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Corporate Governance

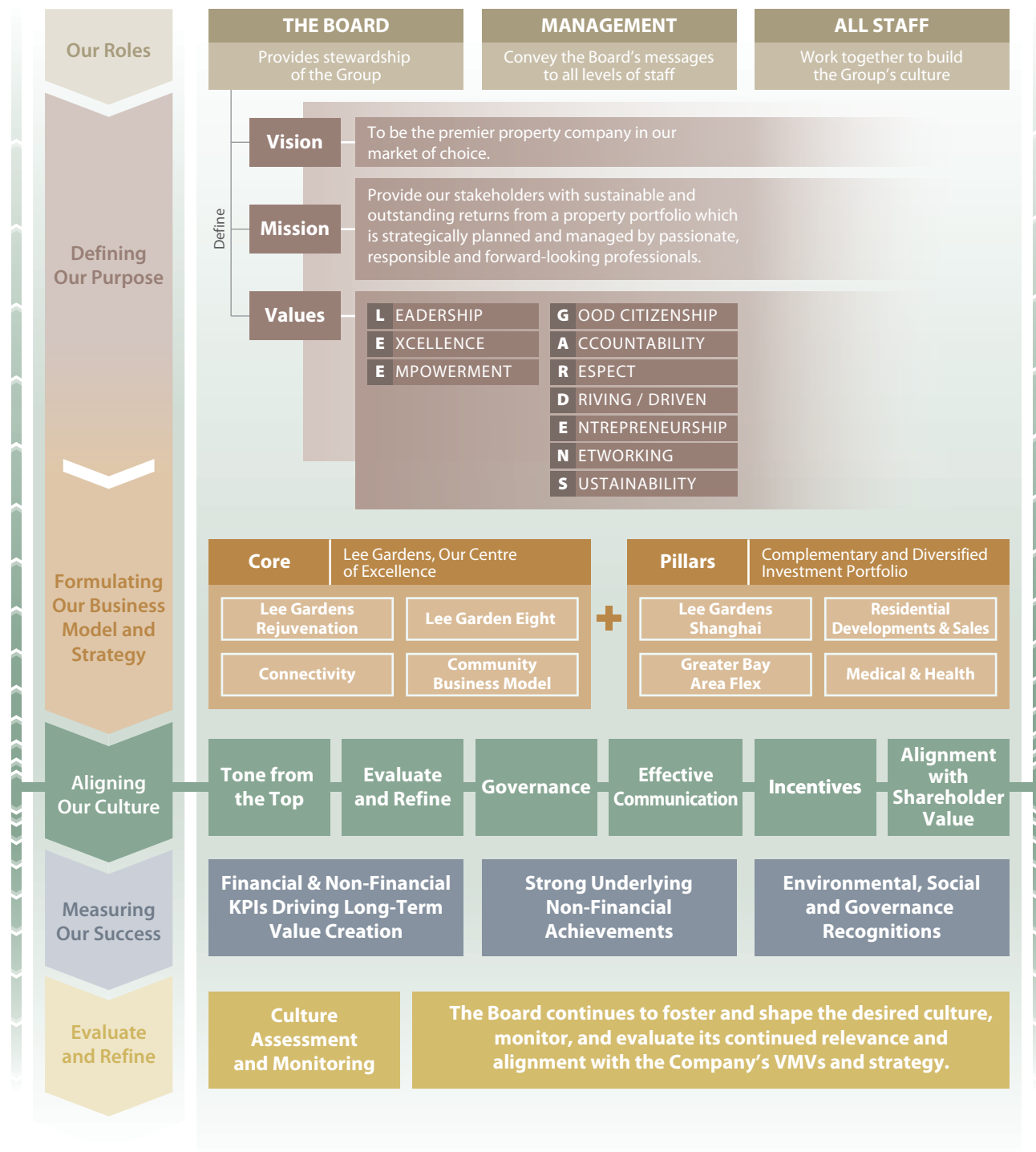
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Corporate Governance Report

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"> <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



MSCI ESG RATINGS
AA

Improved to "AA" Rating in 2024



FTSE4Good

Constituent Member of the FTSE4Good Index Series



SUSTAINALYTICS
a Morningstar company

RATED

"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	<ul style="list-style-type: none"> ✓ 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	<ul style="list-style-type: none"> ✓ 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	<ul style="list-style-type: none"> ✓ 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.

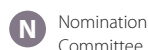
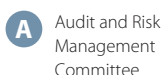
Competencies and Experience Ms. Chung has extensive multinational experiences specialising in information technology, with knowledge of the building industry. She was trained and practised as a lawyer. Ms. Chung spent over 20 years with IBM China/Hong Kong Limited (“IBM”). At IBM, she was the first Asian 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



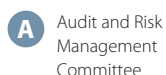
Board Appointment Mr. Lee was appointed as a Non-Executive Director in 1988 and is aged 71.

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.

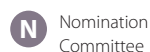
Committee Mr. Lee is a member of the Nomination Committee.



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.

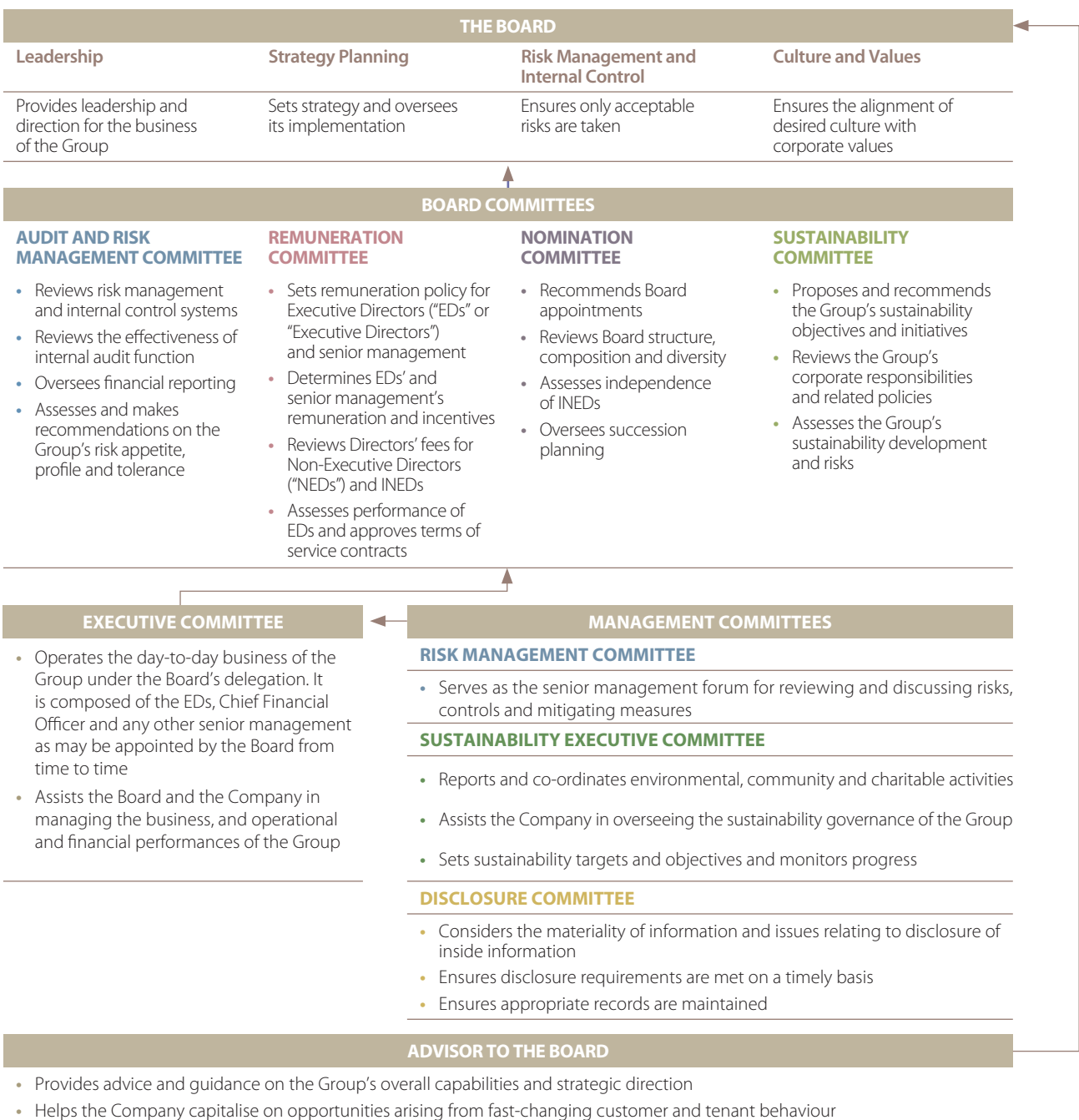
Our Governance Framework

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.

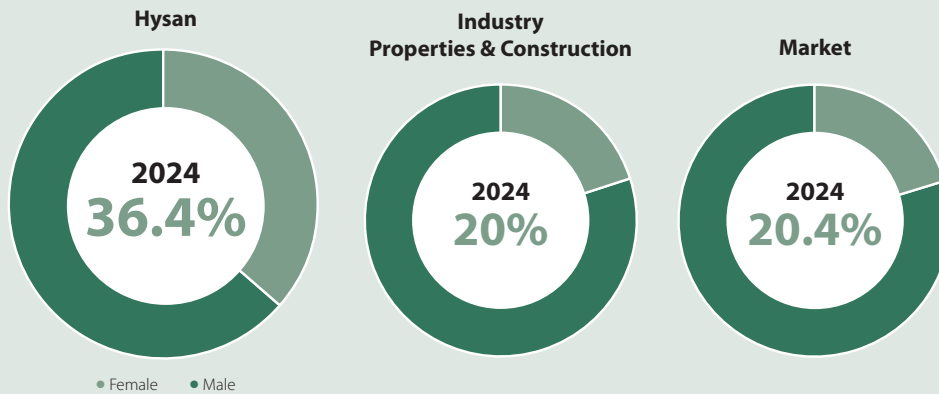
Gender diversity has been made one of the formal factors to consider in our Board refreshment and succession planning. The Nomination Committee and the Board have considered the ability of each potential candidate to contribute towards the Board's responsibilities and, in particular, Hysan's diversity 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.

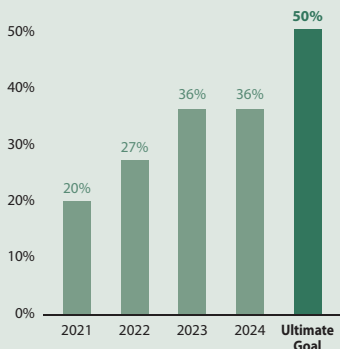
Following board refreshment in recent years, the percentage of female representation at Board level increased from 20% in 2021 to 36.4% in 2024, maintaining a high level of female board representation among Hong Kong listed companies. Upon the retirement of Mr. Poon Chung Yin Joseph from the Board at 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)

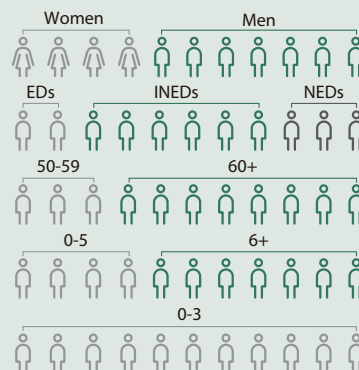
Our Gender Diversity Progress



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.

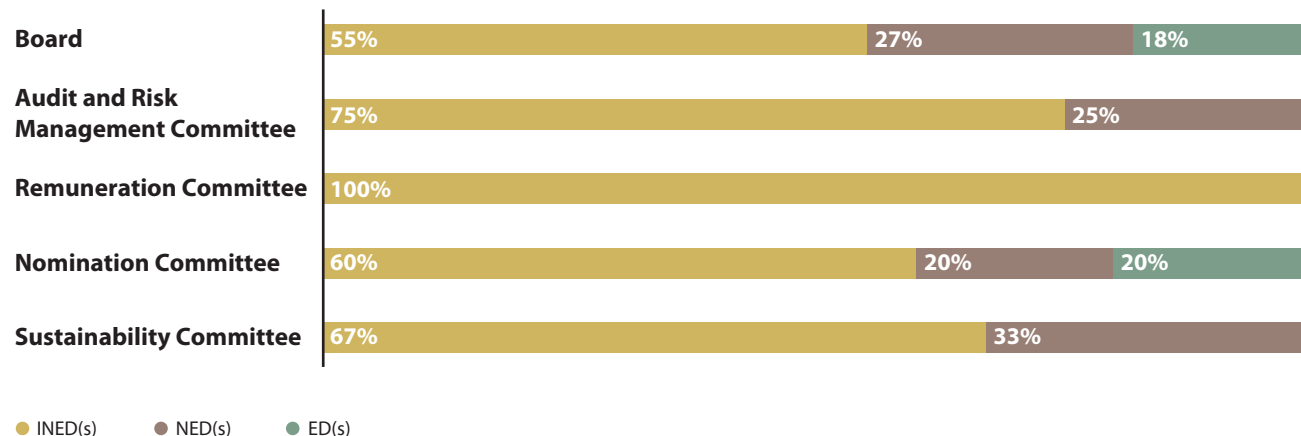
Please refer to our Sustainability Report 2024 for further details on Diversity and Inclusion.

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.

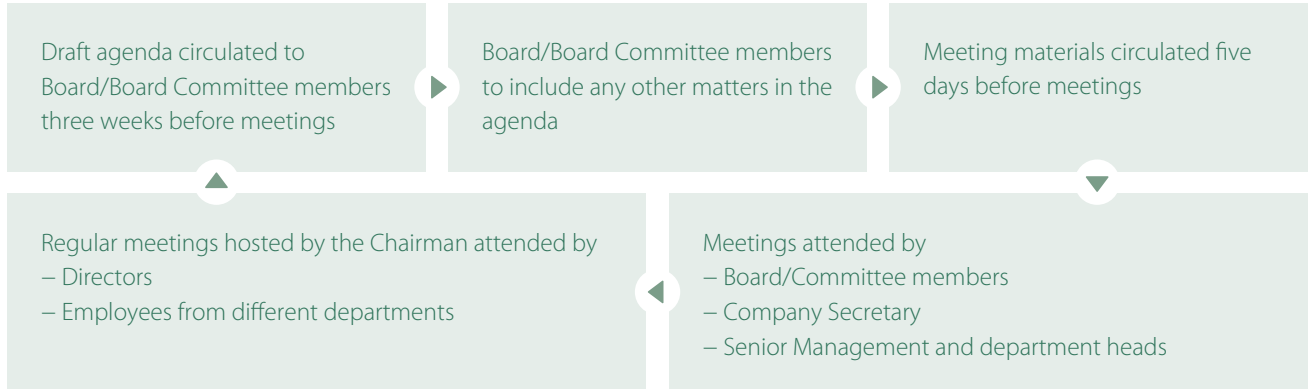
The Directors also participate in the consideration and approval of matters of the Company by way of written resolutions circulated to them as necessary. Thorough analysis and supporting materials are posted on the digital board portal, followed by management's elaborations and discussions, primarily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

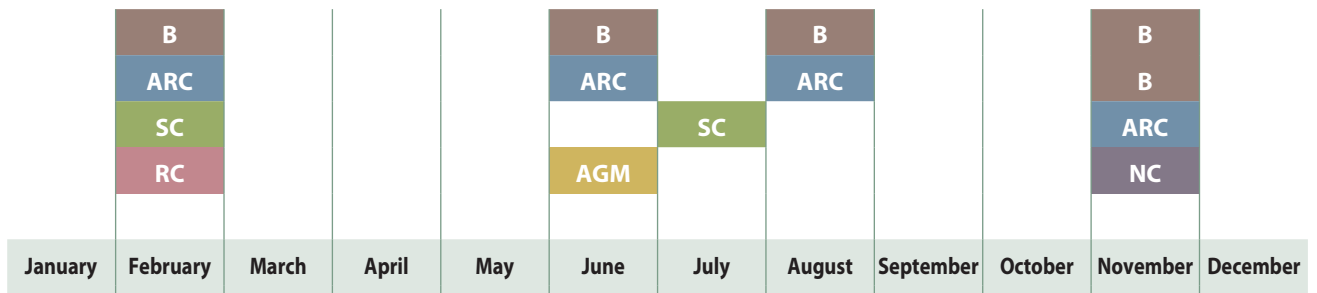
Meetings are well curated to allow adequate time and opportunity for all members to discuss and debate the wide range of matters that the committees are required to focus on.

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 Philip ³	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 Yong ⁴	–	–	–	–	–	–
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.

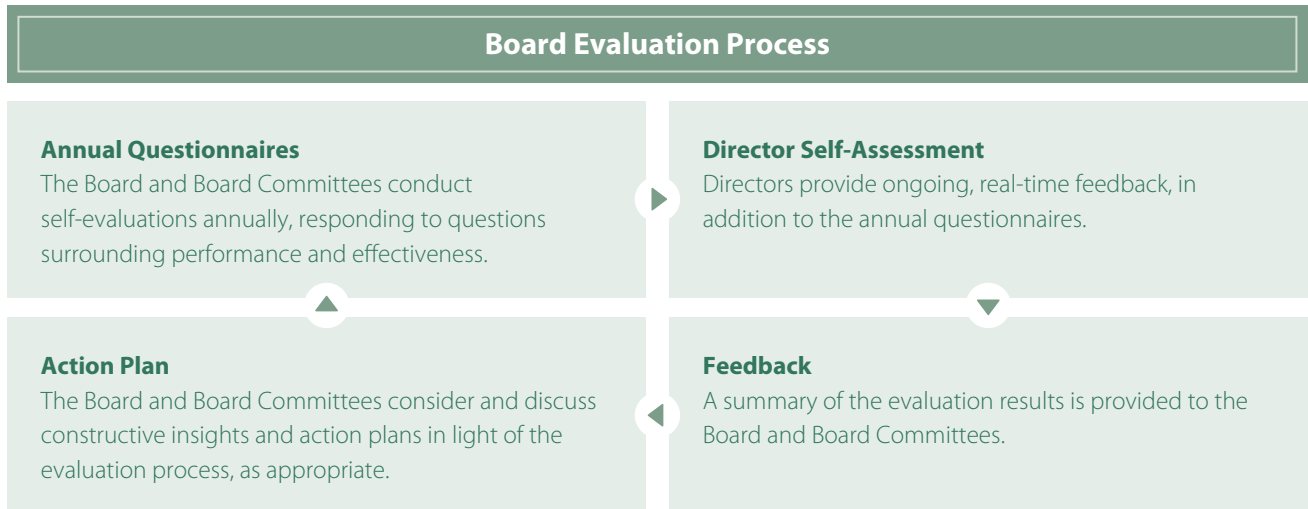
While there are no prescribed training hours as such under the Listing Rules, considering the scope and scale of the Company’s business, Directors are expected to undertake no less than eight hours of relevant training in each financial year. All Directors have fulfilled the recommended training hours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

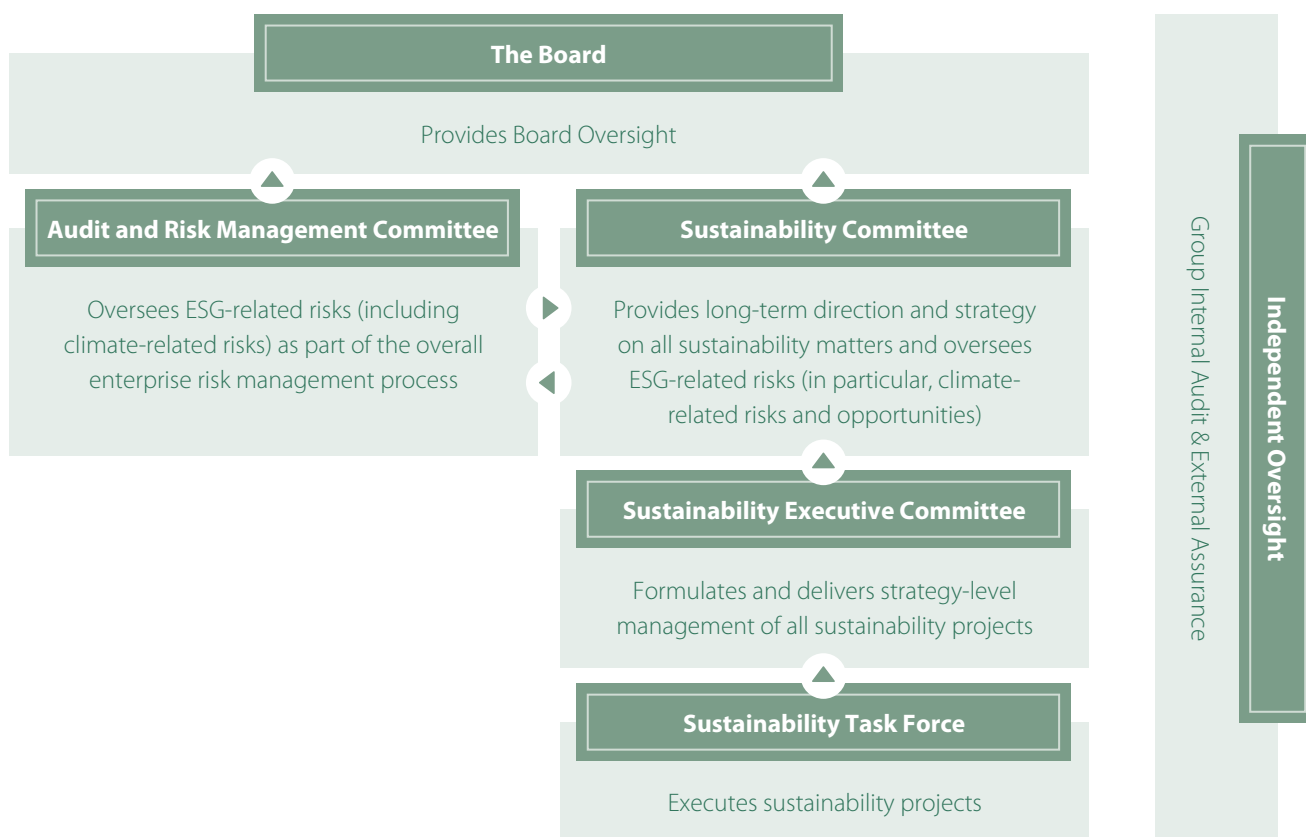
We consider that our Code of Ethics, Anti-Fraud Policy and Anti-bribery and Corruption Policy, together with our Whistle-blowing Policy, are conducive to setting a healthy corporate culture and good corporate governance practice and form key elements of our internal control framework. To ensure integrity 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.

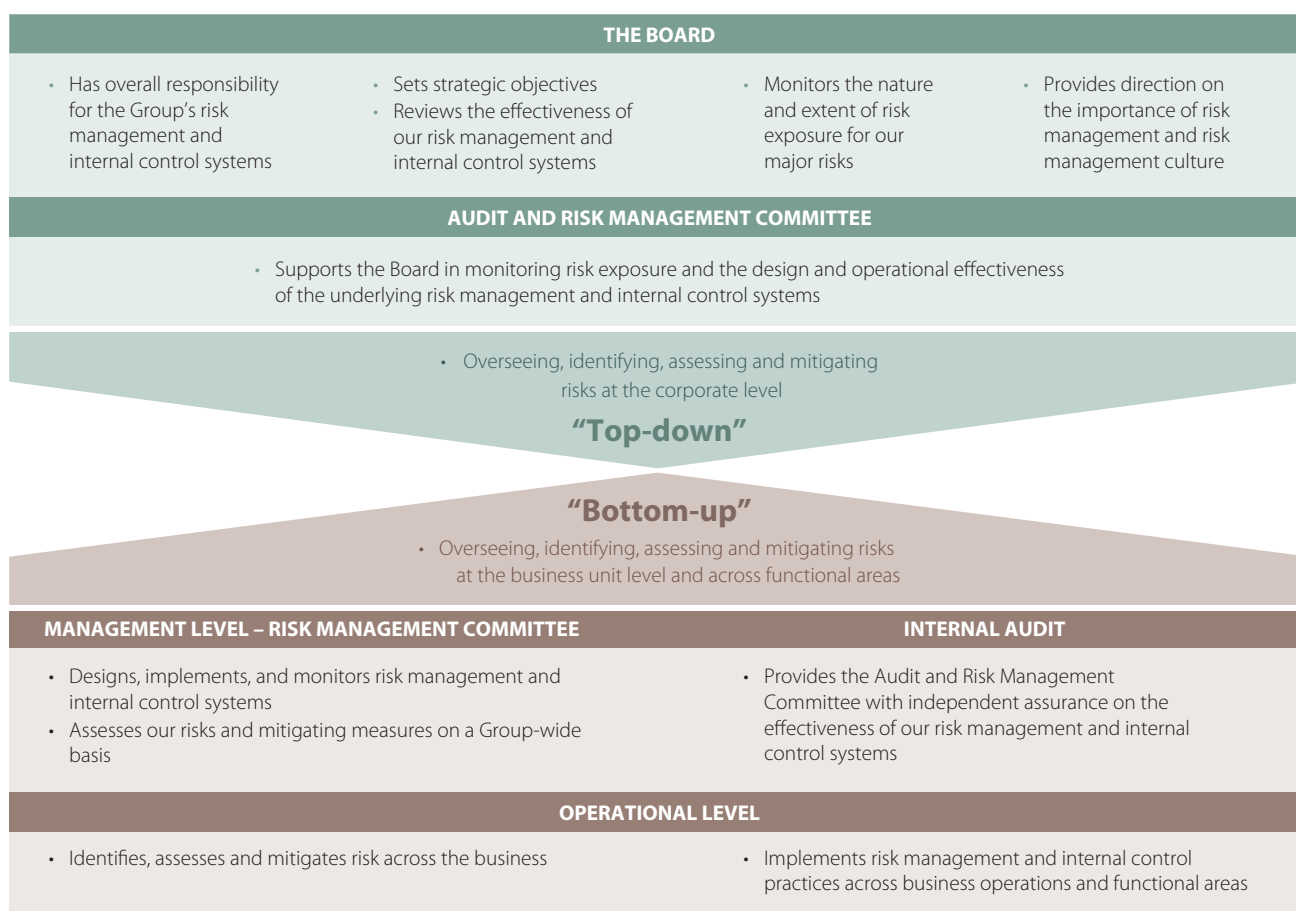
OUR RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

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

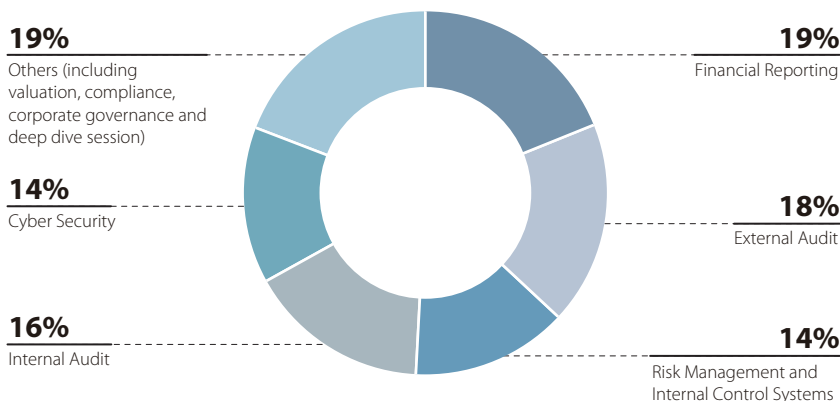
Audit and Risk Management Committee Report

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	<p>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)</p> <p>* INED</p>
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

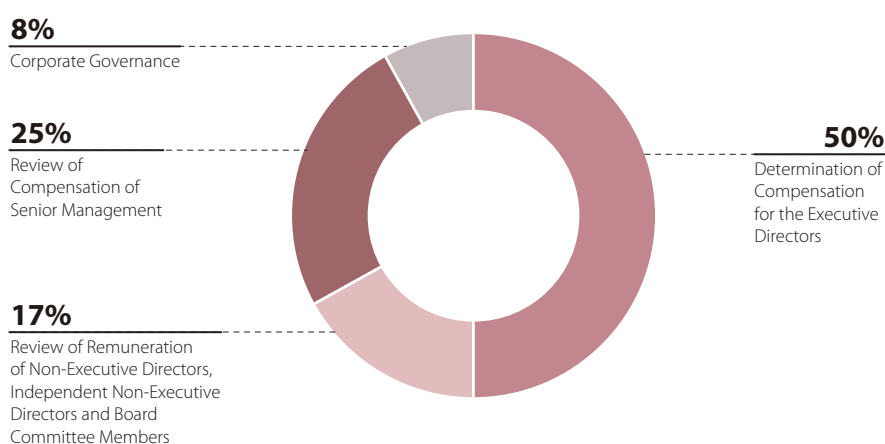
Hong Kong, 18 February 2025

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	<p>Chung Cordelia* (Chairman) (appointed as the chairman on 5 June 2024)</p> <p>Churchouse Frederick Peter*</p> <p>Young Elaine Carole* (appointed on 5 June 2024)</p> <p>Fan Yan Hok Philip* (ceased to be a member on 5 June 2024)</p> <p>* INED</p>
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	–	–	–	–	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	

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

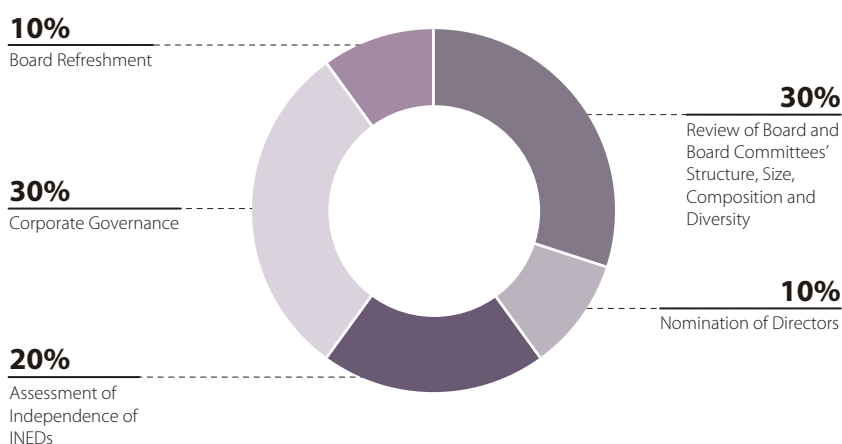
Hong Kong, 18 February 2025

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

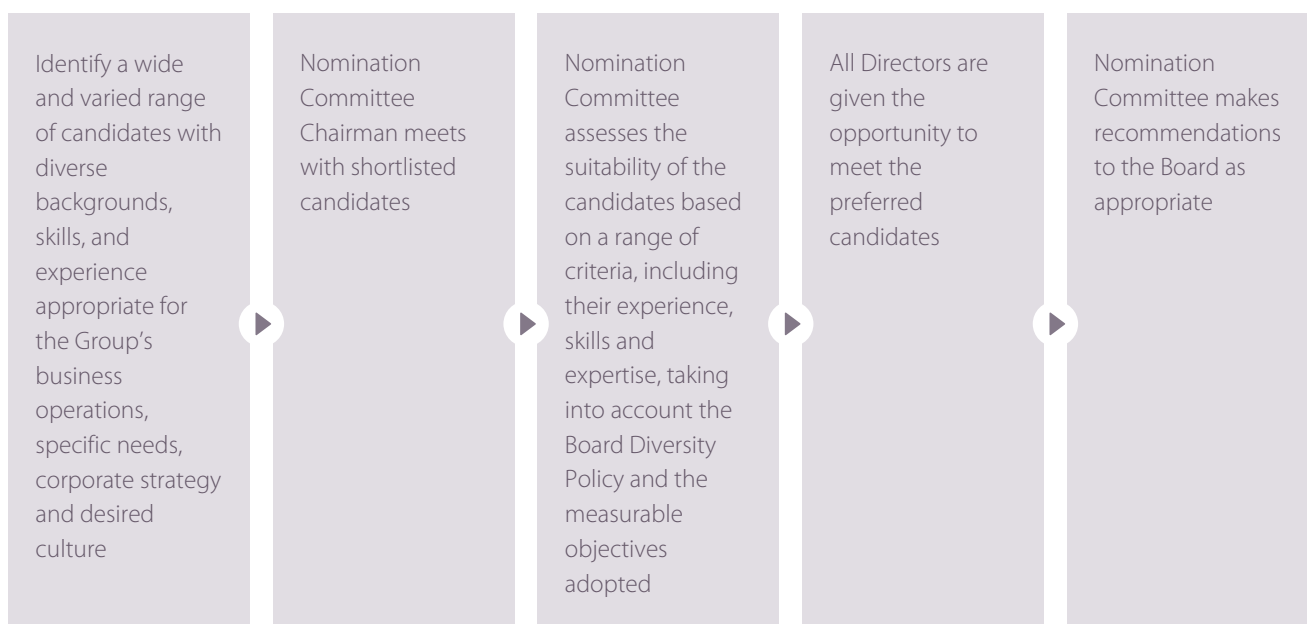
Nomination Committee Report

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.

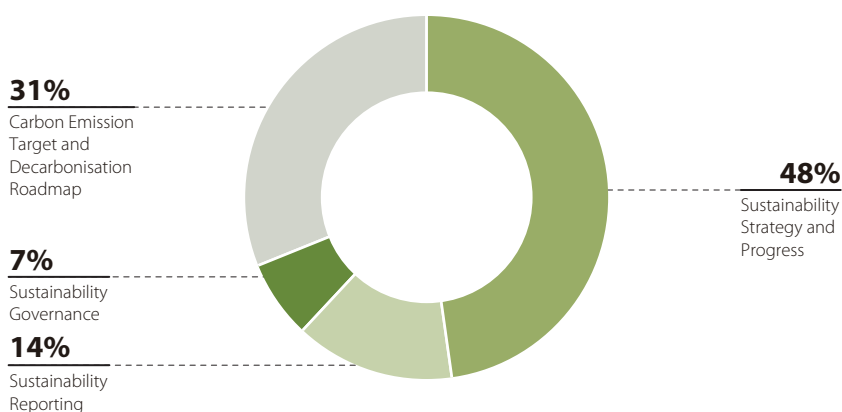
Directors' comments received in Board Evaluation 2024

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
 <p>3 – Good Health and Well-being</p>	<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.
 <p>8 – Decent Work and Economic Growth</p>	<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.
 <p>11 – Sustainable Cities and Communities</p>	<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.
 <p>17 – Partnerships for the Goals</p>	<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