



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.



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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.

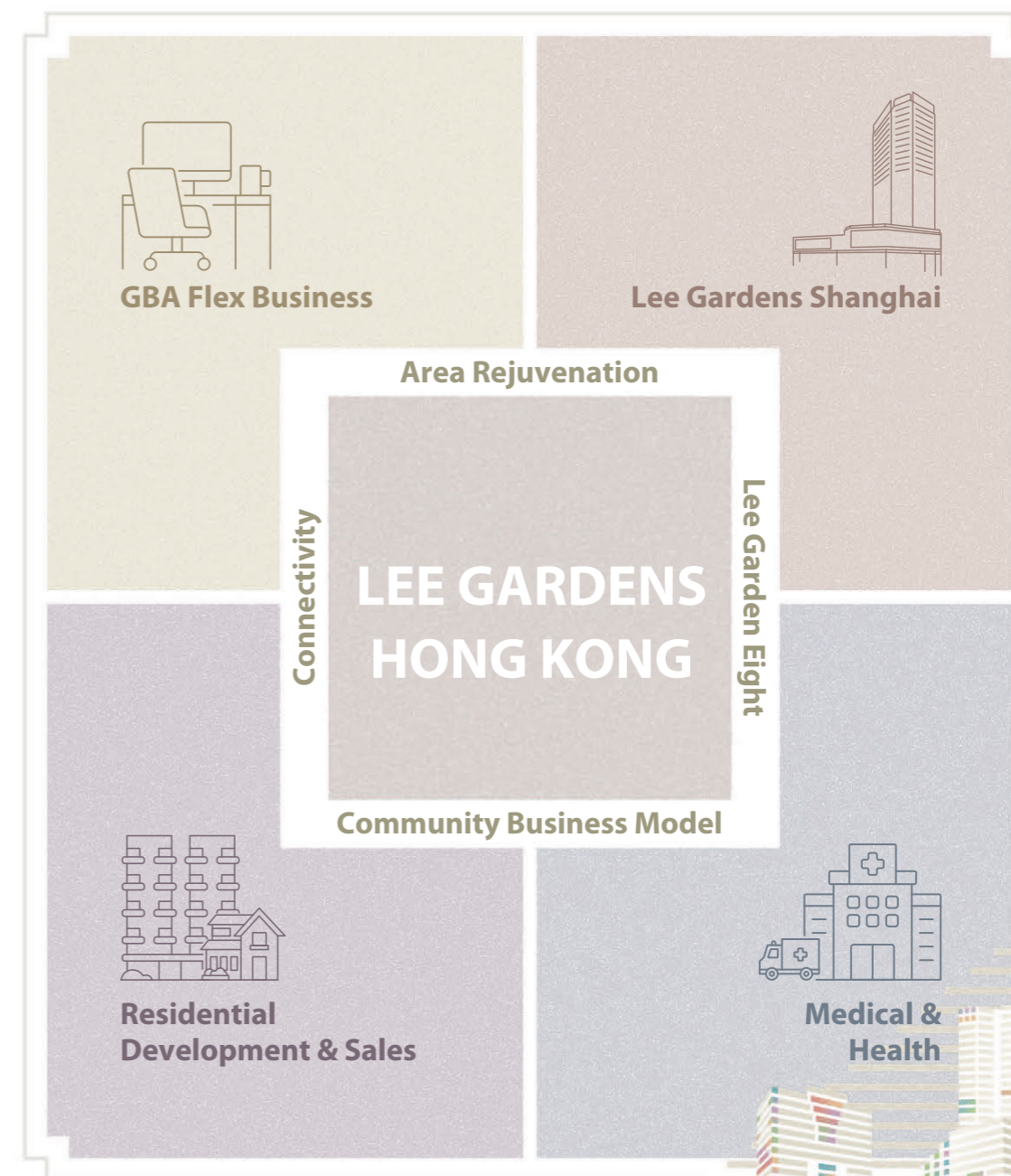
MISSION

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

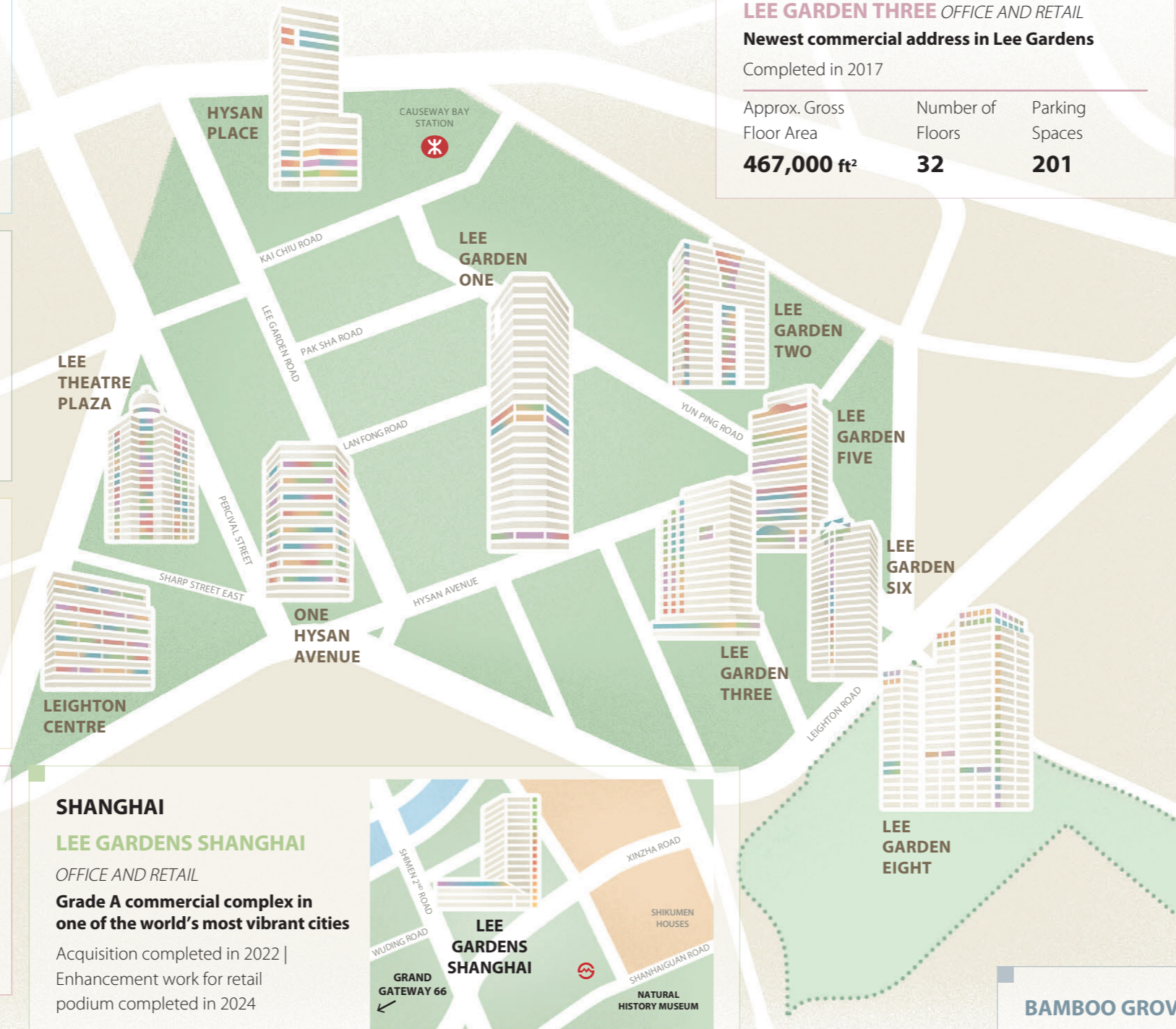
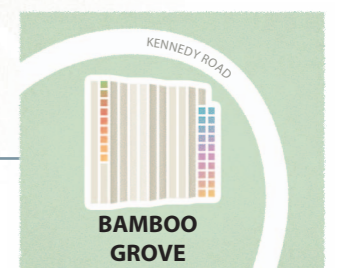
Approx. Gross Floor Area	Number of Floors	Parking Spaces
1,098,000 ft²	Tower 1: 30 Tower 2: 30 Tower 3: 21	612

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

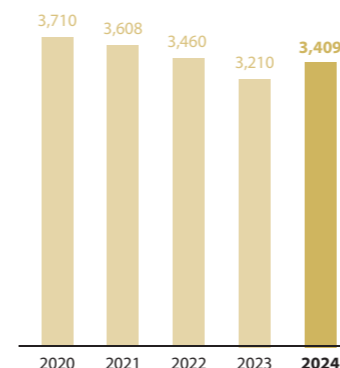


Financial Performance

Turnover

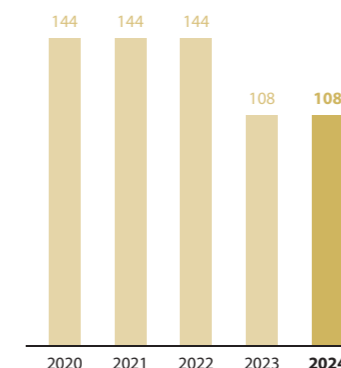
HK \$3,409m

↑6.2%



Dividends per Share

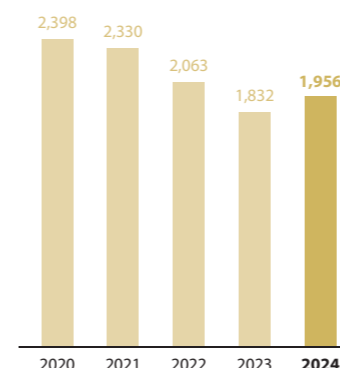
HK 108 cents



Recurring Underlying Profit

HK \$1,956m

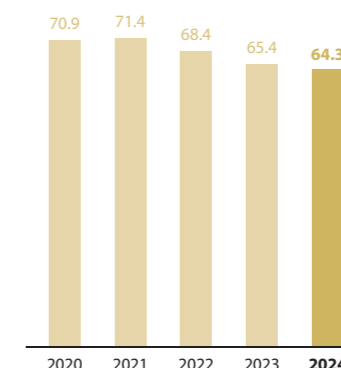
↑6.8%



Net Asset Value per Share

HK \$64.3

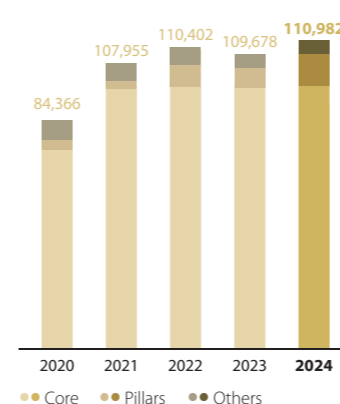
↓1.7%



Total asset (exclude cash and debt securities)

HK \$110,982m

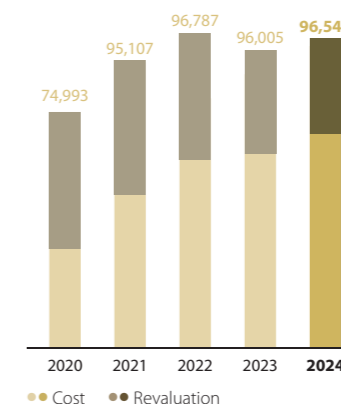
↑1.2%



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.

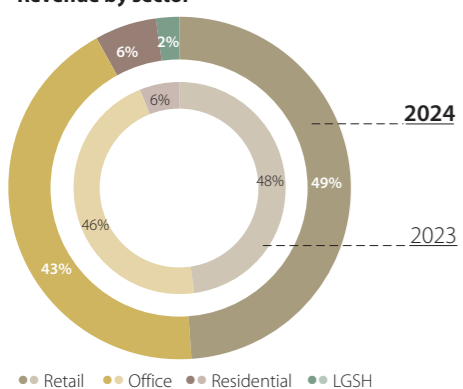
LGSH

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

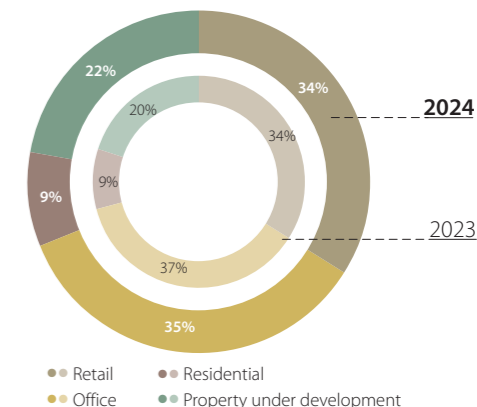
	HK\$ million
Retained profits at 1.1.2024	59,747
Profit attributable to shareholders	35
Dividends paid during the year	(1,109)
Repurchase of perpetual capital securities	49
Other reserve movement	4
Retained profits at 31.12.2024	58,726

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.