the basis of capitalisation of net income with due allowance for the reversionary income potential but without allowance of any expenses or taxation which may be incurred in effecting a sale, and where appropriate, cross reference by sale comparables. There has been no change to the valuation technique during the year.

Leasehold land and buildings in Mainland

DCF analysis was adopted for the valuation of leasehold land and buildings in Mainland. The DCF analysis is based on prospective periodic net cash flow to operating properties, which is typically estimated as gross income less vacancy and operating expenses and other outgoings. The series of periodic net operating cash flow, along with an estimate of the reversionary or terminal value anticipated at the end of the projection period, is then discounted at the discount rate, being the cost of capital or the rate of required return, into present value. A 10-year investment horizon has been undertaken for the DCF analysis and the net income in the year eleven is capitalised at an appropriate yield.

All of the fair value measurements of the Group's leasehold land and buildings in Hong Kong and Mainland were categorised into Level 3 of the fair value hierarchy. Details of fair value hierarchy are set out as below.

There were no transfers into or out of Level 3 during the year.

At the end of the reporting period, the management of the Group works with Knight Frank Petty Limited to establish and determine the appropriate valuation techniques and inputs for Level 3 fair value measurements. Where there is a material change in the fair value of the assets, the causes of the fluctuations will be reported to the Directors of the Company.

Information about fair value measurements using significant unobservable inputs (Level 3)

The following table shows the valuation techniques used in the determination of fair value for leasehold land and buildings in Hong Kong and Mainland and unobservable inputs used in the valuation models.

Description	Fair value as at 31 December		Valuation techniques	Significant unobservable inputs	Range/weighted average of unobservable inputs
	2024 HK\$ million	2023 HK\$ million			
Leasehold land and buildings in Hong Kong	739	512	Income capitalisation approach	(i) Capitalisation rate (ii) Prevailing market rent per month	4.25% – 5.00% (2023: 4.25% – 5.00%) HK\$57 per square foot (2023: HK\$59 per square foot)
Leasehold land and buildings in Mainland	18	20	Discounted cash flow method	(i) Prevailing market rent per month (ii) Discount rate (iii) Stabilised growth rate	RMB20 per square foot (2023: RMB21 per square foot) 7.25% (2023: 7.25%) 4.00% (2023: 4.00%)

The higher the capitalisation rate, the lower the fair value, and vice versa.

Prevailing market rent is estimated based on independent values view of recent lettings, within the subject properties and other comparable properties. It does not always equal to the committed rent by tenants. The higher the prevailing market rent, the higher the fair value, and vice versa.

The loss of HK\$10 million (2023: loss of HK\$5 million) arising on revaluation has been recognised in other comprehensive income and accumulated in properties revaluation reserve.

Had the Group's leasehold land and buildings in Hong Kong and Mainland been measured at historical cost less subsequent accumulated depreciation, their carrying amounts would have been HK\$531 million (2023: HK\$293 million) and HK\$21 million (2023: HK\$23 million) respectively at the end of the reporting period.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

16. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

The table below lists the principal subsidiaries of the Company:

Name of subsidiaries	Place of establishment/ incorporation/ operation	Issued share capital/ registered capital	Proportion of ownership interests/voting rights held by the Company		Principal activities
			directly	indirectly	
Admore Investments Limited	Hong Kong	HK\$2	100%	–	Investment holding
Alpha Ace Limited	Hong Kong	HK\$1	–	100%	Property development
Bamboo Grove Recreational Services Limited	Hong Kong	HK\$2	–	100%	Resident club management
Barrowgate Limited	Hong Kong	HK\$10,000	–	65.36%	Property investment
Earn Extra Investments Limited	Hong Kong	HK\$1	–	100%	Property investment
Elect Global Investments Limited	British Virgin Islands/ Hong Kong	US\$1	100%	–	Treasury operation
HD Investment Limited	British Virgin Islands	HK\$1	–	100%	Investment holding
HD Treasury Limited	Hong Kong	HK\$2	100%	–	Treasury operation
Hysan Corporate Services Limited	Hong Kong	HK\$2	100%	–	Provision of corporate services
Hysan Leasing Company Limited	Hong Kong	HK\$2	100%	–	Leasing administration
Hysan (MTN) Limited	British Virgin Islands/ Hong Kong	US\$1	100%	–	Treasury operation
Hysan Marketing Services Limited	Hong Kong	HK\$1	–	100%	General business
Hysan IT Services Company Limited	Hong Kong	HK\$1	–	100%	Information technology
Hysan Property Management Limited	Hong Kong	HK\$2	100%	–	Property management
Hysan (Shanghai) Properties Limited	PRC	RMB2,021,750,000	–	100%	Property investment
Hysan Treasury Limited	Hong Kong	HK\$2	100%	–	Treasury operation
Kwong Hup Holding Limited	British Virgin Islands	HK\$1	100%	–	Investment holding
Kwong Wan Realty Limited	Hong Kong	HK\$1,000	100%	–	Property investment
Lee Theatre Realty Limited	Hong Kong	HK\$10	–	100%	Property investment
Leighton Property Company Limited	Hong Kong	HK\$2	–	100%	Property investment
Minsal Limited	Hong Kong	HK\$2	100%	–	Property investment
Main Rise Development Limited	Hong Kong	HK\$2	–	100%	Investment holding
Mariner Bay Limited	British Virgin Islands/ Hong Kong	US\$1	–	100%	Investment holding
Mondsee Limited	Hong Kong	HK\$2	100%	–	Property investment
OHA Property Company Limited	Hong Kong	HK\$2	–	100%	Property investment
Patchway Holdings (HK) Limited	Hong Kong	HK\$1	–	60%	Property investment
Patchway Holdings Limited	British Virgin Islands	US\$10	–	60%	Investment holding
Perfect Win Properties Limited	Hong Kong	HK\$2	–	100%	Property investment
Silver Nicety Company Limited	Hong Kong	HK\$20	–	100%	Property investment

The Directors of the Company are of the opinion that a complete list of all subsidiaries and their particulars will be of excessive length and therefore the above table contains only those subsidiaries which materially contribute to the net income of the Group or hold a material portion of the assets or liabilities or otherwise are operating subsidiaries of the Company. Other than unsecured fixed rate notes issued by Hysan (MTN) Limited ("Hysan MTN") as disclosed in note 26 of the Notes to the Consolidated Financial Statements section, none of the subsidiaries had issued any debt securities at the end of the reporting period.

16. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (continued)

The Group's subsidiaries that have material non-controlling interests includes Barrowgate Limited ("Barrowgate"), Patchway Holdings Limited ("Patchway") and Elect Global Investments Limited ("Elect Global"). Elect Global's issued ordinary shares are fully held by the Group. As disclosed in note 28 of the Notes to Consolidated Financial Statement section, Elect Global issued perpetual capital securities which are classified as equity to parties outside the Group. The amount of such non-controlling interests of Elect Global has been disclosed in consolidated statement of changes in equity as perpetual capital securities.

The summarised financial information in respect of Barrowgate and Patchway are set out below. The summarised financial information below represents amounts before intragroup eliminations.

	2024		2023	
	Barrowgate HK\$ million	Patchway HK\$ million	Barrowgate HK\$ million	Patchway HK\$ million
Current assets	153	431	187	12
Non-current assets	9,717	20,721	9,870	19,250
Current liabilities	(754)	(358)	(860)	(77)
Non-current liabilities	(248)	(23,028)	(232)	(21,072)
Turnover	557	–	561	–
Profit (loss) and total comprehensive income (expenses) for the year	203	(348)	677	(1,891)
Profit (loss) and total comprehensive income (expenses) attributable to other non-controlling interests	70	(139)	234	(830)
Accumulated non-controlling interests	3,073	(1,074)	3,106	(821)
Dividends paid to other non-controlling interests	104	–	106	–
Net cash inflows from operating activities	347	–	494	–
Net cash outflows used in investing activities	(45)	–	(96)	–
Net cash outflows used in financing activities	(330)	–	(350)	–

17. INVESTMENTS IN ASSOCIATES AND LOANS TO ASSOCIATES

	2024 HK\$ million	2023 HK\$ million
Cost of unlisted investments	2	2
Share of post-acquisition profits and other comprehensive income, net of dividends received	5,345	5,486
	5,347	5,488
Loans to associates classified as:		
Non-current assets	8	8

The balances of loans to associates are unsecured, interest-free and have no fixed repayment terms. The Directors of the Company are of the opinion that the Group will not demand repayment from the associates within the next twelve months from the end of the reporting period and the loans are therefore classified as non-current assets.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

17. INVESTMENTS IN ASSOCIATES AND LOANS TO ASSOCIATES (continued)

The Directors of the Company are of the opinion that a complete list of all associates will be of excessive length and the Group summarises details of the Group's material associate as at 31 December 2024 and 2023 as follows:

Name of associates	Form of business structure	Place of incorporation/ establishment and operation	Class of share held/ registered capital	Effective interest held by the Group	Principal activities
Country Link Enterprises Limited (Note)	Private limited company	Hong Kong	Ordinary share of HK\$5,000,000	26.3%	Investment holding
Shanghai Kong Hui Property Development Co., Ltd. (Note)	Sino-Foreign equity joint venture	The PRC	US\$165,000,000 [#]	24.7%	Property development and leasing
Shanghai Grand Gateway Plaza Property Management Co., Ltd. (Note)	Sino-Foreign equity joint venture	The PRC	US\$140,000 [#]	23.7%	Property management

[#] Fully paid-up registered capital

Note:

Shanghai Kong Hui Property Development Co., Ltd. and Shanghai Grand Gateway Plaza Property Management Co., Ltd. are non-wholly owned subsidiaries of Country Link Enterprises Limited, together known as "Country Link".

The summarised consolidated financial information in respect of the Group's material associate is set out below. The summarised consolidated financial information below represents amounts shown in the associate's consolidated financial statements prepared in accordance with HKFRSs. All of the Group's associates are accounted for using the equity method in the Group's consolidated financial statements.

Country Link

	2024 HK\$ million	2023 HK\$ million
Current assets	2,338	2,324
Non-current assets	26,696	27,452
Current liabilities	(1,016)	(1,026)
Non-current liabilities	(6,368)	(6,525)
Turnover	1,670	1,781
Profit for the year	825	1,096
Other comprehensive expenses for the year	(471)	(344)
Total comprehensive income for the year	354	752
Dividends received from the associate during the year	230	226

17. INVESTMENTS IN ASSOCIATES AND LOANS TO ASSOCIATES (continued)

Country Link (continued)

Reconciliation of the above summarised consolidated financial information to the carrying amount of the interest in the associate that is material to the Group recognised in the consolidated financial statements:

	2024 HK\$ million	2023 HK\$ million
Net assets of the associate	21,650	22,225
Non-controlling interests of the associate	(1,289)	(1,324)
Net assets of the associate after deducting non-controlling interests of the associate	20,361	20,901
Proportion of the Group's ownership interest in the associate	26.3%	26.3%
Group's share of net assets of the associate	5,355	5,497
Others	(2)	(2)
Carrying amount of the Group's interest in the associate	5,353	5,495

18. INVESTMENTS IN JOINT VENTURES AND LOANS TO JOINT VENTURES

Details of the Group's investments in and loans to joint ventures are as follows:

	2024 HK\$ million	2023 HK\$ million
Investments in joint ventures		
Unlisted shares, at cost	361	361
Deemed capital contribution in a joint venture (Note a)	173	173
Share of post-acquisition loss and other comprehensive expense (include impairment loss), net of dividends received	(192)	(89)
	342	445
Loans to joint ventures classified as:		
Non-current assets (Note b)	4,324	4,029

Notes:

- (a) The deemed capital contribution in a joint venture represents the fair value adjustments in relation to the loan to a joint venture at initial recognition based on the estimated timing on future cash flows.
- (b) The loans to joint ventures are unsecured and have no fixed repayment terms. As at 31 December 2024, except for the loans to joint ventures with aggregate carrying amounts of HK\$1,510 million (2023: HK\$1,398 million) which are carrying variable rates ranging from 2.8% to 7.7% (2023: 3.1% to 7.7%) per annum, the remaining loans to joint ventures of the Group is interest-free. The Directors of the Company are of the opinion that the Group will not demand repayment of the loans from the joint venture within the next twelve months from the end of the reporting period and the loans are therefore classified as non-current assets.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

18. INVESTMENTS IN JOINT VENTURES AND LOANS TO JOINT VENTURES (continued)

Details of the Group's joint ventures as at 31 December 2024 and 2023 are as follows:

Name of joint ventures	Place of incorporation and operation	Class of share held	Effective ownership interest and voting rights held by the Group	Principal activities
Strongbod Limited (Note a)	British Virgin Islands	Ordinary shares of US\$10	60% (Note b)	Investment holding
Gainwick Limited (Note a)	Hong Kong	Ordinary share of HK\$1	60% (Note b)	Property development and investment
H & I GBA Investment Limited (Note c)	Hong Kong	Ordinary shares of US\$90,000,000	50%	Investment holding
Nation Star Development Limited (Note d)	Hong Kong	Ordinary shares of HK\$1	25%	Property development and investment

Notes:

- (a) Gainwick Limited is a wholly owned subsidiary of Strongbod Limited, together known as "Strongbod".
- (b) Pursuant to the shareholder's agreement dated 5 December 2016, entered into by the Group, the joint venture partner and Strongbod, decisions on all relevant business and operation activities of Strongbod require unanimous board approval from directors of Strongbod appointed by the Group and those appointed by the joint venture partner. Therefore, the Group recognised the investment in Strongbod as a joint venture.
- (c) The subsidiaries of H & I GBA Investment Limited principally engaged in IWG GBA Flex business.
- (d) Nation Star Development Limited ("Nation Star") principally engaged in property development business.

The summarised consolidated financial information in respect of the Group's material joint venture is set out below. The summarised consolidated financial information below represents amounts shown in the joint venture's consolidated financial statements prepared in accordance with HKFRSs. The joint venture is accounted for using the equity method in the Group's consolidated financial statements.

	2024		2023	
	Strongbod HK\$ million	Nation Star HK\$ million	Strongbod HK\$ million	Nation Star HK\$ million
Current assets	5,853	8,100	7,072	7,378
Non-current assets	287	1,735	210	1,661
Current liabilities	(1,450)	(5)	(2,940)	(21)
Non-current liabilities	(5,140)	(9,831)	(4,438)	(9,018)
Turnover	1,011	–	818	–
Losses and total comprehensive expenses for the year	(225)	(1)	(39)	–

18. INVESTMENTS IN JOINT VENTURES AND LOANS TO JOINT VENTURES (continued)

Reconciliation of the above summarised consolidated financial information to the carrying amount of the interest in the joint venture that is material to the Group recognised in the consolidated financial statements:

	2024		2023	
	Strongbod HK\$ million	Nation Star HK\$ million	Strongbod HK\$ million	Nation Star HK\$ million
Net liabilities of the joint ventures	(450)	(1)	(96)	–
Unrecognised losses of the joint ventures	285	–	–	–
Adjusted net liabilities of the joint ventures	(165)	(1)	(96)	–
Proportion of the Group's ownership interest in the joint ventures	60%	25%	60%	25%
Group's share of net liabilities of the joint ventures	(99)	–	(58)	–
Add: Deemed capital contribution in the joint ventures	173	–	173	–
	74	–	115	–
Impairment loss of a joint venture	(74)	–	–	–
Carrying amount of the Group's interest in the joint ventures	–	–	115	–
Unrecognised share of loss of joint ventures for the year	171	–	–	–
Cumulative unrecognised share of loss of joint ventures	171	–	–	–

19. OTHER FINANCIAL INVESTMENTS

	2024 HK\$ million	2023 HK\$ million
Investment designated as at FVTOCI		
– Investments in unlisted equity securities (Note a)	1,570	1,460
Investment at FVTPL		
– Unlisted investment in a fund investment (Note b)	87	97
	1,657	1,557

Notes:

- These investments are designated as at FVTOCI because the Directors of the Company believe that the Group's strategy of holding these investments is for long-term strategic purpose. All these investees are principally engaged in healthcare services business in Mainland.
- The balance represents the Group's interest in a fund investment as limited partner. The fund investment engages in property investment in Asia Pacific. The fund investment is classified as FVTPL.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

20. DEBT SECURITIES

	2024 HK\$ million	2023 HK\$ million
Debt securities, at amortised cost:		
– listed in Hong Kong	702	800
– listed overseas	194	194
Total	896	994
Analysed for reporting purposes as:		
Current assets	318	94
Non-current assets	578	900
	896	994

As at 31 December 2024, the effective yield of the debt securities ranged from 1.5% to 3.3% (2023: 1.2% to 3.3%) per annum, payable semi-annually or annually, and the securities will mature from April 2025 to January 2052 (2023: from June 2024 to January 2052). At the end of the reporting period, none of these assets were past due.

Details of the impairment assessment of debt securities are set out in the Financial Risk Management section.

21. OTHER FINANCIAL ASSETS/LIABILITIES

	Current		Non-current	
	2024 HK\$ million	2023 HK\$ million	2024 HK\$ million	2023 HK\$ million
Other financial assets				
Financial assets measured at FVTPL:				
Club debenture	–	–	1	1
Derivatives under hedge accounting:				
Cash flow hedges				
– Cross currency swaps	–	–	127	187
– Interest rate swaps	3	–	7	10
Total	3	–	135	198
Other financial liabilities				
Derivatives under hedge accounting:				
Cash flow hedges				
– Cross currency swaps	–	–	381	312
– Interest rate swaps	–	–	1	–
Fair value hedges				
– Interest rate swaps	–	–	205	264
Total	–	–	587	576

(a) Cash flow hedges

(i) Foreign currency risk

The Group used cross currency swaps to manage its foreign currency exposure. The principal terms of the cross currency swaps have been negotiated to match the major terms of the respective designated hedged items and the management considers that the hedges are highly effective.

21. OTHER FINANCIAL ASSETS/LIABILITIES (continued)

(a) Cash flow hedges (continued)

(i) Foreign currency risk (continued)

The table below is prepared based on the maturity dates of respective contracts. The major terms of these outstanding cross currency swaps at the end of the reporting period are as follows:

Hedging instruments

	2024					2023				
	Average exchange rate*	Foreign currency	Notional amount million	HK\$ million	Fair value HK\$ million	Average exchange rate*	Foreign currency	Notional amount million	HK\$ million	Fair value HK\$ million
Cross currency swaps										
Hedging of USD fixed rate notes (Note)										
Less than 1 year	-	-	-	-	-	-	-	-	-	-
More than 1 year but not exceeding 5 years	7.8470	USD	900	7,063	(51)	7.8500	USD	400	3,140	187
More than 5 years	7.8500	USD	225	1,766	(203)	7.8465	USD	725	5,689	(312)
Total				8,829	(254)				8,829	(125)

* Average exchange rate represented the average exchange rate of HKD versus respective currencies weighted by the notional amounts of the contracts or the swaps.

Note:

The Group used HK\$8,829 million (2023: HK\$8,829 million) cross currency swaps to convert USD interest and principal of US\$1,125 million (2023: US\$1,125 million) fixed rate notes into HKD.

Hedged items

	Carrying amount of the hedged item				Cash flow hedge reserves	
	Assets		Liabilities		2024 HK\$ million	2023 HK\$ million
	2024 HK\$ million	2023 HK\$ million	2024 HK\$ million	2023 HK\$ million		
USD fixed rate notes	-	-	8,740	8,787	(430)	(405)

The hedging ineffectiveness for the years ended 31 December 2024 and 2023 was insignificant.

	Change in the value of the hedging instrument recognised in other comprehensive expense		Amount reclassified from the cash flow hedge reserve to profit or loss		Line item affected in profit or loss because of the reclassification
	2024 HK\$ million	2023 HK\$ million	2024 HK\$ million	2023 HK\$ million	
Cross currency swaps	(77)	(250)	48	4	Finance costs

The fair values of cross currency swaps are measured using quoted forward exchange rates and yield curves from quoted interest rates matching maturities of the contracts and swaps.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

21. OTHER FINANCIAL ASSETS/LIABILITIES (continued)

(a) Cash flow hedges (continued)

(ii) Interest rate risk

The Group used interest rate swaps to hedge its interest rate risk exposure. The terms of the swaps have been negotiated to match the major terms of the respective hedged underlying items so that the management considers that the interest rate swaps are highly effective hedging instruments.

The table below is prepared based on the maturity dates of respective contracts. The major terms of these outstanding interest rate swaps at the end of the reporting period are as follows:

Hedging instruments

	2024			2023		
	Average Interest rate*	Notional amount HK\$ million	Fair value HK\$ million	Average Interest rate*	Notional amount HK\$ million	Fair value HK\$ million
Interest rate swaps						
Hedging interest of HKD bank loans (Note)						
Less than 1 year	3.45%	1,000	3	–	–	–
More than 1 year not exceeding 5 years	3.39%	900	6	3.54%	1,400	10

* Average interest rate represented the average fixed interest rate paid by the Group against receipts of 3-month HIBOR weighted by the notional amounts of the swaps.

Note:

The Group used HK\$1,900 million (2023: HK\$1,400 million) interest rate swaps to manage its exposure to interest rate changes of the interest payments of HKD bank loans.

Hedged items

	Notional amount of the hedged item		Cash flow hedge reserves	
	Liabilities			
	2024 HK\$ million	2023 HK\$ million	2024 HK\$ million	2023 HK\$ million
HKD bank loans	1,900	1,400	4	4

The hedging ineffectiveness for the years ended 31 December 2024 and 2023 was insignificant.

	Change in the value of the hedging instrument recognised in other comprehensive income (expense)		Amount reclassified from the cash flow hedge reserve to profit or loss		Line item affected in profit or loss because of the reclassification
	2024 HK\$ million	2023 HK\$ million	2024 HK\$ million	2023 HK\$ million	
	Interest rate swaps	4	(11)	–	

The fair values of interest rate swaps are measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates.

21. OTHER FINANCIAL ASSETS/LIABILITIES (continued)

(b) Fair value hedges

The Group used interest rate swaps to minimise its exposure to fair value changes of its USD fixed rate notes by swapping the notes from fixed rates to floating rates. The major terms of the interest rate swaps match the corresponding notes and the management considers that the swaps are highly effective hedging instruments.

The table below is prepared based on the maturity dates of respective contracts. The major terms of these outstanding interest rate swaps at the end of the reporting period are as follows:

	2024			2023		
	Average interest rate*	Notional amount HK\$ million	Fair value HK\$ million	Average Interest rate*	Notional amount HK\$ million	Fair value HK\$ million
Interest rate swaps						
More than 1 year not exceeding						
5 years	2.88%	3,140	(205)	2.88%	3,140	(264)

* The average interest rate represented the average fixed interest rate (weighted by the notional amounts of the interest rate swaps) received by the Group against payments of 3-month HIBOR.

Note:

As at 31 December 2024, the Group designated fixed-to-floating interest rate swaps with notional amount of HK\$3,140 million (2023: HK\$3,140 million) to hedge USD fixed rate notes with notional amount of US\$400 million (2023: US\$400 million) by converting fixed rate of 2.88% per annum (2023: 2.88% per annum) to HIBOR plus 2.02% per annum (2023: HIBOR plus 2.02% per annum).

As a result of the hedge accounting, the carrying amount of the hedged item as at 31 December 2024 was adjusted by cumulative losses of HK\$205 million (2023: HK\$264 million). The changes in fair values of the notes for the hedged risk were included in profit or loss at the same time that the changes in fair value of the swaps were included in profit or loss.

The fair values of interest rate swaps are measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates.

(c) Financial assets measured at FVTPL

Club debenture

Amount represented investment in unlisted club debenture. The Group's investment in unlisted club debenture has been classified as financial assets measured at FVTPL.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

22. ACCOUNTS AND OTHER RECEIVABLES

	2024 HK\$ million	2023 HK\$ million
Accounts receivable	51	58
Interest receivable	43	55
Prepayments in respect of investment properties	943	721
Other receivables and prepayments	653	424
Total	1,690	1,258
Analysed for reporting purposes as:		
Current assets	375	304
Non-current assets	1,315	954
	1,690	1,258

The following is an ageing analysis of accounts receivable at the end of the reporting period. Accounts receivable mainly includes rents from leasing of investment properties, which are normally received in advance.

	2024 HK\$ million	2023 HK\$ million
Less than 30 days	23	31
31–90 days	14	16
Over 90 days	14	11
	51	58

23. TIME DEPOSITS/CASH AND CASH EQUIVALENTS

Time deposits, cash and bank balances include bank deposits for the purpose of meeting the Group's short term cash commitments, carrying effective interest rates ranging from 0.01% to 4.91% (2023: 0.01% to 5.55%) per annum.

As at 31 December 2024 and 2023, the Group performed impairment assessment on time deposits and bank balances and concluded that the probability of default of the counterparty banks are insignificant and accordingly, no allowance for credit losses is provided.

24. ACCOUNTS PAYABLE AND ACCRUALS

	2024 HK\$ million	2023 HK\$ million
Accounts payable	534	289
Interest payable	146	80
Other payables	748	728
	1,428	1,097

At the end of the reporting period, accounts payable of the Group with carrying amount of HK\$208 million (2023: HK\$168 million) were aged less than 90 days based on invoice date.

25. AMOUNTS DUE TO NON-CONTROLLING INTERESTS

	2024 HK\$ million	2023 HK\$ million
Current (Note a)	189	199
Non-current (Note b)	5,686	5,264
	5,875	5,463

Notes:

- (a) The balances are unsecured, interest-free and repayable on demand.
- (b) The balance is unsecured, interest-free and for the development of a commercial site at Caroline Hill Road, Causeway Bay, Hong Kong. During the year ended 31 December 2024, amounts due to non-controlling interests amounting to HK\$230 million (2023: HK\$416 million) were advanced.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

26. BORROWINGS

	2024 HK\$ million	2023 HK\$ million
Secured bank loans	8,772	7,852
Unsecured bank loans	2,415	2,171
Unsecured fixed rate notes	15,327	15,541
	26,514	25,564
Less: Amount due within 1 year included under current liabilities	(2,872)	(158)
	23,642	25,406

The carrying amounts of the above bank loans and fixed rate notes are repayable as follows:

	Bank loans		Fixed rate notes	
	2024 HK\$ million	2023 HK\$ million	2024 HK\$ million	2023 HK\$ million
Within one year	1,373	8	1,499	150
In the second year	545	1,270	1,646	1,495
In the third year to fifth year	9,269	8,745	8,366	5,435
After the fifth year	–	–	3,816	8,461
	11,187	10,023	15,327	15,541

All the bank loans are guaranteed as to principal and interest and are carrying variable-rate. Interest rates of the loans are normally re-fixed at every one to three months. The effective interest rates (which were also equal to contracted interest rates) were 4.3% (2023: 4.2%) per annum at the end of the reporting period.

All the unsecured fixed rate notes were issued by Hysan MTN, a wholly owned subsidiary of the Company. The notes are guaranteed as to principal and interest by the Company and bear an effective interest rate equal to their respective contracted interest rate. The contract rates per annum (before cross-currency swaps) at the end of the reporting period were as follows:

	2024			2023		
	HK\$ %	US\$ %	RMB %	HK\$ %	US\$ %	RMB %
Unsecured fixed rate notes	1.50–4.50	2.82–3.55	3.10–3.55	1.50–4.50	2.82–3.55	3.10–3.55

As detailed in note 21 of the Notes to the Consolidated Financial Statements section, during the years ended 31 December 2024 and 2023, cross currency swaps and interest rate swaps were used to hedge or manage the foreign exchange rate risks of the Group's USD fixed rate notes and interest rate risks of the Group's HKD bank loans respectively.

As at 31 December 2024 and 2023, the Group's investment properties pledged as securities for borrowings are disclosed in note 14 of the Notes to the Consolidated Financial Statements section.

27. DEFERRED TAX ASSETS/LIABILITIES

The following are the major deferred tax liabilities (assets) recognised by the Group and movements thereon during the current and prior years:

	Accelerated tax depreciation HK\$ million	Revaluation of properties HK\$ million	Tax losses HK\$ million	Total HK\$ million
As at 1 January 2023	1,193	86	(204)	1,075
Charge (credit) to profit or loss (note 7)	91	(1)	9	99
Charge to other comprehensive income	–	1	–	1
As at 31 December 2023	1,284	86	(195)	1,175
Charge (credit) to profit or loss (note 7)	46	(1)	(4)	41
Charge to other comprehensive income	–	1	–	1
As at 31 December 2024	1,330	86	(199)	1,217

At the end of the reporting period, the Group has unused estimated tax losses of HK\$3,889 million (2023: HK\$3,346 million) available for offset against future profits. A deferred tax asset has been recognised in respect of HK\$1,212 million (2023: HK\$1,183 million) of such losses. No deferred tax asset has been recognised in respect of the remaining HK\$2,677 million (2023: HK\$2,163 million) due to the unpredictability of future profit streams and the tax losses may be carried forward indefinitely.

28. PERPETUAL CAPITAL SECURITIES

In 2020, the Group through a wholly owned subsidiary of the Company (the “Issuer”) issued US\$850 million (equivalent to approximately HK\$6,604 million) 4.10% subordinated perpetual capital securities (the “Subordinated Securities”), which are unconditionally and irrevocably guaranteed by the Company. Further, the Issuer issued US\$500 million (equivalent to approximately HK\$3,875 million) 4.85% senior perpetual capital securities (the “Senior Securities”), which are unconditionally and irrevocably guaranteed by the Company. The proceeds of the capital securities are for general corporate purpose and the capital securities are listed on Hong Kong Stock Exchange.

Distribution on the Subordinated Securities and Senior Securities are payable semi-annually in-arrear each year and can be deferred at the sole discretion of the Issuer, if the Issuer and the Company do not declare or pay dividends or repurchase, redeem, cancel, reduce or otherwise acquire any securities of lower or equal rank. The Subordinated Securities and Senior Securities have no fixed maturity and are redeemable at the Issuer’s option on or after 3 June 2025 and 25 August 2023 respectively, at their principal amounts together with any distribution accrued to such date.

The Securities are classified as equity and initially recognised at the amount of proceeds received in the consolidated financial statements of the Group.

During the year ended 31 December 2024, the Group repurchased Subordinated Securities with principal amount of HK\$777 million with cash consideration of HK\$728 million.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

29. SHARE CAPITAL

	Number of shares	Share capital HK\$ million
Ordinary shares, issued and fully paid:		
As at 1 January 2023, 31 December 2023 and 2024	1,027,008,223	7,723

During the year ended 31 December 2023, the Group purchased a total of 48,400 ordinary shares ("Awarded Shares") for a total of consideration of approximately HK\$1 million on the Stock Exchange for a one-off share award plan adopted by the Company on 15 October 2023 ("100A Share Award Plan") in commemoration of the momentous occasion of the 100th anniversary of the establishment of the Group in Hong Kong. Details of the shares purchased are as follows:

Month of repurchase in 2023	Number of ordinary shares repurchased (Note)	Consideration per share		Aggregate consideration paid HK\$ million
		Highest HK\$	Lowest HK\$	
October	48,400	14.58	14.34	1

Note:

The Company was authorised at its annual general meetings to repurchase its own ordinary shares not exceeding 10% of the total number of its issued shares as at the dates of the resolutions being passed.

30. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	2024 HK\$ million	2023 HK\$ million
Non-current assets		
Investments in subsidiaries	2,242	2,242
Other financial assets	1	1
Amounts due from subsidiaries	7,649	7,120
	9,892	9,363
Current assets		
Other receivables	35	30
Amounts due from subsidiaries	4,378	3,235
Cash and cash equivalents	18	7
	4,431	3,272
Current liabilities		
Other payables and accruals	95	92
Amounts due to subsidiaries	3,022	1,512
	3,117	1,604
Net current assets	1,314	1,668
Net assets	11,206	11,031
Capital and reserves		
Share capital (note 29)	7,723	7,723
Reserves	3,483	3,308
Total equity	11,206	11,031

The Company's statement of financial position was approved and authorised for issue by the Board of Directors on 18 February 2025 and are signed on its behalf by:

Lee Irene Y.L.
Director

Lui Kon Wai
Director

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

30. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (continued)

Movement in the Company's reserve

	Share options reserve HK\$ million	General reserve HK\$ million (Note)	Retained profits HK\$ million	Total HK\$ million
As at 1 January 2023	36	100	3,060	3,196
Recognition of equity-settled share-based payments	3	–	1	4
Repurchase of own shares	–	–	(1)	(1)
Profit and total comprehensive income for the year	–	–	1,587	1,587
Forfeiture of unclaimed dividends	–	–	1	1
Dividends paid during the year (note 12)	–	–	(1,479)	(1,479)
As at 31 December 2023	39	100	3,169	3,308
Recognition of equity-settled share-based payments	5	–	–	5
Forfeiture of share options	(4)	–	4	–
Profit and total comprehensive income for the year	–	–	1,279	1,279
Dividends paid during the year (note 12)	–	–	(1,109)	(1,109)
As at 31 December 2024	40	100	3,343	3,483

Note:

General reserve was set up from the transfer of retained profits.

The Company's reserves available for distribution to its owners as at 31 December 2024 amounted to HK\$3,443 million (2023: HK\$3,269 million), being its general reserve and retained profits at that date.

31. RECONCILIATION OF ASSETS/LIABILITIES RELATING TO FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows from financing activities.

	Amounts due to non-controlling interests HK\$ million	Borrowings and other interest-bearing liabilities HK\$ million	Total HK\$ million
As at 1 January 2023	4,849	27,479	32,328
Cash flows, net	402	(2,698)	(2,296)
Other non-cash changes			
Foreign exchange adjustments	–	2	2
Finance costs	–	478	478
Interest capitalised	212	501	713
Net losses arising from hedging instruments	–	261	261
As at 31 December 2023	5,463	26,023	31,486
Cash flows, net	220	61	281
Other non-cash changes			
Foreign exchange adjustments	–	(90)	(90)
Finance costs	–	450	450
Interest capitalised	192	593	785
Net losses arising from hedging instruments	–	73	73
As at 31 December 2024	5,875	27,110	32,985

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

32. RETIREMENT BENEFITS PLANS

With effect from 1 December 2000, the Group set up an Enhanced Mandatory Provident Fund Scheme (the "Enhanced MPF Scheme"), a defined contribution scheme, for all qualifying employees. The Enhanced MPF Scheme is registered with the Mandatory Provident Fund Schemes Authority under Section 124(1) of the Mandatory Provident Fund Schemes (General) Regulation.

Pursuant to the rules of the Enhanced MPF Scheme, the Group's contributions to the plan are based on fixed percentages of members' salaries, ranging from 5% of MPF relevant income to 15% of basic salary. Members' mandatory contributions are fixed at 5% of MPF relevant income, subject to a monthly cap of HK\$1,500, in compliance with MPF legislation.

The employees of the Group in the Mainland are members of a state-managed retirement benefits scheme operated by the Mainland government. The Group is required to contribute a specified percentage of payroll costs as determined by respective local government authority to the retirement benefits scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefits scheme is to make the specified contributions under the scheme.

Total contributions made by the Group during the year amounted to HK\$10 million (2023: HK\$11 million).

For the Group's subsidiaries operating in Hong Kong, pursuant to the Employment Ordinance, Chapter 57, the Group has the obligation to pay Long Service Payment ("LSP") to qualifying employees in Hong Kong under certain circumstances (e.g. dismissal by employers or upon retirement), subject to a minimum of 5 years employment period, based on certain formula.

Furthermore, the Mandatory Provident Fund Schemes Ordinance passed in 1995 permits the Group to utilise the Group's mandatory MPF contributions, plus/minus any positive/negative returns thereof, for the purpose of offsetting LSP payable to an employee (the "Offsetting Arrangement").

The Amendment Ordinance was gazetted on 17 June 2022, which abolishes the use of the accrued benefits derived from employers' mandatory MPF contributions to offset the LSP. The Abolition will officially take effect on the Transition Date (i.e., 1 May 2025). Separately, the Government of the HKSAR is also expected to introduce a subsidy scheme to assist employers for a period of 25 years after the Transition Date on the LSP payable by employers up to a certain amount per employee per year. Under the Amendment Ordinance, the accrued benefits derived from the Group's Enhanced MPF Scheme, minus the mandatory contributions, made pre-, on or post-transition can continue to be used to offset pre- and post-transition LSP. The impact from the Amendment Ordinance on the Group's LSP liability is considered insignificant.

33. COMMITMENTS

At the end of the reporting period, the Group had the following capital commitments in respect of its investment properties, property, plant and equipment and subscription to a fund investment as limited partner:

	2024 HK\$ million	2023 HK\$ million
(a) Capital commitment:		
Contracted but not provided for investment properties and property, plant and equipment	3,974	5,527
(b) Other commitment:		
Subscription to a fund investment as limited partner	–	8

34. LEASE COMMITMENTS

At the end of the reporting period, the Group as lessor had contracted with tenants for the following undiscounted lease payments receivable over the non-cancellable periods:

	2024 HK\$ million	2023 HK\$ million
Within one year	2,278	2,194
In the second year	1,628	1,450
In the third year	1,118	959
In the fourth year	769	648
In the fifth year	360	469
Over five years	535	257
	6,688	5,977

Operating lease payments represent rentals receivable by the Group from leasing of its investment properties. Typically, leases are negotiated and rentals are fixed for lease term of one to three years. Certain leases include rentals received with reference to turnover of tenants.

35. RELATED PARTY TRANSACTIONS AND BALANCES

(a) Transactions and balances with related parties

During the year, the Group has transaction with related party including interest income on loans to joint ventures, imputed interest income on interest-free loan to a joint venture and imputed interest expense on interest-free amounts due to non-controlling interests as disclosed under notes 6, 8, 18 and 25 of the Notes to the Consolidated Financial Statements section. The imputed interest expense arising from the amounts due to non-controlling interests during the year has been fully capitalised into investment properties under development. The interest income on loans to joint ventures during the year is amounted to HK\$39 million (2023: HK\$38 million).

At the end of the reporting period, the Group has several balances with related parties including loans to associates and loans to joint ventures as disclosed under note 17 and note 18 of the Notes to the Consolidated Financial Statements section.

The Group has granted guarantees to banks for facilities granted to a joint venture as disclosed under note 1(b) of the Financial Risk Management.

The Group has entered into the facility agreement with HSBC Bank (China) Company Limited, Shanghai Branch ("HSBC (China)") on 22 November 2023, a fellow subsidiary of Imenson Limited ("Imenson"), pursuant to which HSBC (China) agreed to grant a facility to Hysan (Shanghai) Properties Limited ("Hysan (SH)"), an indirect wholly-owned subsidiary of the Company amounting to RMB200 million with a term of two years from first drawdown and final maturity no later than 31 December 2025. The balance of utilised amount at 31 December 2024 was RMB117 million (2023: RMB27 million).

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

35. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

(a) Transactions and balances with related parties (continued)

	Gross rental income received from Year ended 31 December		Amounts due to non-controlling interests At 31 December	
	2024 HK\$ million	2023 HK\$ million	2024 HK\$ million	2023 HK\$ million
Related companies controlled by the Directors of the Company (Note a)	18	53	–	57
Non-controlling shareholders of subsidiaries (Note b (i) & (ii))	63	21	5,875	5,406
Joint venture and associate (Note c)	94	81	–	–

Notes:

- (a) The sum of transactions represents the aggregate gross rental income received from related companies where the Directors of the Company have controlling interests over these related companies.
On 16 May 2023, Jebsen Hans Michael retired from his director role of the Company and remained as a connected person of Hysan at issuer level for 12 months thereafter.
- (b) (i) The sum of transactions represents the aggregate gross rental income received from Hang Seng Bank Limited ("Hang Seng"), the intermediate holding company of Imenson, and The Hongkong and Shanghai Banking Corporation Limited, the holding company of Hang Seng. Imenson is a non-controlling shareholder with significant influence over Barrowgate.
From 17 May 2024 onwards, the sum of transactions includes the aggregate gross rental income received from Jebsen and Company Limited, the holding company of Jebsen Capital Limited. Jebsen Capital Limited is a non-controlling shareholder with significant influence over Barrowgate.
- (ii) The balance represents outstanding loans advanced to Barrowgate by Imenson and Patchway by Coastday Limited, as shareholder loans in proportion to its shareholding in Barrowgate and Patchway respectively. The amounts advanced to Barrowgate are unsecured, interest-free and repayable on demand. The amount advanced to Patchway is unsecured, interest-free and for the development of a commercial site at Caroline Hill Road, Causeway Bay, Hong Kong.
- (c) Rental income is charged in accordance with respective tenancy agreements.

(b) Compensation of key management personnel

The remuneration of Directors and other members of senior management of the Group are as follows:

	2024 HK\$ million	2023 HK\$ million
Directors' fees, salaries and other short-term employee benefits	47	49
Share-based payments	3	3
Retirement benefits scheme contributions	–	1
	50	53

The remuneration of the Directors and key executives is determined by the Remuneration Committee having regard to the performance of individuals and market trends.

36. SHARE-BASED PAYMENT TRANSACTIONS

(a) Equity-settled share option and share award schemes

The 2005 Share Option Scheme

The Company adopted the 2005 Share Option Scheme at its AGM held on 10 May 2005, which has a term of 10 years and expired on 9 May 2015. All outstanding options granted under the 2005 Share Option Scheme will continue to be valid and exercisable in accordance with the provisions of the 2005 Share Option Scheme.

The purpose of the 2005 Share Option Scheme is to provide an incentive for employees of the Company and its wholly-owned subsidiaries to work with commitment towards enhancing the value of the Company and its shares for the benefit of its shareholders.

Under the 2005 Share Option Scheme, options to subscribe for ordinary shares of the Company may be granted to employees of the Company or any wholly-owned subsidiaries (including Executive Directors) and such other persons as the Board may consider appropriate from time to time, on the basis of their contribution to the development and growth of the Company and its subsidiaries.

The maximum number of shares in respect of which options may be granted under the 2005 Share Option Scheme and any other share option schemes of the Company shall not exceed such number of shares as required under the Listing Rules, currently being 10% of the shares in issue as at 10 May 2005, the date of the AGM approving the 2005 Share Option Scheme (being 104,996,365 shares).

The maximum entitlement of each participant under the 2005 Share Option Scheme must not during any 12-month period exceed such number of shares as required under the Listing Rules (which is 1% of the total shares in issue as at the date of shareholder approval, being 10,499,636 shares). The exercise price shall be at least the highest of (i) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date of grant; and (ii) the average of the closing prices of the shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant. Consideration on each grant of option is HK\$1 and is required to be paid within 30 days from the date of grant of options, with full payment for exercise price to be made on exercise of the relevant options.

The 2005 Share Option Scheme expired on 9 May 2015 and no further option will be granted under the 2005 Share Option Scheme.

The 2015 Share Option Scheme

The Company adopted the 2015 Share Option Scheme (together with the 2005 Share Option Scheme are referred to as the "Share Option Schemes") at its AGM held on 15 May 2015, which has a term of 10 years and will expire on 14 May 2025. Terms of the 2015 Share Option Scheme are substantially the same as those under the 2005 Share Option Scheme.

The purpose of the 2015 Share Option Scheme is to provide an incentive for employees of the Company and its subsidiaries to work with commitment towards enhancing the value of the Company and its shares for the benefit of its shareholders.

Under the 2015 Share Option Scheme, options to subscribe for ordinary shares of the Company may be granted to employees of the Company or any subsidiaries (including Executive Directors) and such other persons as the Board may consider appropriate from time to time, on the basis of their contribution to the development and growth of the Company and its subsidiaries.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

36. SHARE-BASED PAYMENT TRANSACTIONS (continued)

(a) Equity-settled share option and share award schemes (continued)

The 2015 Share Option Scheme (continued)

The maximum number of shares in respect of which options may be granted under the 2015 Share Option Scheme and any other share option schemes of the Company shall not in aggregate exceed such number of shares as required under the Listing Rules, currently being 10% of the shares in issue as at 15 May 2015, the date of the AGM approving the 2015 Share Option Scheme (being 106,389,669 shares). Under the Listing Rules, a listed issuer may seek approval by its shareholders in general meeting for “refreshing” the 10% limit under the scheme. The limit on the number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the 2015 Share Option Scheme and any other share option schemes of the Company must not exceed 30% of the shares in issue from time to time (or such number of shares as required under the Listing Rules). No options may be granted if such grant will result in this 30% limit being exceeded.

The maximum entitlement of each participant under the 2015 Share Option Scheme must not during any 12-month period exceed such number of shares as required under the Listing Rules (which is 1% of the total shares in issue as at the date of shareholder approval, being 10,638,966 shares). The exercise price shall be at least the highest of (i) the closing price of the shares as stated in the Stock Exchange’s daily quotations sheet on the date of grant; and (ii) the average of the closing prices of the shares as stated in the Stock Exchange’s daily quotations sheets for the five business days immediately preceding the date of grant. Consideration on each grant of option is HK\$1 and is required to be paid within 30 days from the date of grant of options, with full payment for exercise price to be made on exercise of the relevant options.

Grant and vesting structures on Share Option Schemes

Under the Company’s current policy, grants will be made on a periodic basis. For the Share Option Schemes, the exercise period is ten years and vesting period is three years in equal proportions starting from the first anniversary and become fully vested on the third anniversary of the grant. Size of grant will be determined by reference to base salary multiple and relevant individual performance metrics. A clear performance criterion will be a key driver. The Board will review the grant and vesting structures from time to time.

The 2024 Share Award Scheme

The Company had on 19 January 2024 (the “Adoption Date”) adopted the 2024 Share Award Scheme. With a term of 10 years from the Adoption Date, the 2024 Share Award Scheme shall remain in force until 18 January 2034, subject to any early termination as may be determined by the Board pursuant to the scheme rules. The purposes of the 2024 Share Award Scheme are (i) to attract and retain critical talents and drive long-term commitment; (ii) to drive performance and culture of excellence; and (iii) to instil culture of accountability, engagement and sense of ownership to the Group.

The Board has delegated the administration of the 2024 Share Award Scheme to the Remuneration Committee, which consists solely of INEDs. This delegation ensures proper governance when reviewing and deciding on proposed grants of the share awards, aligning the objectives of the 2024 Share Award Scheme with shareholders’ interests.

Pursuant to the 2024 Share Award Scheme, the Remuneration Committee, as authorised by the Board, may, from time to time, exercise its absolute discretion in selecting any employee (for this purpose only, including without limitation, any Director) of any member of the Group (other than any Excluded Employee (as defined in the Company’s announcement dated 19 January 2024)) for participation (the “Selected Employee”), and grant such number of Shares to any Selected Employee at no consideration and subject to such terms and conditions as it may in its absolute discretion determine. The administrators of the 2024 Share Award Scheme are not participants in the 2024 Share Award Scheme.

The maximum number of Shares that may be awarded under the 2024 Share Award Scheme (the “Awarded Shares”) during its term is limited to 20,540,164 Shares, representing approximately 2% of the issued share capital of the Company as at the Adoption Date.

36. SHARE-BASED PAYMENT TRANSACTIONS (continued)

(a) Equity-settled share option and share award schemes (continued)

The 2024 Share Award Scheme (continued)

The maximum number of Awarded Shares that may be granted under the 2024 Share Award Scheme to any Selected Employee shall not exceed 0.5% of the issued share capital of the Company from time to time (being 5,135,041 Shares as at the date of this report).

Shares under the 2024 Share Award Scheme will be purchased on the Stock Exchange at the prevailing market price, by BOCI Trustee (Hong Kong) Limited (the "2024 Scheme Trustee"), the trustee of the 2024 Share Award Scheme, at the cost of the Company and the Awarded Shares will be held by the 2024 Scheme Trustee on trust for the relevant Selected Employee(s) under the 2024 Share Award Scheme until vesting.

During the year, there was no purchase by the 2024 Scheme Trustee on the Stock Exchange or by any other means for the purpose of the 2024 Share Award Scheme.

As delegated by the Board, the Remuneration Committee has the authority to determine the granting and the vesting period of the Awarded Shares under the 2024 Share Award Scheme.

Awarded Shares comprises of: (i) performance shares ("Performance Shares") and (ii) restricted shares ("Restricted Shares"). Generally, a higher proportion of Performance Shares was granted to senior management to place greater emphasis on linking long-term incentive with Hysan's long-term strategy and value creation for shareholders. The proportion of Restricted Shares aims to attract and retain critical talent, especially at the junior and middle levels. The vesting period and structure are carefully designed to promote these objectives:-

- (i) Performance Shares will vest on the third anniversary of the date of grant subject to the achievement of company performance target. This target is measured by relative Total Shareholder Return ("TSR"), which takes into consideration share price performance and dividend, over a three-year performance period. Hysan's TSR is compared against a group of pre-determined peer companies to determine the percentile rank, which in turn establishes a direct linkage between the vesting percentage and shareholder value creation. The target performance level for TSR is the 50th percentile of peer companies' performance, while the maximum performance level is the 80th percentile or above of peer companies' performance, at which 150% of the target number of Performance Shares will vest.
- (ii) Restricted Shares have a vesting period of three years in equal proportions, starting from the first anniversary of the grant and becoming fully vested on the third anniversary. This enhances attraction, motivation and retention of talents through time-vesting.

The 2024 Share Award Scheme incorporates clawback mechanisms to recover, cancel forfeit or withhold any Awarded Shares for both good and bad leaver scenarios.

In determining the number of Awarded Shares granted to Selected Employee, the following key factors are considered: (i) individual performance rating, potential and expected long-term contribution to the Group, (ii) the financial condition and performance of the Group (such as turnover, expense ratio, EPS, portfolio year-end occupancy, achievement of key strategic initiatives, etc.), as well as (iii) the alignment with the Group's long-term strategy, corporate culture and core values in the achievement of the pre-determined long-term objectives and development plan.

Since the Adoption Date and up to 31 December 2024 (the "Relevant Period"), a total of 1,416,905 Awarded Shares had been granted to Selected Employees at nil consideration under the 2024 Share Award Scheme.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

36. SHARE-BASED PAYMENT TRANSACTIONS (continued)

(a) Equity-settled share option and share award schemes (continued)

The One-off Share Award Plan

In commemoration of the momentous occasion of the 100th anniversary of the establishment of the Group in Hong Kong, the Company adopted 100A Share Award Plan on 15 October 2023 (the "Adoption Date") to signify and reaffirm the Group's commitment and optimism to the continued success of Hysan for the next one hundred years and beyond. The Share Award Plan also serves as a gesture of appreciation and recognition for the dedication and valuable contributions of the Group's employees to the Group's success.

The 100A Share Award Plan is a one-off plan and is funded solely by existing shares of the Company ("Shares") purchased from the market. Subject to the provisions of the 100A Share Award Plan, the Executive Committee may within the term of the 100A Share Award Plan and at its absolute discretion select any employee of the Group for participation in the Plan ("Selected Employees"), and grant Awarded Shares to the Selected Employees at no consideration. The Selected Employees are not required to pay any amount on application or acceptance of the Awarded Shares. The maximum number of Awarded Shares which may be awarded under the 100A Share Award Plan shall not exceed 50,000 Shares, representing approximately 0.0049% of the issued share capital of the Company as at the Adoption Date and the date of this Annual Report. As at the date of Annual Report, the total number of Shares available for issue in respect of awards which may be granted under the 100A Share Award Plan is zero.

All Awarded Shares granted during 2023 were granted and vested on 27 November 2023 and the 100A Share Award Plan was terminated on the same date upon the vesting of all Awarded Shares to the Selected Employees. No further Awarded Shares will be granted under the 100A Share Award Plan.

During 2023, an aggregate of 47,800 fully-vested Shares (representing approximately 0.0047% of the issued Shares as at the date of the Annual Report) have been granted to 478 Selected Employees.

36. SHARE-BASED PAYMENT TRANSACTIONS (continued)

(b) Movement of share options and share award schemes

The following table discloses movements of the Company's share options held by the Directors and eligible employees during the current year:

Name	Date of grant	Exercise price HK\$	Exercise period (Note a)	Balance as at	Changes during the year			Balance as at
				1.1.2024	Granted	Exercised	Cancelled/lapsed (Note b)	31.12.2024
2005 Share Option Scheme								
Executive Director								
Lee Irene Yun-Lien	10.3.2014	32.84	10.3.2015 – 9.3.2024	325,000	–	–	(325,000)	–
	12.3.2015	36.27	12.3.2016 – 11.3.2025	300,000	–	–	–	300,000
Other Employee Participants	31.3.2014	33.75	31.3.2015 – 30.3.2024	36,000	–	–	(36,000)	–
	31.3.2015	34.00	31.3.2016 – 30.3.2025	47,000	–	–	(42,000)	5,000
				708,000	–	–	(403,000)	305,000
2015 Share Option Scheme								
Executive Directors								
Lee Irene Yun-Lien	9.3.2016	33.15	9.3.2017 – 8.3.2026	375,000	–	–	–	375,000
	23.2.2017	36.25	23.2.2018 – 22.2.2027	300,000	–	–	–	300,000
	1.3.2018	44.60	1.3.2019 – 29.2.2028	373,200	–	–	–	373,200
	22.2.2019	42.40	22.2.2020 – 21.2.2029	494,200	–	–	–	494,200
	21.2.2020	29.73	21.2.2021 – 20.2.2030	650,000	–	–	–	650,000
	26.2.2021	33.05	26.2.2022 – 25.2.2031	664,000	–	–	–	664,000
	28.2.2022	23.25	28.2.2023 – 27.2.2032	819,000	–	–	–	819,000
Lui Kon Wai	29.3.2018	41.50	29.3.2019 – 28.3.2028	179,000	–	–	–	179,000
	29.3.2019	42.05	29.3.2020 – 28.3.2029	203,000	–	–	–	203,000
	31.3.2020	25.20	31.3.2021 – 30.3.2030	262,000	–	–	–	262,000
	31.3.2021	30.40	31.3.2022 – 30.3.2031	267,000	–	–	–	267,000
	28.2.2022	23.25	28.2.2023 – 27.2.2032	400,000	–	–	–	400,000
Other employee participants	31.3.2016	33.05	31.3.2017 – 30.3.2026	85,000	–	–	(65,000)	20,000
	31.3.2017	35.33	31.3.2018 – 30.3.2027	178,667	–	–	(104,667)	74,000
	29.3.2018	41.50	29.3.2019 – 28.3.2028	214,000	–	–	(90,000)	124,000
	29.3.2019	42.05	29.3.2020 – 28.3.2029	330,000	–	–	(156,000)	174,000
	31.3.2020	25.20	31.3.2021 – 30.3.2030	403,000	–	–	(180,000)	223,000
	31.3.2021	30.40	31.3.2022 – 30.3.2031	490,000	–	–	(214,000)	276,000
	31.3.2022	23.36	31.3.2023 – 30.3.2032	699,000	–	–	(310,000)	389,000
				7,386,067	–	–	(1,119,667)	6,266,400
Exercisable at the end of the year								6,035,394

Notes:

- (a) All share options granted have a vesting period of three years in equal proportions starting from the first anniversary of the grant and become fully vested on the third anniversary. "Exercise period" accordingly begins with the first anniversary of the date of grant.
- (b) The share options lapsed during the year in accordance with the rules of the Share Option Schemes.

The Company had not granted any share option under the Share Option Schemes to any other person as required to be disclosed under Rule 17.07 of the Listing Rules in 2024.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

36. SHARE-BASED PAYMENT TRANSACTIONS (continued)

(b) Movement of share options and share award schemes (continued)

The following table discloses movements of the Company's share options held by the Directors and eligible employees in prior year:

Name	Date of grant	Exercise price HK\$	Exercise period (Note a)	Balance as at 1.1.2023	Changes during the year			Balance as at 31.12.2023
					Granted	Exercised	Cancelled/ lapsed (Note b)	
2005 Share Option Scheme								
Executive Director								
Lee Irene Yun-Lien	7.3.2013	39.92	7.3.2014 – 6.3.2023	265,000	–	–	(265,000)	–
	10.3.2014	32.84	10.3.2015 – 9.3.2024	325,000	–	–	–	325,000
	12.3.2015	36.27	12.3.2016 – 11.3.2025	300,000	–	–	–	300,000
Other Employee Participants								
Other Employee Participants	28.3.2013	39.20	28.3.2014 – 27.3.2023	85,000	–	–	(85,000)	–
	31.3.2014	33.75	31.3.2015 – 30.3.2024	46,000	–	–	(10,000)	36,000
	31.3.2015	34.00	31.3.2016 – 30.3.2025	61,000	–	–	(14,000)	47,000
				1,082,000	–	–	(374,000)	708,000
2015 Share Option Scheme								
Executive Directors								
Lee Irene Yun-Lien	9.3.2016	33.15	9.3.2017 – 8.3.2026	375,000	–	–	–	375,000
	23.2.2017	36.25	23.2.2018 – 22.2.2027	300,000	–	–	–	300,000
	1.3.2018	44.60	1.3.2019 – 29.2.2028	373,200	–	–	–	373,200
	22.2.2019	42.40	22.2.2020 – 21.2.2029	494,200	–	–	–	494,200
	21.2.2020	29.73	21.2.2021 – 20.2.2030	650,000	–	–	–	650,000
	26.2.2021	33.05	26.2.2022 – 25.2.2031	664,000	–	–	–	664,000
	28.2.2022	23.25	28.2.2023 – 27.2.2032	819,000	–	–	–	819,000
	Lui Kon Wai	29.3.2018	41.50	29.3.2019 – 28.3.2028	179,000	–	–	–
29.3.2019		42.05	29.3.2020 – 28.3.2029	203,000	–	–	–	203,000
31.3.2020		25.20	31.3.2021 – 30.3.2030	262,000	–	–	–	262,000
31.3.2021		30.40	31.3.2022 – 30.3.2031	267,000	–	–	–	267,000
28.2.2022		23.25	28.2.2023 – 27.2.2032	400,000	–	–	–	400,000
Other employee participants								
Other employee participants	31.3.2016	33.05	31.3.2017 – 30.3.2026	106,000	–	–	(21,000)	85,000
	31.3.2017	35.33	31.3.2018 – 30.3.2027	208,667	–	–	(30,000)	178,667
	29.3.2018	41.50	29.3.2019 – 28.3.2028	260,000	–	–	(46,000)	214,000
	29.3.2019	42.05	29.3.2020 – 28.3.2029	393,000	–	–	(63,000)	330,000
	31.3.2020	25.20	31.3.2021 – 30.3.2030	498,000	–	–	(95,000)	403,000
	31.3.2021	30.40	31.3.2022 – 30.3.2031	605,000	–	–	(115,000)	490,000
	31.3.2022	23.36	31.3.2023 – 30.3.2032	860,000	–	–	(161,000)	699,000
				7,917,067	–	–	(531,000)	7,386,067
Exercisable at the end of the year								6,341,720

Notes:

- (a) All options granted have a vesting period of three years in equal proportions starting from the first anniversary of the grant and become fully vested on the third anniversary. "Exercise period" accordingly begins with the first anniversary of the date of grant.
- (b) Options lapsed during the year in accordance with the rules of the Share Option Schemes.

The Company had not granted any share option under the Share Option Schemes to any other person as required to be disclosed under Rule 17.07 of the Listing Rules in 2023.

36. SHARE-BASED PAYMENT TRANSACTIONS (continued)

(b) Movement of share options and share award schemes (continued)

Movements in the Awarded Shares under the 2024 Share Award Scheme during the Relevant Period are set out below:

Name	Date of Grant	Vesting period	Fair Value per Awarded Share HK\$ (Note a)	Closing price of Shares immediately before the date of grant HK\$	Balance as at 19.01.2024	Changes during the Relevant Period			Balance as at 31.12.2024
						Granted	Vested (Note e)	Cancelled/ Lapsed (Note f)	
2024 Share Award Scheme									
Executive Directors									
Lee Irene Yun-Lien	1.4.2024	1.4.2025 – 1.4.2027	12.62	12.62	-	463,369 (Note b)	-	-	463,369
Lui Kon Wai	1.4.2024	1.4.2025 – 1.4.2027	12.62	12.62	-	269,925 (Note c)	-	-	269,925
Other grantees	1.4.2024	1.4.2025 – 1.4.2027	12.62	12.62	-	683,611 (Note d)	-	(121,928)	561,683
					-	1,416,905	-	(121,928)	1,294,977

Notes:

- The fair value of the Awarded Shares was calculated based on the closing price of the Shares immediately before the date of grant (i.e. 28 March 2024), which was HK\$12.62 per share, given that the date of grant was not a business day. The Group has adopted the accounting standard in accordance with HKFRS 2 — Share-based Payment. According to HKFRS 2, the fair value of the employee services received in exchange for the grant of the Awarded Shares is recognised as an expense, with a corresponding increase in equity, over the vesting period of the Awarded Shares. The amount recognised as an expense is adjusted to reflect the number of Awarded Shares for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of Awarded Shares that meet the related service and non-market performance conditions at the vesting date.
- Among the 463,369 Awarded Shares granted to Ms. Lee Irene Yun-Lien, 139,011 Awarded Shares are Restricted Shares and 324,358 Awarded Shares are Performance Shares.
- Among the 269,925 Awarded Shares granted to Mr. Lui Kon Wai, 80,978 Awarded Shares are Restricted Shares and 188,947 Awarded Shares are Performance Shares.
- Among the 683,611 Awarded Shares granted to other grantees, 303,921 Awarded Shares are Restricted Shares and 379,690 Awarded Shares are Performance Shares.
- No Awarded Shares were vested during the Relevant Period.
- Awarded Shares lapsed during the year in accordance with the rules of the 2024 Share Award Scheme.

Notes to the Consolidated Financial Statements (continued)

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36. SHARE-BASED PAYMENT TRANSACTIONS (continued)

(b) Movement of share options and share award schemes (continued)

The following table discloses movements of the Awarded Shares held by the Directors and eligible employees under the One-off Share Award Plan in 2023:

Name	Date of grant	Vesting date (Note a)	Purchase price HK\$	Balance as at 1.1.2023	Changes during the year			Balance as at 31.12.2023
					Granted (Note c)	Vested	Cancelled/ lapsed	
Executive Directors								
Lee Irene Yun-Lien	27.11.2023	27.11.2023	–	–	100	(100)	–	–
Lui Kon Wai	27.11.2023	27.11.2023	–	–	100	(100)	–	–
Other Employee Participants								
	27.11.2023	27.11.2023	–	–	47,600	(47,600)	–	–
				–	47,800	(47,800)	–	–

Notes:

- All Awarded Shares granted have vested on 27 November 2023, i.e. date of grant.
- None of the Awarded Shares granted have performance targets.
- The closing price of the Shares immediately before the date of grant and vesting (i.e. 24 November 2023) was HK\$15.22.
- The fair value of the Awarded Shares at the date of grant is HK\$15.04 per share.
- The Group has applied HKFRS 2 to account for the Awarded Shares. In the current year, the Group recognised the share award expenses of HK\$1 million in relation to Awarded Shares granted by the Company, of which HK\$3,008 related to the Directors, HK\$7,520 related to the five top-paid employees (excluding the Executive Directors) and HK\$708,384 related to other employee participants.

(c) Fair values of share options

The Group has applied HKFRS 2 to account for its share options granted. In accordance with HKFRS 2, fair value of share options granted to employees determined at the date of grant is expensed over the vesting period, with a corresponding adjustment to the Group's share options reserve. In the current year, the Group recognised the share option expenses of HK\$1 million (2023: HK\$3 million) in relation to share options granted by the Company, of which HK\$1 million (2023: HK\$2 million) related to the Directors (see note 10 of the Notes to Consolidated Financial Statements section), with a corresponding adjustment recognised in the Group's share options reserve.

The fair values of share options granted by the Company were determined by using Black-Scholes option pricing model (the "Model"). The Model is one of the commonly used models to estimate the fair value of an option. The variables and assumptions used in computing the fair value of the share options are based on the management's best estimate. The value of an option varies with different variables of a number of subjective assumptions. Any change in the variables so adopted may materially affect the estimation of the fair value of an option.

Financial Risk Management

For the year ended 31 December 2024

1. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's major financial instruments include loans to associates, loans to joint ventures, other financial investments, debt securities, accounts and other receivables, time deposits, cash and cash equivalents, accounts payable and accruals, deposits from tenants, amounts due to non-controlling interests, borrowings and derivative financial instruments. Details of these financial instruments are disclosed in respective Notes to the Consolidated Financial Statements section. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

(a) Credit risk and impairment assessment

The credit risk of the Group is primarily attributable to loans to associates, loans to joint ventures, accounts and other receivables, derivative financial instruments, debt securities, time deposits and bank balances. The Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

The Group reviewed and assessed the Group's existing financial assets and financial guarantee contract for impairment using reasonable, supportable and forward-looking information that is available without undue cost or effort in accordance with HKFRS 9. For the purpose of internal credit risk management, the Group uses financial information (such as historical settlement records, past due records, deposits held or other credit enhancement) to assess whether credit risk has increased significantly since initial recognition.

The Group's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Accounts receivables	Other financial assets
Performing	The counterparty has a low credit risk of default or does not have any past-due amounts	Lifetime Expected Credit Losses ("ECL") – not credit-impaired	12-month ECL – not credit-impaired
Non-performing	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL – not credit-impaired	Lifetime ECL – not credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

Loans to associates and joint ventures

The Group regularly monitors the business performance of the associates and joint ventures. The Group's credit risk in these balances are mitigated through the value of the assets held by these entities and the power to participate or jointly control the relevant activities of these entities. As at 31 December 2024, these loans with gross carrying amount of HK\$4,524 million (2023: HK\$4,045 million) are considered to be performing and were assessed individually based on 12-month ECL.

Financial Risk Management (continued)

For the year ended 31 December 2024

1. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(a) Credit risk and impairment assessment (continued)

Accounts and other receivables

Credit checks on tenants are part of the normal leasing process and stringent monitoring procedures are in place to deal with overdue debts. In addition, the Group reviews the expected credit losses of each individual debt, after taking into consideration the deposits from tenants, at the end of each reporting period. As at 31 December 2024, accounts and other receivables (excluding prepayments in respect of investment properties) with gross carrying amount of HK\$747 million (2023: HK\$537 million) are considered to be performing and were assessed individually based on the respective lifetime ECL and 12-month ECL.

Debt securities, time deposits, bank balances and derivative financial instruments

Credit exposure to financial institutions and debt securities issuers are monitored and reported regularly to the management. The exposure to each counterparty comprised (i) investment value of financial assets (including bank balances, time deposits and debt securities); (ii) net positive value of derivative financial instruments and; (iii) potential exposures to derivatives which are based on the remaining term and the notional amount of the derivative financial instruments.

The Group only deals with financial institutions and invests in debt securities issued by issuers that have strong credit ratings to mitigate counterparty risk. As at 31 December 2024, debt securities, time deposits and bank balances and derivative financial instruments with gross carrying amount of HK\$3,244 million (2023: HK\$5,050 million) were assessed individually based on 12-month ECL and considered to be performing as all financial institutions that the Group dealt with. Time deposits, bank balances and debt securities invested had credit ratings A or above as rated by international credit rating agencies. In order to limit exposure to each financial institution and debt securities issuers, an exposure limit was set with each counterparty according to their external credit rating with regular review by management.

Other than concentration of credit risk on loans to associates and joint ventures, the Group does not have any other significant concentration of credit risk.

No credit loss is provided for except for loans to joint ventures and debt securities. A reconciliation of loss allowances recognised is presented below.

	Loss allowance for	
	Loans to joint ventures HK\$ million	Debt securities HK\$ million
As at 1 January 2023	8	3
Net impairment loss under ECL model	–	–
As at 31 December 2023	8	3
Net impairment loss under ECL model	184	–
As at 31 December 2024	192	3

The maximum exposure to credit risk is represented by the carrying amount of each financial asset at amortised cost in the consolidated statement of financial position after deducting any impairment allowance. Besides, the Group is also exposed to credit risk arising from the corporate financial guarantees which will cause a financial loss to the Group if the guarantee is called out.

In respect of the financial guarantee contract, the credit risk exposures of the Group is assessed under 12-month ECL and concluded that the loss given default of the counter party, a joint venture, is insignificant and accordingly, no allowance of credit loss is provided. Details of the Group's credit risk maximum exposure are set out in note 1(b) of the Financial risk management objectives and policies section.

1. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(b) Liquidity risk

The Group closely monitors its liquidity requirements and the sufficiency of cash and available banking facilities so as to ensure that the payment obligations are met.

The following table details the remaining contractual maturity of the Group for its non-derivative financial liabilities based on the agreed repayment terms. Maturity of the Group's financial guarantee contract is presented separately. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group is required to pay. The table includes both interest and principal cash flows. The interest payments are computed using contractual rates or, if floating, based on the prevailing market rate at the end of the reporting period, the undiscounted amount is derived based on management's best estimates at the end of the reporting period, taking into consideration interest rate curve, if available. For cash flows denominated in currency other than Hong Kong dollars ("HKD"), the prevailing foreign exchange rates at the end of the reporting period are used to convert the cash flows into HKD.

	Carrying amount HK\$ million	Total contractual undiscounted cash flow HK\$ million	Within 1 year or on demand HK\$ million	More than 1 year but not exceeding 2 years HK\$ million	More than 2 years but not exceeding 5 years HK\$ million	More than 5 years HK\$ million
As at 31 December 2024						
Non-derivative financial liabilities						
Accounts payable and accruals	(1,428)	(1,428)	(1,428)	–	–	–
Deposits from tenants	(872)	(872)	(306)	(193)	(320)	(53)
Amounts due to non-controlling interests	(5,875)	(6,030)	(189)	–	(5,841)	–
Secured bank loans	(8,772)	(9,782)	(470)	(470)	(8,842)	–
Unsecured bank loans	(2,415)	(2,469)	(1,328)	(596)	(545)	–
Unsecured fixed rate notes	(15,327)	(17,718)	(1,947)	(2,069)	(9,236)	(4,466)
	(34,689)	(38,299)	(5,668)	(3,328)	(24,784)	(4,519)
As at 31 December 2023						
Non-derivative financial liabilities						
Accounts payable and accruals	(1,097)	(1,097)	(1,097)	–	–	–
Deposits from tenants	(863)	(863)	(352)	(189)	(265)	(57)
Amounts due to non-controlling interests	(5,463)	(5,664)	(199)	–	(5,465)	–
Secured bank loans	(7,852)	(9,371)	(476)	(476)	(8,419)	–
Unsecured bank loans	(2,171)	(2,484)	(138)	(1,350)	(996)	–
Unsecured fixed rate notes	(15,541)	(18,428)	(618)	(1,950)	(6,471)	(9,389)
	(32,987)	(37,907)	(2,880)	(3,965)	(21,616)	(9,446)

Note:

In addition to the items as set out in the above liquidity risk table, the maximum amount the Group could be required to settle under a financial guarantee provided by the Group in respect of banking facilities granted to a joint venture is HK\$1,576 million and HK\$1,500 million as at 31 December 2024 and 2023 respectively, if such amount is claimed by the counterparty to the guarantee at any time within the guaranteed period. Based on expectations at the end of the reporting period, the Directors of the Company consider that it is more likely than not that no amount will be payable by the Group under such financial guarantee arrangement.

Financial Risk Management (continued)

For the year ended 31 December 2024

1. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(b) Liquidity risk (continued)

The following table details the Group's remaining contractual maturity for its derivative financial instruments. The table has been drawn up based on the undiscounted gross (outflows) inflows on those derivatives that require gross settlement, and the undiscounted contractual net cash (outflows) and inflows on derivative instruments that settle on a net basis. When the amount payable or receivable is not fixed, the amount disclosed has been determined by reference to the prevailing market rate at the end of the reporting period. For cash flows denominated in currency other than HKD, the prevailing foreign exchange rates at the end of the reporting period are used to convert the cash flows into HKD.

	Carrying amount HK\$ million	Total contractual undiscounted cash flow HK\$ million	Within 1 year or on demand HK\$ million	More than 1 year but not exceeding 2 years HK\$ million	More than 2 years but not exceeding 5 years HK\$ million	More than 5 years HK\$ million
As at 31 December 2024						
Derivative settled net						
Interest rate swaps	(196)	(72)	(35)	(23)	(14)	–
Derivative settled gross						
Cross currency swaps	(254)	–	–	–	–	–
Outflow	–	(10,266)	(266)	(266)	(7,604)	(2,130)
Inflow	–	10,162	261	261	7,551	2,089
As at 31 December 2023						
Derivative settled net						
Interest rate swaps	(254)	(105)	(41)	(29)	(35)	–
Derivative settled gross						
Cross currency swaps	(125)	–	–	–	–	–
Outflow	–	(10,532)	(267)	(266)	(3,800)	(6,199)
Inflow	–	10,480	262	262	3,777	6,179

1. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(c) Interest rate risk

The Group manages its interest rate exposure by assessing the potential impact on the Group's financial position arising from any interest rate movements based on interest rate level and outlook. The management will review the proportion of borrowings in fixed rates and floating rates and ensure that they are within an appropriate range. The Group is exposed to fair value interest rate risk in relation to fixed rate debt securities, time deposits and cash and cash equivalents (see notes 20 and 23 of the Notes to Consolidated Financial Statements section).

As at 31 December 2024, about 39% (2023: 38%) of the Group's gross debts was effectively on a floating rate basis. The ratio could be adjusted according to views about changes in the interest rate trend going forward. In addition, the Group is exposed to cash flow interest rate risk as the interest income derived from time deposits and bank balances is subject to interest rate changes. Other than the concentration of interest rate risk related to the movements in Hong Kong Interbank Offered Rate, the Group has no significant concentration of interest rate risk.

Sensitivity analysis

The sensitivity analysis below has been determined assuming that the change in interest rates had occurred at the end of the reporting period and all other variables were held constant. Such change has been applied to both derivative and non-derivative financial instruments that would have affected the profit or loss and equity. A change of +100 and -25 basis points ("bps") (2023: +100 and -25 bps) was applied to the HKD and US dollars ("USD") yield curves at the end of the reporting period. The applied change of bps represented management's assessment of the reasonably possible change in interest rates based on the current market conditions.

In management's opinion, the sensitivity analysis is unrepresentative of the interest rate risk as the year end exposure does not reflect the exposure during the year.

	(Decrease) increase in profit or loss		Increase (decrease) in equity	
	bps increase HK\$ million	bps decrease HK\$ million	bps increase HK\$ million	bps decrease HK\$ million
As at 31 December 2024	(94)	23	62	(14)
As at 31 December 2023	(70)	17	390	(107)

Financial Risk Management (continued)

For the year ended 31 December 2024

1. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(d) Currency risk

The Group aims to minimise its currency risk and does not speculate in currency movements for debt management. To cover foreign exchange exposures arising from debts, the Group's foreign currency denominated monetary liabilities may be hedged back to HKD unless the liabilities are naturally hedged by the underlying asset in the same foreign currency. In managing the Group's monetary assets, the Group limits the aggregate net foreign currency exposures to a certain threshold. Exposures exceeding that threshold will be hedged back to HKD. The majority of the Group's assets are located and all rental income and management fee income are derived in Hong Kong and Mainland, and denominated in HKD and RMB.

As at 31 December 2024, the Group's entities with functional currency of HKD had aggregate USD net monetary liabilities of HK\$6,423 million (2023: net monetary liabilities of HK\$6,575 million).

As at 31 December 2024, the Group's entities with functional currency of HKD had aggregate RMB net monetary liabilities of HK\$952 million (2023: net monetary liabilities of HK\$972 million).

Other than concentration of currency risk of the above items denominated in USD and RMB (2023: USD and RMB), the Group has no other significant currency risk.

The Group has entered into appropriate hedging instruments, mentioned in note 21 of the Notes to the Consolidated Financial Statements section, to hedge against part of the potential currency risk of the above items. The Group reviews the continuing effectiveness of hedging instruments at least at the end of the reporting period and until the hedging instrument expires or is terminated or the hedge no longer meets the criteria for hedge accounting.

Sensitivity analysis

The sensitivity analysis below has been determined assuming that a change in exchange rate had occurred at the end of the reporting period and all other variable were held constant. Such change has been applied to both derivative and non-derivative financial instruments that would have affected the profit or loss and other comprehensive income. Change of 500 percentage in points ("pips") (2023: 500 pips) was applied to the HKD:USD and HKD:RMB (2023: HKD:USD and HKD:RMB) spot and forward rates at the end of the reporting period.

In management's opinion, the sensitivity analysis is unrepresentative of the currency risk as the year end exposure does not reflect the exposure during the year.

	(Decrease) increase in profit or loss		(Decrease) increase in other comprehensive income	
	pips increase HK\$ million	pips decrease HK\$ million	pips increase HK\$ million	pips decrease HK\$ million
As at 31 December 2024				
USD	(48)	48	(43)	43
RMB	(45)	45	–	–
As at 31 December 2023				
USD	(49)	49	(45)	45
RMB	(44)	44	–	–

1. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(e) Other price risk

The Group is exposed to other price risk through its investment in equity security measured at fair value through other comprehensive income ("FVTOCI") and fund investment measured at fair value through profit or loss ("FVTPL"). The Group has appointed a special team to monitor the price risk and will consider hedging the risk exposure should the need arise.

Sensitivity analysis

The sensitivity analyses have been determined based on the exposure to equity price risk at the reporting date. If the price of the equity securities had been 5% higher/lower, the other comprehensive income for the year ended 31 December 2024 would increase/decrease by HK\$79 million (2023: HK\$73 million) as a result of the changes in fair value of investment as at FVTOCI. The Group's exposure to price risk on investment in a fund investment was limited because the potential fluctuation was considered minimal.

2. CATEGORIES OF FINANCIAL INSTRUMENTS

	2024 HK\$ million	2023 HK\$ million
Financial assets		
FVTPL	88	98
FVTOCI	1,570	1,460
Derivative instrument under hedge accounting	137	197
Amortised cost (including cash and cash equivalents)	7,533	8,998
	9,328	10,753
Financial liabilities		
Derivative instruments under hedge accounting	587	576
Amortised cost	34,689	32,987
	35,276	33,563

Financial Risk Management (continued)

For the year ended 31 December 2024

3. FINANCIAL ASSETS AND FINANCIAL LIABILITIES SUBJECT TO ENFORCEABLE MASTER NETTING ARRANGEMENTS OR SIMILAR AGREEMENTS

The Group has entered certain derivative transactions that are covered by the International Swaps and Derivatives Association Master Agreements (“ISDA Agreements”) signed with various banks. These derivative instruments are not offset in the consolidated statement of financial position as the ISDA Agreements are in place with a right of set off only in the event of default, insolvency or bankruptcy so that the Group currently has no legally enforceable right to set off the recognised amounts. Other than derivatives transactions mentioned above, the Group has no other financial assets and financial liabilities which are offset in the Group’s consolidated statement of financial statements or are subject to similar netting arrangements.

(a) Financial assets subject to enforceable master netting arrangements or similar agreements

	Gross amounts of recognised financial assets HK\$ million	Gross amounts of recognised financial liabilities set off in the consolidated statement of financial position HK\$ million	Net amounts of financial assets presented in the consolidated statement of financial position HK\$ million
As at 31 December 2024			
Derivatives under hedge accounting	137	–	137
As at 31 December 2023			
Derivatives under hedge accounting	197	–	197

(b) Net financial assets subject to enforceable master netting arrangements or similar agreements, by counterparty

	Net amounts of financial assets presented in the consolidated statement of financial position HK\$ million	Financial liabilities not set off in the consolidated statement of financial position HK\$ million	Net amount HK\$ million
As at 31 December 2024			
Counterparty E	31	–	31
As at 31 December 2023			
Counterparty E	47	–	47

3. FINANCIAL ASSETS AND FINANCIAL LIABILITIES SUBJECT TO ENFORCEABLE MASTER NETTING ARRANGEMENTS OR SIMILAR AGREEMENTS (continued)

(c) Financial liabilities subject to enforceable master netting arrangements or similar agreements

	Gross amounts of recognised financial liabilities HK\$ million	Gross amounts of recognised financial assets set off in the consolidated statement of financial position HK\$ million	Net amounts of financial liabilities presented in the consolidated statement of financial position HK\$ million
As at 31 December 2024			
Derivatives under hedge accounting	(587)	–	(587)
As at 31 December 2023			
Derivatives under hedge accounting	(576)	–	(576)

(d) Net financial liabilities subject to enforceable master netting arrangements and similar agreements, by counterparty

	Net amounts of financial liabilities presented in the consolidated statement of financial position HK\$ million	Financial assets not set off in the consolidated statement of financial position HK\$ million	Net amount HK\$ million
As at 31 December 2024			
Counterparty A	(87)	24	(63)
Counterparty B	(185)	3	(182)
Counterparty C	(146)	23	(123)
Counterparty D	(117)	56	(61)
Counterparty F	(52)	–	(52)
	(587)	106	(481)
As at 31 December 2023			
Counterparty A	(66)	36	(30)
Counterparty B	(161)	8	(153)
Counterparty C	(149)	23	(126)
Counterparty D	(135)	82	(53)
Counterparty F	(65)	1	(64)
	(576)	150	(426)

Financial Risk Management (continued)

For the year ended 31 December 2024

4. FAIR VALUE MEASUREMENT

(a) Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required)

The fair values of financial assets and financial liabilities measured at amortised cost are determined in accordance with generally accepted pricing models based on discounted cash flow methodology taking into account the market interest rate and credit risk of the counterparties and of the Group as appropriate.

The Directors of the Company consider that the carrying amounts of financial assets and financial liabilities measured at amortised cost in the consolidated financial statements approximate their fair values, except for the carrying amount of HK\$15,327 million (2023: HK\$15,541 million) unsecured fixed rate notes as stated in note 26 of the Notes to the Consolidated Financial Statements section with fair value of HK\$14,102 million (2023: HK\$14,081 million).

The fair value of HK\$7,828 million (2023: HK\$7,660 million) of the unsecured fixed rate notes is categorised into Level 1 of the fair value hierarchy, in which the fair value was derived from quoted prices in an active market translated at the spot foreign exchange rate of the respective currency at year end.

The fair value of HK\$6,274 million (2023: HK\$6,421 million) of the unsecured fixed rate notes is categorised into Level 2 of the fair value hierarchy, in which the fair value was measured using discounted cash flow methodology based on observable yield curves of the respective currency taking into account the credit margin of the Group as appropriate.

4. FAIR VALUE MEASUREMENT (continued)

(b) Fair value of financial assets and financial liabilities that are measured at fair value on a recurring basis

The following table provides an analysis of financial instruments that are measured at fair value on a recurring basis, grouped into Levels 1 to 3 based on the degree to which the inputs to the fair value measurements are observable.

	2024			
	Level 1 HK\$ million	Level 2 HK\$ million	Level 3 HK\$ million	Total HK\$ million
Financial assets				
Financial assets at FVTPL				
Unlisted club debenture	–	1	–	1
Fund investment	–	–	87	87
Financial asset at FVTOCI				
Unlisted investment in equity securities	–	–	1,570	1,570
Derivatives under hedge accounting				
Cross currency swaps	–	127	–	127
Interest rate swaps	–	10	–	10
Total	–	138	1,657	1,795
Financial liabilities				
Derivatives under hedge accounting				
Cross currency swaps	–	381	–	381
Interest rate swaps	–	206	–	206
Total	–	587	–	587
2023				
	Level 1 HK\$ million	Level 2 HK\$ million	Level 3 HK\$ million	Total HK\$ million
Financial assets				
Financial assets at FVTPL				
Unlisted club debenture	–	1	–	1
Fund investment	–	–	97	97
Financial asset at FVTOCI				
Unlisted investment in equity securities	–	–	1,460	1,460
Derivatives under hedge accounting				
Cross currency swaps	–	187	–	187
Interest rate swaps	–	10	–	10
Total	–	198	1,557	1,755
Financial liabilities				
Derivatives under hedge accounting				
Cross currency swaps	–	312	–	312
Interest rate swaps	–	264	–	264
Total	–	576	–	576

Financial Risk Management (continued)

For the year ended 31 December 2024

4. FAIR VALUE MEASUREMENT (continued)

(c) Reconciliation of Level 3 fair value measurement of financial asset

	Fund investment HK\$ million	Unlisted investment in equity securities HK\$ million
As at 1 January 2023	327	1,708
Addition	37	10
Loss recognised in profit or loss	(267)	–
Loss recognised in other comprehensive expense	–	(258)
As at 31 December 2023	97	1,460
Addition	9	5
Loss recognised in profit or loss	(19)	–
Gain recognised in other comprehensive income	–	105
As at 31 December 2024	87	1,570

The unrealised fair value loss of HK\$19 million (2023: unrealised fair value loss of HK\$267 million) relating to fund investment at fair value through profits or loss is included in change in fair value of other financial investments.

(d) Valuation techniques and inputs used in fair value measurements

Cross currency swaps and interest rate swaps are measured using discounted cash flow methodology based on observable spot and forward exchange rates as well as the yield curves of the respective currencies taking into account the credit risk of the counterparties and of the Group as appropriate.

Financial assets grouped in Level 3 are measured with reference to the fair value of underlying assets and liabilities as at the end of the reporting period and/or other valuation techniques including market approach, taking into account different multiples such as price per earnings/revenue multiples of comparable listed companies, where relevant. If there is lack of marketability, a discount is applied in determining the fair value. A slight increase in lack of marketability discount would result in a slight decrease in the fair value of the unlisted investment in equity securities, vice versa.

(e) Valuation process of Level 3 fair value measurements of financial assets

At the end of the reporting period, the management of the Group obtains the valuation techniques and inputs for Level 3 fair value measurements in relation to the fund investment and its underlying assets and liabilities. The Group engages independent qualified professional valuer to perform the valuation for investment in equity security. Where there is a material change in the fair value of the financial assets grouped in Level 3, analysis will be performed and the causes of the fluctuations will be reported to the Directors of the Company.

5. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The Group monitors its capital structure on the basis of a net debt to equity ratio. For this purpose, the Group defines net debt as borrowings as shown in the consolidated statement of financial position less time deposits, cash and cash equivalents.

The management reviews the Group's net debt to equity ratio regularly and adjusts the ratio through the payment of dividends, the issue of new share, perpetual capital securities or debt, the repurchase of shares and the repurchase of existing perpetual capital securities or debt.

The net debt to equity ratio at the year end was as follows:

	2024 HK\$ million	2023 HK\$ million
Secured bank loans	8,772	7,852
Unsecured bank loans	2,415	2,171
Unsecured fixed rate notes	15,327	15,541
Borrowings	26,514	25,564
Less: Time deposits	(647)	(1,271)
Cash and cash equivalents	(1,564)	(2,583)
Net debt	24,303	21,710
Total equity	77,429	79,691
Net debt to equity	31.4%	27.2%

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

Five-Year Financial Summary

For the year ended 31 December

	2024 HK\$ million	2023 HK\$ million	2022 HK\$ million	2021 HK\$ million	2020 HK\$ million
Results					
Turnover	3,409	3,210	3,460	3,608	3,710
Property expenses	(646)	(621)	(567)	(499)	(490)
Gross profit	2,763	2,589	2,893	3,109	3,220
Investment income	167	261	248	92	272
Other gains and losses	3	1	(1)	(3)	8
Administrative expenses	(308)	(307)	(332)	(274)	(268)
Finance costs	(450)	(478)	(423)	(393)	(546)
Change in fair value of investment properties	(1,506)	(2,763)	(3,213)	(720)	(4,903)
Change in fair value of other financial investments	(19)	(267)	(1)	(5)	(3)
Share of results of associates	204	270	274	458	225
Share of results of joint ventures	(287)	(37)	(52)	(3)	–
Profit (loss) before taxation	567	(731)	(607)	2,261	(1,995)
Taxation	(296)	(295)	(342)	(358)	(353)
Profit (loss) for the year	271	(1,026)	(949)	1,903	(2,348)
Perpetual capital securities holders	(418)	(442)	(450)	(459)	(288)
Other non-controlling interests	182	596	242	(61)	89
Profit (loss) attributable to owners of the Company	35	(872)	(1,157)	1,383	(2,547)
Underlying profit for the year	1,956	1,832	2,129	2,330	2,398
Recurring underlying profit for the year	1,956	1,832	2,063	2,330	2,398
Dividends					
Dividends paid	1,109	1,479	1,486	1,497	1,502
Dividends declared	832	832	1,202	1,210	1,216
Dividends per share (HK cents)	108	108	144	144	144
Earnings (loss) per share (HK\$), based on:					
Profit (loss) for the year					
– basic	0.03	(0.85)	(1.12)	1.33	(2.44)
– diluted	0.03	(0.85)	(1.12)	1.33	(2.44)
Performance indicators					
Net debt to equity	31.4%	27.2%	23.4%	11.7%	N/A
Net interest coverage (after interest capitalisation) (times)	8.8x	9.6x	13.1x	9.1x	9.8x
Net interest coverage (before interest capitalisation) (times)	2.3x	2.4x	3.9x	5.3x	9.8x
Net asset value per share (HK\$)	64.3	65.4	68.4	71.4	70.9
Net debt (cash) per share (HK\$)	23.7	21.1	19.0	9.9	(5.7)
Year-end share price (HK\$)	11.8	15.5	25.3	24.1	28.4

As at 31 December

	2024 HK\$ million	2023 HK\$ million	2022 HK\$ million	2021 HK\$ million	2020 HK\$ million
Assets and liabilities					
Investment properties	96,547	96,005	96,787	95,107	74,993
Investments in associates	5,347	5,488	5,491	5,995	5,577
Loans to associates	8	8	10	10	11
Investments in joint ventures	342	445	473	475	125
Loans to joint ventures	4,324	4,029	3,485	1,256	1,153
Other financial investments	1,657	1,557	2,035	1,780	789
Time deposits, cash and cash equivalents	2,211	3,854	7,771	8,404	24,935
Other assets	3,653	3,140	3,113	4,346	2,172
Total assets	114,089	114,526	119,165	117,373	109,755
Borrowings	(26,514)	(25,564)	(27,277)	(18,657)	(18,970)
Taxation	(1,384)	(1,272)	(1,203)	(1,091)	(1,031)
Other liabilities	(8,762)	(7,999)	(7,274)	(9,740)	(2,305)
Total liabilities	(36,660)	(34,835)	(35,754)	(29,488)	(22,306)
Net assets	77,429	79,691	83,411	87,885	87,449
Perpetual capital securities	(9,437)	(10,224)	(10,224)	(10,657)	(10,657)
Other non-controlling interests	(1,999)	(2,285)	(2,987)	(3,358)	(3,112)
Shareholders' funds	65,993	67,182	70,200	73,870	73,680

Definitions:

- (1) Underlying profit for the year:
a non-HKFRS measure, is arrived at by adding (i) Reported Profit (Loss) excluding unrealised fair value change of investment properties and items not generated from the Group's core property investment business; and (ii) Profit attributable to holders of perpetual capital securities.
- (2) Recurring underlying profit for the year:
a non-HKFRS measure, is a performance indicator of the Group's core property investment business and is arrived at by excluding from Underlying Profit items that are non-recurring in nature
- (3) Net debt to equity:
borrowings less time deposits, cash and cash equivalents divided by total equity
- (4) Net interest coverage (after interest capitalisation):
"Gross profit less administrative expenses before depreciation" divided by "net interest expenses charged to profit or loss"
- (5) Net Interest Coverage (before interest capitalisation):
"Gross profit less administrative expenses before depreciation" divided by "net interest expenses charged to profit or loss plus interest expenses capitalised"
- (6) Net asset value per share:
shareholders' funds divided by number of issued shares as at year end
- (7) Net debt (cash) per share:
borrowings less time deposits, cash and cash equivalents divided by number of issued shares at year end

Report of the Valuer

To the Board of Directors

Hysan Development Company Limited

Dear Sirs,

Annual Revaluation of Investment Properties as at 31 December 2024

In accordance with your appointment of Knight Frank Petty Limited to value the investment properties in Hong Kong owned by Hysan Development Company Limited and its subsidiaries, we are pleased to advise that the market value of the investment properties as at 31 December 2024 was in the approximate sum of Hong Kong Dollars Ninety-six Billion Five Hundred and Forty-seven Million (Hong Kong Dollars 96,547 million).

The completed investment properties has been valued individually on market value basis and have been assessed on the basis of capitalisation of the net and potential income. We have also cross-checked the values by market comparables.

Yours faithfully

Knight Frank Petty Limited

Hong Kong, 14 February 2025

Schedule of Principal Properties

As at 31 December 2024

INVESTMENT PROPERTIES

	Address	Lot No.	Use	Category of the Lease	Percentage held by the Group
Hong Kong					
1. Bamboo Grove	74-86 Kennedy Road Mid-Levels Hong Kong	IL 8624	Residential	Medium term lease	100%
2. Hysan Place	500 Hennessy Road Causeway Bay Hong Kong	IL 29 sFF ML 365 RP	Commercial	Long lease	100%
3. Lee Garden One	33 Hysan Avenue Causeway Bay Hong Kong	IL 29 sDD IL 29 sMM IL 29 sL RP IL 457 sL IL 457 RP	Commercial	Long lease	100%
4. Lee Garden Two	28 Yun Ping Road Causeway Bay Hong Kong	IL 29 sG IL 457 sA IL 457 sO IL 457 sF IL 457 sH IL 457 sC ss1 & RP IL 457 sD ss1 & RP IL 457 sE ss1 & ss2 & RP IL 457 sG ss1 & RP IL 461 sC ss1 & ss2 & ss3 & RP	Commercial	Long lease	65.36%
5. Lee Garden Three	1 Sunning Road Causeway Bay Hong Kong	IL 29 sJ ss1 RP & ss2 & RP	Commercial	Long lease	100%

Schedule of Principal Properties (continued)

As at 31 December 2024

INVESTMENT PROPERTIES (continued)

	Address	Lot No.	Use	Category of the Lease	Percentage held by the Group
Hong Kong					
6. Lee Garden Five	18 Hysan Avenue Causeway Bay Hong Kong	IL 457 sN IL 29 sLL	Commercial	Long lease	100%
7. Lee Garden Six	111 Leighton Road Causeway Bay Hong Kong	IL 29 sKK	Commercial	Long lease	100%
8. Lee Garden Eight	Inland Lot No. 8945 Caroline Hill Road Causeway Bay Hong Kong*	IL 8945	Commercial	Medium term lease	60%
9. Lee Theatre Plaza	99 Percival Street Causeway Bay Hong Kong	IL 1452 IL 472 RP IL 476 RP	Commercial	Long lease	100%
10. Leighton Centre	77 Leighton Road Causeway Bay Hong Kong	IL 1451 sB IL 1451 sC IL 1451 RP	Commercial	Long lease	100%
11. One Hysan Avenue	1 Hysan Avenue Causeway Bay Hong Kong	IL 29 sGG RP	Commercial	Long lease	100%
	Address		Use	Category of the Lease	Percentage held by the Group
Mainland					
1. Lee Gardens Shanghai	Nos 668 & 688 Xinzha Road, Jingan District, Shanghai, the PRC		Commercial	Medium term lease	100%

* The site is currently under development. The development site has a total site area of approximately 159,329 square feet and proposed total gross floor area of approximately 1,098,000 square feet. It is targeted for completion by the second half of 2026.

Shareholding Analysis

SHARE CAPITAL

At 31 December 2024

	HK\$	Number of Ordinary Shares
Issued and fully paid-up capital	7,723,225,778	1,027,008,223

There was one class of ordinary shares with equal voting rights

DISTRIBUTION OF SHAREHOLDINGS

(At 31 December 2024, as per register of members of the Company)

Size of registered shareholdings	Number of shareholders	% of shareholders	Number of ordinary shares	% of the total no. of issued shares (Note)
5,000 or below	2,489	76.538%	3,213,308	0.313%
5,001–50,000	648	19.926%	10,033,801	0.977%
50,001–100,000	60	1.845%	4,426,790	0.431%
100,001–500,000	46	1.414%	9,562,516	0.931%
500,001–1,000,000	3	0.092%	1,802,299	0.176%
Above 1,000,000	6	0.185%	997,969,509	97.172%
Total	3,252	100.00%	1,027,008,223	100.00%

TYPES OF SHAREHOLDERS

(At 31 December 2024, as per register of members of the Company)

Type of Shareholders	Number of ordinary shares held	% of the total no. of issued shares (Note)
1. Lee Hysan Company Limited	433,130,735	42.174%
2. Other corporate shareholders	566,610,929	55.171%
3. Individual shareholders	27,266,559	2.655%
Total	1,027,008,223	100.00%

LOCATION OF SHAREHOLDERS

(At 31 December 2024, as per register of members of the Company)

Location of Shareholders	Number of ordinary shares held	% of the total no. of issued shares (Note)
Hong Kong	1,024,856,550	99.790%
United States and Canada	1,892,016	0.184%
United Kingdom	17,085	0.002%
Others	242,572	0.024%
Total	1,027,008,223	100.00%

Note:

The percentages have been compiled based on the total number of shares of the Company in issue as at 31 December 2024 (i.e. 1,027,008,223 ordinary shares).

Shareholder Information

FINANCIAL CALENDAR

Full year results announced	18 February 2025
Ex-dividend date for second interim dividend	3 March 2025
Closure of register of members and record date for second interim dividend	5 March 2025
Despatch of second interim dividend warrants	(on or about) 19 March 2025
Closure of register of members for the 2025 AGM	31 May to 5 June 2025
2025 AGM	5 June 2025
2025 interim results to be announced	14 August 2025*

* subject to change

DIVIDEND

The Board declares the payment of a second interim dividend of HK81 cents per share. The second interim dividend will be payable in cash to the Shareholders whose names appear on the register of members of the Company ("Register of Members") as at Wednesday, 5 March 2025.

The Register of Members will be closed on Wednesday, 5 March 2025, for the purpose of determining Shareholders' entitlement to the second interim dividend, on which date no transfer of shares will be registered. In order to qualify for the second interim dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's registrar, Tricor Investor Services Limited (the "Company's Registrar") not later than 4:00 p.m. on Tuesday, 4 March 2025.

Dividend warrants will be despatched to the Shareholders on or about Wednesday, 19 March 2025.

The Register of Members will also be closed from Saturday, 31 May 2025 to Thursday, 5 June 2025, both dates inclusive, for the purpose of determining Shareholders' entitlement to attend and vote at the 2025 AGM to be held on Thursday, 5 June 2025, during which period no transfer of shares will be registered. In order to qualify for attending and voting at the 2025 AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Registrar not later than 4:00 p.m. on Friday, 30 May 2025.

SHAREHOLDER SERVICES

For enquiries about share transfer and registration, please contact the Company's Registrar:

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong
Telephone: (852) 2980 1333
Facsimile: (852) 2810 8185

Holders of the Company's ordinary shares should notify the Company's Registrar promptly of any change of their address.

This Annual Report (English and Chinese versions) is available on our website at www.hysan.com.hk (the "Company's Website") and the Stock Exchange's website at www.hkexnews.hk (the "Stock Exchange's Website"). Shareholders and investors who would like to be notified when the Company publishes its corporate communications* on the Stock Exchange's Website can register for the News Alerts service in the Market Data section of the HKEx Market website at www.hkex.com.hk/eng/invest/user/login_e.aspx.

Pursuant to the Listing Rules, the Hong Kong Companies Ordinance and the Articles, the Company provides corporate communications to Shareholders by electronic means through the Company's Website and the Stock Exchange's Website with a notification of the publication of the corporate communications to the Shareholders concerned ("Electronic Means"), provided that the relevant Shareholders have consented to receiving the corporate communications by Electronic Means.

Shareholders may at any time choose to receive this Annual Report or other corporate communications in printed form in either English or Chinese language or both or by Electronic Means. Shareholders who have chosen to receive this Annual Report or other corporate communications using Electronic Means and who for any reason have difficulty in receiving or gaining access to this Annual Report or other corporate communications will promptly upon request be sent a printed copy free of charge.

Shareholders may at any time change their choice of the language and/or means of receipt of this Annual Report or other corporate communications of the Company by notice in writing to the Company or the Company's Registrar, or by email to hysan14-ecom@vistra.com or cosec@hysan.com.hk. The Change Request Form may be downloaded from the Company's Website.

* The term "corporate communications" refers to all "corporate communications" as defined in Listing Rules, including without limitation, Interim/Annual Reports, notices, circular, proxy forms of the Company.

INVESTOR RELATIONS

For enquiries relating to investor relations, please email to investor@hysan.com.hk or write to the Company at:

Investor Relations
Hysan Development Company Limited
50/F Lee Garden One
33 Hysan Avenue Hong Kong
Telephone: (852) 2895 5777
Facsimile: (852) 2577 5153

Corporate Information

BOARD OF DIRECTORS

Lee Irene Yun-Lien (*Chairman*)
Lui Kon Wai (*Executive Director and Chief Operating Officer*)
Chung Cordelia**
Churchouse Frederick Peter**
Poon Chung Yin Joseph**
Wong Ching Ying Belinda**
Young Elaine Carole**
Zhang Yong**
Lee Anthony Hsien Pin*
(*Lee Irene Yun-Lien as his alternate*)
Lee Chien*
Lee Tze Hau Michael*

AUDIT AND RISK MANAGEMENT COMMITTEE

Poon Chung Yin Joseph** (*Chairman*)
Churchouse Frederick Peter**
Zhang Yong**
Lee Anthony Hsien Pin*

REMUNERATION COMMITTEE

Chung Cordelia** (*Chairman*)
Churchouse Frederick Peter**
Young Elaine Carole**

NOMINATION COMMITTEE

Lee Irene Yun-Lien (*Chairman*)
Chung Cordelia**
Churchouse Frederick Peter**
Poon Chung Yin Joseph**
Lee Chien*

* Non-Executive Director
** Independent Non-Executive Director

SUSTAINABILITY COMMITTEE

Young Elaine Carole** (*Chairman*)
Wong Ching Ying Belinda**
Lee Tze Hau Michael*

COMPANY SECRETARY

Chow Lai Kwan

REGISTERED OFFICE

50/F Lee Garden One
33 Hysan Avenue
Hong Kong

OUR WEBSITE

Press releases and other information of the Group can be found at our website: www.hysan.com.hk.

SHARE LISTING

Hysan's shares are listed on the Stock Exchange. It has a sponsored American Depositary Receipts ("ADR") Programme in the New York market.

STOCK CODE

Stock Exchange: 00014
Bloomberg: 14HK
Reuters: 0014.HK
Ticker Symbol for ADR Code: HYSNY
CUSIP reference number: 449162304

AUDITOR

Deloitte Touche Tohmatsu
Certified Public Accountants and
Registered Public Interest Entity Auditors
35/F, One Pacific Place
88 Queensway
Hong Kong

The English version shall prevail in the case of any discrepancy or inconsistency between the English and Chinese versions.

Hysan Development Company Limited

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www.hysan.com.hk

