

# 4

## Financial Statements, Valuation and Other Information

- 153** Independent Auditor's Report
- 157** Consolidated Statement of Profit or Loss
- 158** Consolidated Statement of Comprehensive Income
- 159** Consolidated Statement of Financial Position
- 160** Consolidated Statement of Changes in Equity
- 162** Consolidated Statement of Cash Flows
- 164** Material Accounting Policy Information
- 172** Notes to the Consolidated Financial Statements
- 219** Financial Risk Management
- 232** Five-Year Financial Summary
- 234** Report of the Valuer
- 235** Schedule of Principal Properties
- 237** Shareholding Analysis
- 238** Shareholder Information
- 240** Corporate Information

# Independent Auditor's Report

# Deloitte.

# 德勤

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF HYSAN DEVELOPMENT COMPANY LIMITED

希慎興業有限公司

(incorporated in Hong Kong with limited liability)

#### Opinion

We have audited the consolidated financial statements of Hysan Development Company Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 157 to 231, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, material accounting policy information, notes to the consolidated financial statements and financial risk management.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

#### Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

**WorldClass**  
智启非凡

# Independent Auditor's Report (continued)

## Key Audit Matters (continued)

### Valuation of investment properties

We identified the valuation of investment properties as a key audit matter due to the inherent level of subjective judgements and estimates required in determining the fair values.

The Group's investment property portfolio comprises retail, office and residential properties, and is stated at fair value of HK\$96,547 million in aggregate, accounting for approximately 85% of the Group's total assets as at 31 December 2024 with a fair value loss of HK\$1,506 million recognised in the consolidated statement of profit or loss for the year then ended.

All of the Group's investment properties are measured using the fair value model based on a valuation performed by an independent qualified professional valuer (the "Valuer"). As disclosed in note 3 of the notes to the consolidated financial statements section of the consolidated financial statements, in determining the fair values of the Group's investment properties, the Valuer has applied a market value basis which involves, inter-alia, certain estimates, including appropriate capitalisation rates, reversionary income potential and redevelopment potential of the investment properties in determining the fair values. As further disclosed in note 14 of the notes to the consolidated financial statements section of the consolidated financial statements, the valuation of investment properties under development of HK\$20,680 million as at 31 December 2024 is based on the development potential of the properties as if they were completed and are also dependent upon the estimated costs of development and allowance of profit required for the development.

### Other Information

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### How our audit addressed the key audit matter

Our procedures in relation to the valuation of investment properties included:

- Evaluating the competence, capabilities, and objectivity of the Valuer and obtaining an understanding of the Valuer's scope of work and their terms of engagement;
- Evaluating the appropriateness of the Valuer's valuation approaches to assess if they meet the requirements of the HKFRSs and industry norms;
- Challenging the reasonableness of the key assumptions applied based on available market data and our knowledge of the local property markets;
- Obtaining the detailed work of the Valuer on selected investment properties to evaluate the accuracy and relevance of key data inputs underpinning the valuation, such as rental income, term of existing leases by comparing them to the existing leases summary of the Group and reversionary income potential by comparing fair market rents estimated by the Valuer against recent lease renewals and evaluating whether capitalisation rates adopted are comparable to the market with the assistance of our valuation specialists; and
- Evaluating the reasonableness of the key inputs used by the Valuer on the valuation of investment properties under development, including capitalisation rate, prevailing market rent and the allowance of profit required for the development by comparing to the available market data, and comparing the estimated costs to complete the development with the Group's latest budgets.

## **Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements**

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.



## Independent Auditor's Report (continued)

### Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in the independent auditor's report is Chung Chin Cheung.

### Deloitte Touche Tohmatsu

Certified Public Accountants  
Hong Kong

18 February 2025

# Consolidated Statement of Profit or Loss

For the year ended 31 December 2024

	Notes	2024 HK\$ million	2023 HK\$ million
Turnover	4	<b>3,409</b>	3,210
Property expenses		<b>(646)</b>	(621)
Gross profit		<b>2,763</b>	2,589
Investment income		<b>167</b>	261
Other gains and losses		<b>3</b>	1
Administrative expenses		<b>(308)</b>	(307)
Finance costs	6	<b>(450)</b>	(478)
Change in fair value of investment properties		<b>(1,506)</b>	(2,763)
Change in fair value of other financial investments		<b>(19)</b>	(267)
Share of results (include impairment loss) of:			
associates		<b>204</b>	270
joint ventures		<b>(287)</b>	(37)
Profit (loss) before taxation		<b>567</b>	(731)
Taxation	7	<b>(296)</b>	(295)
<b>Profit (loss) for the year</b>	8	<b>271</b>	(1,026)
Profit (loss) for the year attributable to:			
Owners of the Company		<b>35</b>	(872)
Perpetual capital securities holders		<b>418</b>	442
Other non-controlling interests		<b>(182)</b>	(596)
		<b>271</b>	(1,026)
<b>Earnings (loss) per share</b> (expressed in HK cents)	13		
Basic		<b>3</b>	(85)
Diluted		<b>3</b>	(85)

# Consolidated Statement of Comprehensive Income

For the year ended 31 December 2024

	Note	2024 HK\$ million	2023 HK\$ million
<b>Profit (loss) for the year</b>		<b>271</b>	(1,026)
<b>Other comprehensive income (expenses)</b>	9		
<b>Items that will not be reclassified subsequently to profit or loss:</b>			
Loss on revaluation of properties held for own use (net of tax)		<b>(10)</b>	(5)
Change in fair value of equity instruments at fair value through other comprehensive income ("FVTOCI")		<b>105</b>	(258)
		<b>95</b>	(263)
<b>Items that may be reclassified subsequently to profit or loss:</b>			
Exchange difference on translation of subsidiaries		<b>(124)</b>	(104)
Net adjustments to hedging reserve		<b>(25)</b>	(257)
Share of translation reserve of an associate		<b>(115)</b>	(47)
		<b>(264)</b>	(408)
Other comprehensive expenses for the year (net of tax)		<b>(169)</b>	(671)
<b>Total comprehensive income (expenses) for the year</b>		<b>102</b>	(1,697)
Total comprehensive income (expenses) attributable to:			
Owners of the Company		<b>(134)</b>	(1,543)
Perpetual capital securities holders		<b>418</b>	442
Other non-controlling interests		<b>(182)</b>	(596)
		<b>102</b>	(1,697)

# Consolidated Statement of Financial Position

As at 31 December 2024

	Notes	2024 HK\$ million	2023 HK\$ million
<b>Non-current assets</b>			
Investment properties	14	96,547	96,005
Property, plant and equipment	15	829	594
Investments in associates	17	5,347	5,488
Loans to associates	17	8	8
Investments in joint ventures	18	342	445
Loans to joint ventures	18	4,324	4,029
Other financial investments	19	1,657	1,557
Debt securities	20	578	900
Deferred tax assets	27	100	96
Other financial assets	21	135	198
Other receivables	22	1,315	954
		<b>111,182</b>	110,274
<b>Current assets</b>			
Accounts and other receivables	22	375	304
Debt securities	20	318	94
Other financial assets	21	3	–
Time deposits	23	647	1,271
Cash and cash equivalents	23	1,564	2,583
		<b>2,907</b>	4,252
<b>Current liabilities</b>			
Accounts payable and accruals	24	1,428	1,097
Deposits from tenants		306	352
Amounts due to non-controlling interests	25	189	199
Borrowings	26	2,872	158
Taxation payable		67	1
		<b>4,862</b>	1,807
<b>Net current (liabilities) assets</b>			
		<b>(1,955)</b>	2,445
<b>Total assets less current liabilities</b>			
		<b>109,227</b>	112,719
<b>Non-current liabilities</b>			
Amounts due to non-controlling interests	25	5,686	5,264
Borrowings	26	23,642	25,406
Other financial liabilities	21	587	576
Deposits from tenants		566	511
Deferred tax liabilities	27	1,317	1,271
		<b>31,798</b>	33,028
<b>Net assets</b>			
		<b>77,429</b>	79,691
<b>Capital and reserves</b>			
Share capital	29	7,723	7,723
Reserves		58,270	59,459
<b>Equity attributable to owners of the Company</b>			
<b>Perpetual capital securities</b>	28	<b>9,437</b>	10,224
<b>Other non-controlling interests</b>		<b>1,999</b>	2,285
<b>Total equity</b>		<b>77,429</b>	79,691

The consolidated financial statements on pages 157 to 231 were approved and authorised for issue by the Board of Directors on 18 February 2025 and are signed on its behalf by:

**Lee Irene Y.L.**  
Director

**Lui Kon Wai**  
Director

Financial Statements,  
Valuation and Other Information



# Consolidated Statement of Changes in Equity

For the year ended 31 December 2024

	Attributable to owners of the Company			
	Share capital HK\$ million	Share options reserve HK\$ million	General reserve HK\$ million	Investments revaluation reserve HK\$ million
As at 1 January 2024	<b>7,723</b>	<b>39</b>	<b>96</b>	<b>20</b>
Profit (loss) for the year	-	-	-	-
Exchange difference on translation of subsidiaries	-	-	-	-
Net losses arising from hedging instruments	-	-	-	-
Reclassification of net losses to profit or loss	-	-	-	-
Loss on revaluation of properties held for own use (net of tax)	-	-	-	-
Change in fair value of equity instruments at FVTOCI	-	-	-	<b>105</b>
Share of translation reserve of an associate	-	-	-	-
Total comprehensive income (expense) for the year	-	-	-	<b>105</b>
Recognition of equity-settled share-based payments	-	<b>5</b>	-	-
Forfeiture of share options	-	<b>(4)</b>	-	-
Dividends paid during the year (note 12)	-	-	-	-
Distribution paid to perpetual capital securities holders	-	-	-	-
Repurchase of perpetual capital securities (note 28)	-	-	-	-
<b>As at 31 December 2024</b>	<b>7,723</b>	<b>40</b>	<b>96</b>	<b>125</b>
As at 1 January 2023	7,723	36	96	278
(Loss) profit for the year	-	-	-	-
Exchange difference on translation of subsidiaries	-	-	-	-
Net losses arising from hedging instruments	-	-	-	-
Reclassification of net losses to profit or loss	-	-	-	-
Loss on revaluation of properties held for own use (net of tax)	-	-	-	-
Change in fair value of equity instruments at FVTOCI	-	-	-	(258)
Share of translation reserve of an associate	-	-	-	-
Total comprehensive (expenses) income for the year	-	-	-	(258)
Recognition of equity-settled share-based payments	-	3	-	-
Repurchase of own shares	-	-	-	-
Forfeiture of unclaimed dividend	-	-	-	-
Dividends paid during the year (note 12)	-	-	-	-
Distribution paid to perpetual capital securities holders	-	-	-	-
As at 31 December 2023	7,723	39	96	20

Attributable to owners of the Company							
Hedging reserve HK\$ million	Properties revaluation reserve HK\$ million	Translation reserve HK\$ million	Retained profits HK\$ million	Total HK\$ million	Perpetual capital securities HK\$ million	Other non-controlling interests HK\$ million	Total HK\$ million
<b>(401)</b>	<b>447</b>	<b>(489)</b>	<b>59,747</b>	<b>67,182</b>	<b>10,224</b>	<b>2,285</b>	<b>79,691</b>
-	-	-	<b>35</b>	<b>35</b>	<b>418</b>	<b>(182)</b>	<b>271</b>
-	-	<b>(124)</b>	-	<b>(124)</b>	-	-	<b>(124)</b>
<b>(73)</b>	-	-	-	<b>(73)</b>	-	-	<b>(73)</b>
<b>48</b>	-	-	-	<b>48</b>	-	-	<b>48</b>
-	<b>(10)</b>	-	-	<b>(10)</b>	-	-	<b>(10)</b>
-	-	-	-	<b>105</b>	-	-	<b>105</b>
-	-	<b>(115)</b>	-	<b>(115)</b>	-	-	<b>(115)</b>
<b>(25)</b>	<b>(10)</b>	<b>(239)</b>	<b>35</b>	<b>(134)</b>	<b>418</b>	<b>(182)</b>	<b>102</b>
-	-	-	-	<b>5</b>	-	-	<b>5</b>
-	-	-	<b>4</b>	-	-	-	-
-	-	-	<b>(1,109)</b>	<b>(1,109)</b>	-	<b>(104)</b>	<b>(1,213)</b>
-	-	-	-	-	<b>(428)</b>	-	<b>(428)</b>
-	-	-	<b>49</b>	<b>49</b>	<b>(777)</b>	-	<b>(728)</b>
<b>(426)</b>	<b>437</b>	<b>(728)</b>	<b>58,726</b>	<b>65,993</b>	<b>9,437</b>	<b>1,999</b>	<b>77,429</b>
(144)	452	(338)	62,097	70,200	10,224	2,987	83,411
-	-	-	(872)	(872)	442	(596)	(1,026)
-	-	(104)	-	(104)	-	-	(104)
(261)	-	-	-	(261)	-	-	(261)
4	-	-	-	4	-	-	4
-	(5)	-	-	(5)	-	-	(5)
-	-	-	-	(258)	-	-	(258)
-	-	(47)	-	(47)	-	-	(47)
(257)	(5)	(151)	(872)	(1,543)	442	(596)	(1,697)
-	-	-	1	4	-	-	4
-	-	-	(1)	(1)	-	-	(1)
-	-	-	1	1	-	-	1
-	-	-	(1,479)	(1,479)	-	(106)	(1,585)
-	-	-	-	-	(442)	-	(442)
(401)	447	(489)	59,747	67,182	10,224	2,285	79,691

# Consolidated Statement of Cash Flows

For the year ended 31 December 2024

	2024 HK\$ million	2023 HK\$ million
<b>Operating activities</b>		
Profit (loss) before taxation	567	(731)
Adjustments for:		
Net interest income	(167)	(261)
Other gains and losses	(3)	(1)
Depreciation of property, plant and equipment	36	33
Share-based payment expenses	5	3
Finance costs	450	478
Change in fair value of investment properties	1,506	2,763
Change in fair value of other financial investments	19	267
Share of results of associates	(204)	(270)
Share of results of joint ventures	287	37
Operating cash flows before movements in working capital	2,496	2,318
(Increase) decrease in accounts and other receivables	(199)	102
Increase in accounts payable and accruals	237	33
Increase (decrease) in deposits from tenants	9	(22)
Cash generated from operations	2,543	2,431
Hong Kong Profits Tax paid	(187)	(224)
<b>Net cash from operating activities</b>	<b>2,356</b>	<b>2,207</b>
<b>Investing activities</b>		
Payments in respect of investment properties	(1,855)	(1,651)
Purchases of property, plant and equipment	(35)	(18)
Dividends received from an associate	230	226
Repayment from an associate	–	2
Repayment from joint ventures	–	930
Advance to joint ventures	(440)	(1,416)
Payments in respect of other financial investments	(14)	(47)
Interest received	110	172
Additions to time deposits with original maturity over three months	(2,729)	(6,262)
Proceeds upon maturity of debt securities	94	–
Proceeds upon maturity of time deposits with original maturity over three months	3,353	10,202
<b>Net cash (used in) from investing activities</b>	<b>(1,286)</b>	<b>2,138</b>

	Notes	2024 HK\$ million	2023 HK\$ million
<b>Financing activities</b>			
Payment of finance costs	31	(924)	(969)
Advance from non-controlling interest	31	230	416
New bank loans	31	7,593	1,130
Repayment of bank loans	31	(6,453)	(1,670)
Issuance of fixed rate notes	31	–	1,534
Repurchase of perpetual capital securities		(728)	–
Repayment of fixed rate notes	31	(150)	(2,730)
Receipt from settlement of derivative instruments	31	262	303
Payment to settlement of derivative instruments	31	(267)	(296)
Repayment to other non-controlling interests	31	(10)	(14)
Payment on repurchase of own shares		–	(1)
Dividends paid		(1,109)	(1,479)
Distribution paid to perpetual capital securities holders		(428)	(442)
Dividends paid to other non-controlling interests		(104)	(106)
<b>Net cash used in financing activities</b>		<b>(2,088)</b>	<b>(4,324)</b>
<b>Net (decrease) increase in cash and cash equivalents</b>		<b>(1,018)</b>	<b>21</b>
Effect of foreign exchange rate changes		(1)	2
<b>Cash and cash equivalents as at 1 January</b>		<b>2,583</b>	<b>2,560</b>
<b>Cash and cash equivalents as at 31 December</b>	23	<b>1,564</b>	<b>2,583</b>

# Material Accounting Policy Information

For the year ended 31 December 2024

These consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments, which are measured at revalued amounts or fair values, as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the Hong Kong Companies Ordinance (“CO”). For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities (“Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The material accounting policy information adopted are as follows:

## 1. BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

The directors of the Company have, at the time of approving the consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributable to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests (including perpetual capital securities holders and non-controlling interests in subsidiaries) are presented separately from the Group’s equity attributable to owners of the Company therein.

## 1. BASIS OF CONSOLIDATION (continued)

In preparing the consolidated financial statements, the directors of the Company have carefully considered the future liquidity of the Group in light of the fact that the Group's current liabilities exceeded its current assets by HK\$1,955 million and the Group had capital commitments of HK\$3,974 million.

The Group has undrawn committed facility from the bank loans facility agreement amounting to HK\$16,689 million as at 31 December 2024. The directors of the Company reviewed the Group's cash flow projections which cover a period of not less than twelve months from 31 December 2024 that are of the opinion that the Group will have sufficient liquidity to meet its financial obligations that will be due in the coming twelve months from 31 December 2024. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

## 2. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of parties sharing control.

The results, assets and liabilities of associate or joint venture are incorporated in the consolidated financial statements using the equity method of accounting. The financial statements of associate or joint venture used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, investments in associate or joint venture are initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture.

## 3. INVESTMENT PROPERTIES

Investment properties are properties held to earn rental and/or for capital appreciation including properties under redevelopment for such purposes.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at fair value using the fair value model, adjusted to exclude any prepaid or accrued operating lease income. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

If a property becomes an owner-occupied property because its use has been changed as evidenced by commencement of owner-occupation, the fair value of the property at the date of change in use is considered as the deemed cost for subsequent accounting.

Construction costs incurred for investment properties under redevelopment are capitalised as part of the carrying amount of the investment properties under redevelopment. Investment properties under redevelopment are measured at fair value at the end of the reporting period. Any difference between the fair value of the investment properties under redevelopment and their carrying amount is recognised in profit or loss in the period in which they arise.



## Material Accounting Policy Information (continued)

For the year ended 31 December 2024

### 4. FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value except for accounts receivables arising from contract with customers which are initially measured in accordance with HKFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss ("FVTPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

#### Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

##### (a) Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost less impairment loss (except for debt investments that are designated as at FVTPL on initial recognition):

- the asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that initial recognition of a financial asset, the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 "Business Combinations" applies.

##### (i) Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments measured subsequently at amortised cost and is included in the investment income as disclosed in note 8 of the Notes to the Consolidated Financial Statements section.

##### (ii) Financial assets at FVTPL

Financial assets at FVTPL include derivatives that are not designated and effective as hedging instruments, club debentures and fund investment.

Investments in equity instruments are classified as FVTPL, unless the Group designates such investment that is not held for trading as at FVTOCI.

Financial assets at FVTPL are measured at fair value at the end of the reporting period, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend earned on the financial asset and is included in other gains and losses. Fair value is determined in the manner described in note 4 of the Financial Risk Management section.

## 4. FINANCIAL INSTRUMENTS (continued)

### Financial assets (continued)

#### (a) Classification of financial assets (continued)

##### (iii) Equity instruments designated as at FVTOCI

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investments revaluation reserve and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to retained profits.

### Financial liabilities and equity instruments

#### (a) Classification and measurement

Financial liabilities and equity instruments issued by a group entity are classified as financial liabilities or equity instruments according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The Group's financial liabilities are generally classified into (i) financial liabilities at FVTPL and (ii) other financial liabilities subsequently measured at amortised cost. The accounting policies adopted in respect of financial liabilities and equity instruments are set out below.

##### (i) Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period.

The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis for financial liabilities, other than those financial liabilities at FVTPL, of which the interest expense is included in other gains or losses.

##### (ii) Financial liabilities at amortised cost

Financial liabilities (including accounts payable and accruals, amounts due to non-controlling interests, deposits from tenants and borrowings) are subsequently measured at amortised cost, using the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in finance costs as disclosed in note 6 of the Notes to the Consolidated Financial Statements section.

##### (iii) Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Consideration paid to repurchase the Company's own equity instruments is deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Perpetual capital securities, which includes no contractual obligation for the Group to deliver cash or other financial assets to the holders is classified as equity instrument and is initially recorded at the proceeds received.

## Material Accounting Policy Information (continued)

For the year ended 31 December 2024

### 4. FINANCIAL INSTRUMENTS (continued)

#### Derivative financial instruments and hedging

The Group enters into a variety of derivative financial instruments to manage its exposure to foreign exchange rate risks and interest rate risks, including cross currency swaps and interest rate swaps. Further details of derivative financial instruments are disclosed in note 21 of the Notes to the Consolidated Financial Statements section.

Derivatives are initially recognised at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair values at the end of the reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not due to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

#### Hedge accounting

The Group designates certain derivatives as hedging instruments for cash flow hedges and fair value hedge.

At the inception of the hedging relationship, the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument that is used in a hedging relationship is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meets all of the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Group adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again.

Note 21 of the Notes to the Consolidated Financial Statements section sets out details of the fair values of the derivative instruments used for hedging purposes.

#### (a) Fair value hedges

The fair value change on qualifying hedging instruments is recognised in profit or loss. The carrying amount of a hedged item not already measured at fair value is adjusted for the fair value change attributable to the hedged risk with a corresponding entry in profit or loss. Where hedging gains or losses are recognised in profit or loss, they are recognised in the same line as the hedged item.

## 4. FINANCIAL INSTRUMENTS (continued)

### Hedge accounting (continued)

#### (b) Cash flow hedges

The effective portion of changes in the fair values of derivatives that are designated and qualify as cash flow hedges are recognised in other comprehensive income and accumulated in hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in other gains and losses line item.

Amounts previously recognised in other comprehensive income and accumulated in hedging reserve are reclassified to profit or loss in the periods when the hedged item is recognised in profit or loss, in the same line of the consolidated statement of profit or loss as the recognised hedged item.

Furthermore, if the Group expects that some or all of the loss accumulated in the cash flow hedging reserve will not be recovered in the future, that amount is immediately reclassified to profit or loss.

#### (c) Discontinuation of hedge accountings

The Group discontinues hedge accounting prospectively only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. Discontinuing hedge accounting can either affect a hedging relationship in its entirety or only a part of it (in which case hedge accounting continues for the remainder of the hedging relationship).

## 5. REVENUE RECOGNITION

The Group recognises revenue from the following major sources:

- Leasing of investment properties
- Provision of property management services

The Group's accounting policies for rental income are included under "Leases" and accounting policies for revenue from property management services are as below:

Revenue is measured at the fair value of the consideration received or receivable.

The Group recognises revenue when (or as) a performance obligation is satisfied i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents goods and services (or a bundle of goods or services) that are distinct or a series of distinct goods or services that are substantially the same.

## Material Accounting Policy Information (continued)

For the year ended 31 December 2024

### 5. REVENUE RECOGNITION (continued)

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct goods or service.

Revenue from provision of property management services is recognised over time.

### 6. LEASES

#### Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application of HKFRS16 or arising from business combinations, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

#### The Group as a lessor

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee. All other leases are classified as operating leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Rentals received with reference to turnover of tenants are recognised as income when they arise.

Rental income which are derived from the Group's ordinary course of business is presented as revenue.

#### Allocation of consideration to components of a contract

When a contract includes both lease and non-lease components, the Group applies HKFRS 15 to allocate consideration in a contract to lease and non-lease components. Non-lease components are separated from lease component on the basis of their relative stand-alone selling prices.

#### Refundable rental deposits

Refundable rental deposits received are accounted under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees. Such adjustments are recognised if the amount is considered material.

## 7. RETIREMENT BENEFIT COSTS

Payments to defined construction retirement benefit plan, state-managed benefit scheme, Mandatory Provident Fund Scheme are charged as an expense when employees have rendered service entitling them to the contributions.

## 8. TAXATION

Income tax expense represents the sum of the tax currently payable and deferred tax.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. For the purposes of measuring deferred tax for investment properties that are measured using the fair value model in accordance with HKAS 40 "Investment Property", such properties' value is presumed to be recovered through sale, while such presumption has not been rebutted.

## 9. FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 "Share-based Payment", leasing transactions that are accounted for in accordance with HKFRS 16, and measurements that have some similarities to fair value but are not fair value, such as value in use in HKAS 36 "Impairment of Assets".

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The financial instruments that are measured at fair value on a recurring basis, grouped into Levels 1 to 3 based on the degree to which the inputs to the fair value measurements are observable.

- Level 1: fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets and liabilities.
- Level 2: fair value measurements are those derived from inputs other than quoted prices included with Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

## 1. GENERAL

The Company is a public listed company incorporated in Hong Kong and its shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The addresses of the registered office and principal place of business of the Company are 50/F Lee Garden One, 33 Hysan Avenue, Hong Kong.

The principal activities of the Company and its subsidiaries (collectively referred to as the “Group”) are property investment, management and development.

These consolidated financial statements are presented in Hong Kong dollars (“HKD”), which is the same as the functional currency of the Company.

## 2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

### New and amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following new and amendments to HKFRSs issued by HKICPA for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 January 2024 for the preparation of the consolidated financial statements:

Amendments to HKAS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

Except as described below, the application of the new and amendments to HKFRSs in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and or on the disclosures set out in these consolidated financial statements.

### Amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following amendments to HKFRSs that have been issued but are not yet effective:

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>1</sup>
Amendments to HKAS 21	Lack of Exchangeability <sup>2</sup>
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments <sup>3</sup>
Amendments to HKFRSs HKFRS 18	Annual Improvements to HKFRS Accounting Standards – Volume 11 <sup>3</sup> Presentation and Disclosure in Financial Statements <sup>4</sup>

<sup>1</sup> Effective for annual periods beginning on or after a date to be determined.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2025.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2026.

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2027.

The Group anticipated that the application of all these amendments to HKFRSs had no material impact on the Group’s financial position and financial performance.

### 3. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in the "Material Accounting Policy Information" section, the management of the Group is required to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

#### **Fair value of investment properties**

At the end of the reporting period, the Group's investment properties are stated at fair value of HK\$96,547 million (2023: HK\$96,005 million) based on the valuation performed by an independent qualified professional valuer. In determining the fair value, the valuer has applied a market value basis which involves, inter-alia, certain estimates, including appropriate capitalisation rates, reversionary income potential and redevelopment potential taking into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

In relying on the valuation, management has exercised their judgement and is satisfied that the method of valuation is reflective of the current market conditions at the end of the reporting period.

## Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

### 4. TURNOVER

Turnover represents gross rental income from leasing of investment properties and management fee income from provision of property management services for the year.

The Group's principal activities are property investment, management and development, and its turnover and results are derived from investment properties located in Hong Kong and Mainland.

Contracts for property management services have various contractual periods for which the Group bills fixed amount for each month of service period. Substantially all of the revenue from provision of property management services is recognised at the amount to which the Group has right to invoice which reflect the progress towards complete satisfaction of performance obligations satisfied over time. The categories for disaggregation of revenue from provision of property management services recognised over time in Hong Kong and Mainland are consistent with the segment disclosure under note 5 of the Notes to the Consolidated Financial Statements section.

### 5. SEGMENT INFORMATION

Based on the internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to segments and to assess their performance, the Group's operating and reportable segments are as follows:

Retail segment – leasing of space and related facilities to a variety of retail and leisure operators

Office segment – leasing of high quality office space and related facilities

Residential segment – leasing of luxury residential properties and related facilities

Property development segment – development of properties for sale or leasing

## 5. SEGMENT INFORMATION (continued)

### Segment turnover and results

The following is an analysis of the Group's turnover and results by operating and reportable segment.

	Retail HK\$ million	Office HK\$ million	Residential HK\$ million	Property development HK\$ million	Consolidated HK\$ million
<b>For the year ended 31 December 2024</b>					
<b>Turnover</b>					
Leasing of investment properties	1,514	1,283	192	–	2,989
Provision of property management services	170	224	26	–	420
<b>Segment revenue</b>	<b>1,684</b>	<b>1,507</b>	<b>218</b>	<b>–</b>	<b>3,409</b>
Property expenses	(307)	(262)	(77)	–	(646)
<b>Segment gross profit</b>	<b>1,377</b>	<b>1,245</b>	<b>141</b>	<b>–</b>	<b>2,763</b>
Share of results of a joint venture	–	–	–	(41)	(41)
<b>Segment profit (loss)</b>	<b>1,377</b>	<b>1,245</b>	<b>141</b>	<b>(41)</b>	<b>2,722</b>
Investment income					167
Other gains and losses					3
Administrative expenses					(308)
Finance costs					(450)
Change in fair value of investment properties					(1,506)
Change in fair value of other financial investments					(19)
Impairment loss of a joint venture					(258)
Share of results of:					
associates					204
a joint venture					12
Profit before taxation					567

### For the year ended 31 December 2023

<b>Turnover</b>					
Leasing of investment properties	1,372	1,273	181	–	2,826
Provision of property management services	161	199	24	–	384
<b>Segment revenue</b>	<b>1,533</b>	<b>1,472</b>	<b>205</b>	<b>–</b>	<b>3,210</b>
Property expenses	(302)	(258)	(61)	–	(621)
<b>Segment gross profit</b>	<b>1,231</b>	<b>1,214</b>	<b>144</b>	<b>–</b>	<b>2,589</b>
Share of results of a joint venture	–	–	–	(23)	(23)
<b>Segment profit (loss)</b>	<b>1,231</b>	<b>1,214</b>	<b>144</b>	<b>(23)</b>	<b>2,566</b>
Investment income					261
Other gains and losses					1
Administrative expenses					(307)
Finance costs					(478)
Change in fair value of investment properties					(2,763)
Change in fair value of other financial investments					(267)
Share of results of:					
associates					270
a joint venture					(14)
Loss before taxation					(731)

## Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

### 5. SEGMENT INFORMATION (continued)

#### Segment turnover and results (continued)

All of the segment turnover reported above is from external customers.

The accounting policies of the operating and reportable segments are the same as the Group's accounting policies described in the "Material Accounting Policy Information" section. Segment profit represents the profit earned by each segment without allocation of investment income, other gains and losses, administrative expenses (including central administrative costs and directors' emoluments), finance costs, change in fair value of investment properties, change in fair value of other financial investments, impairment loss of a joint venture and share of results of associates and a joint venture. This is the measure reported to the chief operating decision maker of the Group for the purpose of resource allocation and performance assessment.

Included in the above are the turnover, property expenses and administrative expenses attributable to Lee Gardens Shanghai located in Mainland amounting to HK\$73 million (2023: HK\$10 million), HK\$59 million (2023: HK\$36 million), and HK\$9 million (2023: HK\$4 million) respectively.

#### Segment assets

The following is an analysis of the Group's assets by operating and reportable segment.

	Retail HK\$ million	Office HK\$ million	Residential HK\$ million	Property development HK\$ million	Consolidated HK\$ million
<b>As at 31 December 2024</b>					
<b>Segment assets</b>	<b>32,986</b>	<b>34,265</b>	<b>8,667</b>	<b>25,006</b>	<b>100,924</b>
Investments in and loans to associates					5,355
Investments in a joint venture					340
Other financial investments					1,657
Other assets					5,813
Consolidated assets					114,089
<b>As at 31 December 2023</b>					
<b>Segment assets</b>	32,520	35,695	8,658	23,336	100,209
Investments in and loans to associates					5,496
Investments in a joint venture					328
Other financial investments					1,557
Other assets					6,936
Consolidated assets					114,526

Segment assets represented the investment properties and accounts receivable of each segment and investments in and loans to joint ventures engaged in property development business.

Unallocated assets include investments in and loans to associates, investments in joint ventures, other financial investments and other assets which include property, plant and equipment, debt securities, other financial assets, deferred tax assets, other receivables, time deposits and cash and cash equivalents.

This is the measure reported to the chief operating decision maker of the Group for the purpose of monitoring segment performances and allocating resources between segments. The investment properties are included in segment assets at their fair values whilst the change in fair value of investment properties is not included in segment profit.

## 5. SEGMENT INFORMATION (continued)

### Segment assets (continued)

Included in the property development segment is an investment property under development, which will be transferred to other segments upon completion of the development.

Included in the retail and office segment is an investment property located in Mainland accounting to HK\$644 million (2023: HK\$602 million) and HK\$2,744 million (2023: HK\$2,962 million) respectively.

No segment liabilities analysis is presented as the Group's liabilities are monitored on a group basis.

All the Group's non-current assets excluding financial instruments and deferred tax assets are located in Hong Kong, except for those assets with carrying amounts of HK\$8,760 million (2023: HK\$9,079 million) which operate in Mainland.

### Other segment information

	Retail HK\$ million	Office HK\$ million	Residential HK\$ million	Property development HK\$ million	Consolidated HK\$ million
<b>For the year ended 31 December 2024</b>					
Additions to non-current assets	<b>192</b>	<b>158</b>	<b>21</b>	<b>2,050</b>	<b>2,421</b>
<b>For the year ended 31 December 2023</b>					
Additions to non-current assets	296	148	6	1,626	2,076

## 6. FINANCE COSTS

	2024 HK\$ million	2023 HK\$ million
Finance costs comprise:		
Interest on bank loans	<b>592</b>	541
Interest on fixed rate notes	<b>564</b>	558
Imputed interest on amounts due to non-controlling interests	<b>46</b>	44
Total interest expenses	<b>1,202</b>	1,143
Other finance costs	<b>60</b>	42
Less: amounts capitalised (Note)	<b>(785)</b>	(713)
	<b>477</b>	472
Net exchange gains on borrowings	<b>(79)</b>	(1)
Reclassification of net losses from hedging reserve on financial instruments designated as cash flow hedges	<b>48</b>	4
Medium Term Note Programme expenses	<b>4</b>	3
	<b>450</b>	478

Note:

During the year, interest expenses have been capitalised to investment properties under development at an average capitalisation rate of 3.8% (2023: 3.6%) per annum.



## Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

### 7. TAXATION

	2024 HK\$ million	2023 HK\$ million
Current tax		
Hong Kong Profits Tax		
– current year	234	200
– under (over)-provision in prior years	21	(4)
Deferred tax (note 27)	41	99
	<b>296</b>	295

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

	2024 HK\$ million	2023 HK\$ million
Profit (loss) before taxation	567	(731)
Tax at Hong Kong Profits Tax rate of 16.5%	94	(121)
Tax effect of share of results of associates	(34)	(45)
Tax effect of share of results of joint ventures	47	6
Tax effect of expenses not deductible for tax purposes	245	529
Tax effect of income not taxable for tax purposes	(193)	(147)
Tax effect of estimated tax losses not recognised	120	77
Utilisation of estimated tax losses not previously recognised	(4)	–
Under (over)-provision in prior years	21	(4)
Taxation for the year	<b>296</b>	295

In addition to the amount charged to the consolidated statement of profit or loss, deferred tax relating to the revaluation of the Group's properties held for own use has been charged directly to properties valuation reserve (see note 27 of the Notes to the Consolidated Financial Statements section).

### 8. PROFIT (LOSS) FOR THE YEAR

	2024 HK\$ million	2023 HK\$ million
Profit (loss) for the year has been arrived at after charging (crediting):		
Auditor's remuneration	4	4
Depreciation of property, plant and equipment	36	33
Gross rental income from investment properties including rentals received with reference to turnover of tenants of HK\$136 million (2023: HK\$159 million)	(2,989)	(2,826)
Less:		
– Direct operating expenses arising from leasing of investment properties	228	209
	<b>(2,761)</b>	(2,617)
Interest income (included in investment income)	(134)	(198)
Imputed interest income on interest-free loan to a joint venture (included in investment income)	–	(24)
Staff costs (including directors' emoluments)	327	331
Share of income tax of associates (included in share of results of associates)	93	117

## 9. OTHER COMPREHENSIVE INCOME (EXPENSES)

	2024 HK\$ million	2023 HK\$ million
Other comprehensive income (expenses) comprises:		
<b>Items that will not be reclassified subsequently to profit or loss:</b>		
Revaluation of properties held for own use:		
Loss on revaluation of properties held for own use (net of tax)	(10)	(5)
Change in fair value of equity instruments at fair value through other comprehensive income ("FVTOCI")	105	(258)
	<b>95</b>	<b>(263)</b>
<b>Items that may be reclassified subsequently to profit or loss:</b>		
Derivatives designated as cash flow hedges:		
Net losses arising during the year	(73)	(261)
Reclassification of net losses to profit or loss	48	4
	<b>(25)</b>	<b>(257)</b>
Exchange difference on translation of subsidiaries	(124)	(104)
Share of translation reserve of an associate	(115)	(47)
	<b>(264)</b>	<b>(408)</b>
Other comprehensive expenses for the year (net of tax)	<b>(169)</b>	<b>(671)</b>

Tax effect relating to other comprehensive (expenses) income:

	2024			2023		
	Before-tax amount HK\$ million	Tax expense HK\$ million	Net-of-tax amount HK\$ million	Before-tax amount HK\$ million	Tax expense HK\$ million	Net-of-tax amount HK\$ million
Loss on revaluation of properties held for own use	(11)	1	(10)	(6)	1	(5)
Change in fair value of equity instruments at FVTOCI	105	–	105	(258)	–	(258)
Net adjustments to hedging reserve	(25)	–	(25)	(257)	–	(257)
Exchange difference on translation of subsidiaries	(124)	–	(124)	(104)	–	(104)
Share of translation reserve of an associate	(115)	–	(115)	(47)	–	(47)
	<b>(170)</b>	<b>1</b>	<b>(169)</b>	<b>(672)</b>	<b>1</b>	<b>(671)</b>

## Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

### 10. DIRECTORS' EMOLUMENTS

	2024 HK\$ million	2023 HK\$ million
Directors' fees	3	3
Other emoluments		
Basic salaries, housing and other allowances	14	14
Bonus (Notes d & f)	17	19
Share-based payments	3	2
	<b>37</b>	<b>38</b>

The emoluments paid or payable to each of the Directors for the two years ended 31 December 2024 and 2023, calculated with reference to their employment as Directors or for provision of other services to the Company and the Group, are set out below:

	Directors' fees HK\$'000 (Note e)	Basic salaries, housing and other allowances HK\$'000 (Note d)	Bonus HK\$'000 (Note d)	Share-based payments HK\$'000 (Note g)	Retirement benefits scheme contributions HK\$'000	Total HK\$'000
<b>For the year ended 31 December 2024</b>						
<b>Executive Directors</b> (Note a)						
Lee Irene Yun-Lien	–	8,240	11,124	1,852	18	21,234
Lui Kon Wai	–	5,953	5,953	1,038	18	12,962
<b>Non-Executive Directors</b> (Note b)						
Lee Anthony Hsien Pin	388	–	–	–	–	388
Lee Chien	310	–	–	–	–	310
Lee Tze Hau Michael	310	–	–	–	–	310
<b>Independent Non-Executive Directors</b> (Note c)						
Churchose Frederick Peter	463	–	–	–	–	463
Fan Yan Hok Philip (Note h)	200	–	–	–	–	200
Poon Chung Yin Joseph	490	–	–	–	–	490
Wong Ching Ying Belinda	310	–	–	–	–	310
Young Elaine Carole	356	–	–	–	–	356
Chung Cordelia	372	–	–	–	–	372
Zhang Yong (Note i)	24	–	–	–	–	24
	<b>3,223</b>	<b>14,193</b>	<b>17,077</b>	<b>2,890</b>	<b>36</b>	<b>37,419</b>

## 10. DIRECTORS' EMOLUMENTS (continued)

	Directors' fees HK\$'000 (Note e)	Basic salaries, housing and other allowances HK\$'000 (Note f)	Bonus HK\$'000 (Note f)	Share-based payments (Note g)	Retirement benefits scheme contributions HK\$'000	Total HK\$'000
<b>For the year ended 31 December 2023</b>						
<b>Executive Directors</b> (Note a)						
Lee Irene Yun-Lien	–	8,243	12,360	1,464	18	22,085
Lui Kon Wai	–	5,609	6,048	660	18	12,335
<b>Non-Executive Directors</b> (Note b)						
Jebsen Hans Michael (Note j)	124	–	–	–	–	124
Lee Anthony Hsien Pin	388	–	–	–	–	388
Lee Chien	310	–	–	–	–	310
Lee Tze Hau Michael	312	–	–	–	–	312
<b>Independent Non-Executive Directors</b> (Note c)						
Churchouse Frederick Peter	456	–	–	–	–	456
Fan Yan Hok Philip	479	–	–	–	–	479
Poon Chung Yin Joseph	507	–	–	–	–	507
Wong Ching Ying Belinda	310	–	–	–	–	310
Young Elaine Carole	323	–	–	–	–	323
Chung Cordelia (Note k)	223	–	–	–	–	223
	3,432	13,852	18,408	2,124	36	37,852

# Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

## 10. DIRECTORS' EMOLUMENTS (continued)

Notes:

- (a) The Executive Directors' emoluments shown above were for the services in connection with the management of the affairs of the Company and the Group.  
 (b) The Non-Executive Directors' emoluments shown above were for the services as Directors.  
 (c) The Independent Non-Executive Directors' emoluments shown above were for the services as Directors.  
 (d) The annual cash remuneration of Lee Irene Yun-Lien, Chairman, and Lui Kon Wai, Executive Director and Chief Operating Officer, are comprised of (i) fixed base salary; and (ii) variable performance bonus which is determined by reference to the Company's performance as well as individual performance and contribution, to be measured against annual financial and operational targets.

For the year ended 31 December 2024, Lee Irene Yun-Lien's base salary of HK\$8,240,000 and the performance bonus of HK\$11,124,000 were approved by the Remuneration Committee in February 2024 and February 2025 respectively.

For the year ended 31 December 2024, Lui Kon Wai's base salary of HK\$5,953,000 and the performance bonus of HK\$5,953,000 were approved by the Remuneration Committee in February 2024 and February 2025 respectively.

- (e) Last revision of annual Directors' fees for serving on the Board (effective 1 June 2019) were approved by shareholders at the 2019 AGM. Fees of chairman and members of the Sustainability Committee (effective 1 January 2020) were approved by the Board in February 2020. Details are set out in Remuneration Committee Report. Directors' fees are calculated on annual basis and paid semi-annually. For Directors not having served the full year on a position, the fees will be calculated and paid on pro rata basis.

Breakdown of Directors' fees of each of the Directors for the year ended 31 December 2024 is set out below:

	Board HK\$'000	Audit and Risk Management Committee HK\$'000	Remuneration Committee HK\$'000	Nomination Committee HK\$'000	Sustainability Committee HK\$'000	2024 Total HK\$'000	2023 Total HK\$'000
<b>Executive Directors</b>							
Lee Irene Yun-Lien	-	-	-	-	-	-	-
Lui Kon Wai	-	-	-	-	-	-	-
<b>Non-Executive Directors</b>							
Jebsen Hans Michael	-	-	-	-	-	-	124
Lee Anthony Hsien Pin	280	108	-	-	-	388	388
Lee Chien	280	-	-	30	-	310	310
Lee Tze Hau Michael	280	-	-	-	30	310	312
<b>Independent Non-Executive Directors</b>							
Churhouse Frederick Peter	280	108	45	30	-	463	456
Fan Yan Hok Philip	121	47	32	-	-	200	479
Poon Chung Yin Joseph	280	180	-	30	-	490	507
Wong Ching Ying Belinda	280	-	-	-	30	310	310
Young Elaine Carole	280	-	26	-	50	356	323
Chung Cordelia	280	-	62	30	-	372	223
Zhang Yong	18	6	-	-	-	24	-
	<b>2,379</b>	<b>449</b>	<b>165</b>	<b>120</b>	<b>110</b>	<b>3,223</b>	3,432

- (f) The annual cash remuneration of Lee Irene Yun-Lien, Chairman, and Lui Kon Wai, Executive Director and Chief Operating Officer, are comprised of (i) fixed base salary; and (ii) variable performance bonus which is determined by reference to the Company's performance as well as individual performance and contribution, to be measured against annual financial and operational targets.

For the year ended 31 December 2023, Lee Irene Yun-Lien's base salary of HK\$8,243,000 and the performance bonus of HK\$12,360,000 were approved by the Remuneration Committee in February 2023 and February 2024 respectively.

For the year ended 31 December 2023, Lui Kon Wai's base salary of HK\$5,609,000 and the performance bonus of HK\$6,048,000 were approved by the Remuneration Committee in February 2023 and February 2024 respectively.

- (g) Share-based payments are the fair values of share options and share awards granted to the Executive Directors, which are determined at the date of grant and expensed over the vesting period (except where options are forfeited before vesting), regardless of whether the Executive Directors exercise the share options or not during the year. Details of the share schemes are set out in note 36 of the Notes to the Consolidated Financial Statements section.  
 (h) Fan Yan Hok Philip retired as an Independent Non-Executive Director, the chairman of the Remuneration Committee and a member of the Audit and Risk Management Committee with effect from the conclusion of 2024 AGM on 5 June 2024.  
 (i) Zhang Yong was appointed as an Independent Non-Executive Director and a member of the Audit and Risk Management Committee with effect from 9 December 2024.  
 (j) Jebsen Hans Michael retired as a Non-Executive Director and the chairman of the Sustainability Committee with effect from the conclusion of 2023 AGM on 16 May 2023.  
 (k) Chung Cordelia was appointed as an Independent Non-Executive Director and a member of the Remuneration Committee and the Nomination Committee with effect from the conclusion of 2023 AGM on 16 May 2023.

There was no arrangement under which a Director waived or agreed to waive any remuneration during both years.

There was no payment to a Director as inducement for Director to join the Group or compensation for the loss of office as a Director in connection with the management of the affairs of any member of the Group during both years.

Details of material interests of the Directors in transactions, arrangements or contracts entered into by subsidiaries of the Company are disclosed in the Directors' Report.

## 11. EMPLOYEES' EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, two (2023: two) were Directors, details of whose emoluments are included in note 10 of the Notes to the Consolidated Financial Statements section. The emoluments of all of the five individuals with the highest emoluments for the years ended 31 December 2024 and 2023 were as follows:

	2024 HK\$ million	2023 HK\$ million
Basic salaries, housing and other allowances	22	24
Bonus	20	23
Share-based payments (Note)	4	3
	<b>46</b>	<b>50</b>

Note:

Share-based payments are the fair values of share options and Awarded Shares granted to Executive Directors and eligible employees, which are determined at the date of grant and expensed over the vesting period (except where options are forfeited before vesting), regardless of whether the Executive Directors or eligible employees exercise the share options or not during the year.

Their emoluments are within the following bands:

	Number of individuals	
	2024	2023
HK\$2,500,001 to HK\$3,000,000	1	–
HK\$3,000,001 to HK\$3,500,000	1	–
HK\$4,000,001 to HK\$4,500,000	–	1
HK\$4,500,001 to HK\$5,000,000	–	1
HK\$5,000,001 to HK\$5,500,000	1	–
HK\$6,000,001 to HK\$6,500,000	–	1
HK\$12,000,001 to HK\$12,500,000	–	1
HK\$12,500,001 to HK\$13,000,000	1	–
HK\$21,000,001 to HK\$21,500,000	1	–
HK\$22,000,001 to HK\$22,500,000	–	1
	<b>5</b>	<b>5</b>

Senior management during the year are Executive Directors and other members of senior management of the Group. Their emoluments are within the following bands.

	Number of individuals	
	2024	2023
HK\$1,000,001 to HK\$2,000,000	1	–
HK\$2,000,001 to HK\$3,000,000	1	–
HK\$4,000,001 to HK\$5,000,000	–	2
HK\$5,000,001 to HK\$6,000,000	1	–
HK\$6,000,001 to HK\$7,000,000	–	1
HK\$12,000,001 to HK\$13,000,000	1	1
HK\$21,000,001 to HK\$22,000,000	1	–
HK\$22,000,001 to HK\$23,000,000	–	1
	<b>5</b>	<b>5</b>



## 14. INVESTMENT PROPERTIES

	2024 HK\$ million	2023 HK\$ million
<b>Fair Value</b>		
At 1 January	96,005	96,787
Additions	2,421	2,076
Transfer (to) from property, plant and equipment	(248)	8
Change in fair value recognised in profit or loss – unrealised	(1,506)	(2,763)
Exchange difference	(125)	(103)
<b>As at 31 December</b>	<b>96,547</b>	<b>96,005</b>

All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties.

The fair value of the Group's investment properties as at 31 December 2024 and 2023 and as at the date of transfer from/to property, plant and equipment to/from investment properties has been arrived at on the basis of a valuation carried out on the respective dates by Knight Frank Petty Limited, an independent qualified professional valuer not connected with the Group. The Group's investment properties have been valued individually, on market value basis, which conforms to The Hong Kong Institute of Surveyors Valuation Standards. In estimating the fair value of the investment properties, the management of the Group has considered the highest and best use of the investment properties as their current use.

### Investment properties in Hong Kong

The value of the completed investment properties is derived from the basis of capitalisation of net income with due allowance for the reversionary income potential but without allowances for any expenses or taxation which may be incurred in effecting a sale, and where appropriate, cross reference by sale comparables.

For investment properties under development, residual method of valuation was adopted. The value is based on the development potential of the properties as if they were completed in accordance with the existing development proposal at the date of valuation. The value has also taken into consideration all costs of development and allowance of profit required for the development, which duly reflected the risks associated with the development.

There has been no change to the valuation technique during the year for completed properties and properties under development in Hong Kong.

As at 31 December 2024, the aggregate fair value of the investment properties under development of the Group in Hong Kong amounted to HK\$20,680 million (2023: HK\$19,190 million) have been pledged as securities for the Group's borrowings.



## Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

### 14. INVESTMENT PROPERTIES (continued)

#### Investment properties in Mainland

Income capitalisation approach – discounted cash flow (“DCF”) analysis was adopted for the valuation of such completed investment properties in Mainland. The DCF analysis is based on prospective periodic net cash flow to operating properties, which is typically estimated as gross income less vacancy and operating expenses and other outgoings. The series of periodic net operating cash flow, along with an estimate of the reversionary or terminal value anticipated at the end of the projection period, is then discounted at the discount rate, being the cost of capital or the rate of required return, into present value. A 10-year investment horizon has been undertaken for the DCF analysis and the net income in the year eleven is capitalised at an appropriate yield.

#### Fair value measurements using significant unobservable inputs (Level 3)

At the end of the reporting period, the management of the Group works with Knight Frank Petty Limited to establish and determine the appropriate valuation techniques and inputs for Level 3 fair value measurements. Where there is a material change in the fair value of the assets, the causes of the fluctuations will be reported to the Directors of the Company.

All of the fair value measurements of the Group’s investment properties were categorised into Level 3 of the fair value hierarchy. There were no transfers into or out of Level 3 during both years. Details of fair value hierarchy are set out as below.

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements of the Group’s investment properties by operating and reportable segment.

	Retail HK\$ million	Office HK\$ million	Residential HK\$ million	Investment properties under development HK\$ million	Total HK\$ million
As at 1 January 2023	31,517	36,906	8,724	19,640	96,787
Additions	296	148	6	1,626	2,076
Transfer between operating and reportable segments	126	(126)	–	–	–
Transfer from property, plant and equipment	–	8	–	–	8
Change in fair value recognised in profit or loss					
– unrealised	558	(1,162)	(83)	(2,076)	(2,763)
Exchange difference	(17)	(86)	–	–	(103)
As at 31 December 2023	32,480	35,688	8,647	19,190	96,005
Additions	<b>192</b>	<b>158</b>	<b>21</b>	<b>2,050</b>	<b>2,421</b>
Transfer between operating and reportable segments	<b>135</b>	<b>(135)</b>	–	–	–
Transfer to property, plant and equipment	–	<b>(248)</b>	–	–	<b>(248)</b>
Change in fair value recognised in profit or loss					
– unrealised	<b>310</b>	<b>(1,252)</b>	<b>(4)</b>	<b>(560)</b>	<b>(1,506)</b>
Exchange difference	<b>(23)</b>	<b>(102)</b>	–	–	<b>(125)</b>
<b>As at 31 December 2024</b>	<b>33,094</b>	<b>34,109</b>	<b>8,664</b>	<b>20,680</b>	<b>96,547</b>

## 14. INVESTMENT PROPERTIES (continued)

### Information about fair value measurements using significant unobservable inputs (Level 3)

The following table shows the valuation techniques used in the determination of fair value for investment properties by operating and reportable segment and unobservable inputs used in the valuation models.

Description	Fair value as at 31 December		Valuation techniques	Significant unobservable inputs	Range/weighted average of unobservable inputs
	2024 HK\$ million	2023 HK\$ million			
<b>Investment properties in Hong Kong</b>					
Retail	<b>32,450</b>	31,878	Income capitalisation approach	(i) Capitalisation rate  (ii) Prevailing market rent per month	5.25% – 5.50% (2023: 5.25% – 5.50%)  HK\$133 per square foot (2023: HK\$131 per square foot)
Office	<b>31,365</b>	32,726	Income capitalisation approach	(i) Capitalisation rate  (ii) Prevailing market rent per month	4.25% -5.00% (2023: 4.25% -5.00%)  HK\$55 per square foot (2023: HK\$56 per square foot)
Residential	<b>8,664</b>	8,647	Income capitalisation approach	(i) Capitalisation rate  (ii) Prevailing market rent per month	3.75% (2023: 3.75%)  HK\$39 per square foot (2023: HK\$39 per square foot)
Investment properties under development	<b>20,680</b>	19,190	Residual method	(i) Capitalisation rate  (ii) Prevailing market rent per month	3.50% – 5.00% (2023: 3.50% – 5.00%)  HK\$94 per square foot (2023: HK\$98 per square foot)
<b>Investment properties in Mainland</b>					
Retail and Office	<b>3,388</b>	3,564	Discounted cash flow method	(i) Prevailing market rent per month  (ii) Discount rate  (iii) Stabilised growth rate	RMB19 per square foot (2023: RMB20 per square foot)  7.25% (2023: 7.25%)  4.00% (2023: 4.00%)

The higher the capitalisation rate and discount rate, the lower the fair value, and vice versa.

The higher the stabilised growth rate, the higher the fair value, and vice versa.

Prevailing market rent is estimated based on independent valuer's view of recent lettings, within the subject properties and other comparable properties. It does not always equal to the committed rent by tenants. The higher the prevailing market rent, the higher the fair value, and vice versa.

## Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

### 15. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings HK\$ million (Note)	Furniture, fixtures and equipment HK\$ million	Computers HK\$ million	Motor vehicles HK\$ million	Total HK\$ million
<b>COST OR VALUATION</b>					
As at 1 January 2023	554	122	164	2	842
Additions	–	9	8	1	18
Transfer to investment properties	(8)	–	–	–	(8)
Exchange difference	(1)	–	–	–	(1)
Deficit on revaluation	(13)	–	–	–	(13)
As at 31 December 2023	532	131	172	3	838
Additions	–	<b>6</b>	<b>29</b>	–	<b>35</b>
Transfer from investment properties	<b>248</b>	–	–	–	<b>248</b>
Exchange difference	<b>(1)</b>	–	–	–	<b>(1)</b>
Deficit on revaluation	<b>(22)</b>	–	–	–	<b>(22)</b>
<b>As at 31 December 2024</b>	<b>757</b>	<b>137</b>	<b>201</b>	<b>3</b>	<b>1,098</b>
Comprising:					
At cost	–	<b>137</b>	<b>201</b>	<b>3</b>	<b>341</b>
At valuation	<b>757</b>	–	–	–	<b>757</b>
	<b>757</b>	<b>137</b>	<b>201</b>	<b>3</b>	<b>1,098</b>
<b>ACCUMULATED DEPRECIATION</b>					
As at 1 January 2023	–	106	112	1	219
Provided for the year	8	7	18	–	33
Eliminated on revaluation	(8)	–	–	–	(8)
As at 31 December 2023	–	113	130	1	244
Provided for the year	<b>11</b>	<b>6</b>	<b>19</b>	–	<b>36</b>
Eliminated on revaluation	<b>(11)</b>	–	–	–	<b>(11)</b>
<b>As at 31 December 2024</b>	–	<b>119</b>	<b>149</b>	<b>1</b>	<b>269</b>
<b>CARRYING AMOUNTS</b>					
<b>As at 31 December 2024</b>	<b>757</b>	<b>18</b>	<b>52</b>	<b>2</b>	<b>829</b>
As at 31 December 2023	532	18	42	2	594

The above items of property, plant and equipment are depreciated on a straight-line basis over the following terms or at the following rates per annum:

Leasehold land and buildings	Over the term of the lease or 40 years
Furniture, fixtures and equipment	20%
Computers	20%
Motor vehicles	25%

## 15. PROPERTY, PLANT AND EQUIPMENT (continued)

Note:

### Fair value measurements and valuation processes

The fair value of the Group's leasehold land and buildings as at 31 December 2024 and 2023 and as at the date of transfer to/from investment properties from/to property, plant and equipment has been arrived at on the basis of a valuation carried out on those dates by Knight Frank Petty Limited, an independent qualified professional valuer not connected with the Group. The Group's leasehold land and buildings have been valued individually, on market value basis, which conforms to The Hong Kong Institute of Surveyors Valuation Standards. In estimating the fair value of the properties, the management of the Group has considered the highest and best use of the properties as their current use.

#### Leasehold land and buildings in Hong Kong

The value of leasehold land and building in Hong Kong was derived from the basis of capitalisation of net income with due allowance for the reversionary income potential but without allowance of any expenses or taxation which may be incurred in effecting a sale, and where appropriate, cross reference by sale comparables. There has been no change to the valuation technique during the year.

#### Leasehold land and buildings in Mainland

DCF analysis was adopted for the valuation of leasehold land and buildings in Mainland. The DCF analysis is based on prospective periodic net cash flow to operating properties, which is typically estimated as gross income less vacancy and operating expenses and other outgoings. The series of periodic net operating cash flow, along with an estimate of the reversionary or terminal value anticipated at the end of the projection period, is then discounted at the discount rate, being the cost of capital or the rate of required return, into present value. A 10-year investment horizon has been undertaken for the DCF analysis and the net income in the year eleven is capitalised at an appropriate yield.

All of the fair value measurements of the Group's leasehold land and buildings in Hong Kong and Mainland were categorised into Level 3 of the fair value hierarchy. Details of fair value hierarchy are set out as below.

There were no transfers into or out of Level 3 during the year.

At the end of the reporting period, the management of the Group works with Knight Frank Petty Limited to establish and determine the appropriate valuation techniques and inputs for Level 3 fair value measurements. Where there is a material change in the fair value of the assets, the causes of the fluctuations will be reported to the Directors of the Company.

### Information about fair value measurements using significant unobservable inputs (Level 3)

The following table shows the valuation techniques used in the determination of fair value for leasehold land and buildings in Hong Kong and Mainland and unobservable inputs used in the valuation models.

Description	Fair value as at 31 December		Valuation techniques	Significant unobservable inputs	Range/weighted average of unobservable inputs
	2024 HK\$ million	2023 HK\$ million			
Leasehold land and buildings in Hong Kong	739	512	Income capitalisation approach	(i) Capitalisation rate  (ii) Prevailing market rent per month	4.25% – 5.00% (2023: 4.25% – 5.00%)  HK\$57 per square foot (2023: HK\$59 per square foot)
Leasehold land and buildings in Mainland	18	20	Discounted cash flow method	(i) Prevailing market rent per month  (ii) Discount rate  (iii) Stabilised growth rate	RMB20 per square foot (2023: RMB21 per square foot)  7.25% (2023: 7.25%)  4.00% (2023: 4.00%)

The higher the capitalisation rate, the lower the fair value, and vice versa.

Prevailing market rent is estimated based on independent values view of recent lettings, within the subject properties and other comparable properties. It does not always equal to the committed rent by tenants. The higher the prevailing market rent, the higher the fair value, and vice versa.

The loss of HK\$10 million (2023: loss of HK\$5 million) arising on revaluation has been recognised in other comprehensive income and accumulated in properties revaluation reserve.

Had the Group's leasehold land and buildings in Hong Kong and Mainland been measured at historical cost less subsequent accumulated depreciation, their carrying amounts would have been HK\$531 million (2023: HK\$293 million) and HK\$21 million (2023: HK\$23 million) respectively at the end of the reporting period.

## Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

### 16. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

The table below lists the principal subsidiaries of the Company:

Name of subsidiaries	Place of establishment/ incorporation/ operation	Issued share capital/ registered capital	Proportion of ownership interests/voting rights held by the Company		Principal activities
			directly	indirectly	
Admore Investments Limited	Hong Kong	HK\$2	100%	–	Investment holding
Alpha Ace Limited	Hong Kong	HK\$1	–	100%	Property development
Bamboo Grove Recreational Services Limited	Hong Kong	HK\$2	–	100%	Resident club management
Barrowgate Limited	Hong Kong	HK\$10,000	–	65.36%	Property investment
Earn Extra Investments Limited	Hong Kong	HK\$1	–	100%	Property investment
Elect Global Investments Limited	British Virgin Islands/ Hong Kong	US\$1	100%	–	Treasury operation
HD Investment Limited	British Virgin Islands	HK\$1	–	100%	Investment holding
HD Treasury Limited	Hong Kong	HK\$2	100%	–	Treasury operation
Hysan Corporate Services Limited	Hong Kong	HK\$2	100%	–	Provision of corporate services
Hysan Leasing Company Limited	Hong Kong	HK\$2	100%	–	Leasing administration
Hysan (MTN) Limited	British Virgin Islands/ Hong Kong	US\$1	100%	–	Treasury operation
Hysan Marketing Services Limited	Hong Kong	HK\$1	–	100%	General business
Hysan IT Services Company Limited	Hong Kong	HK\$1	–	100%	Information technology
Hysan Property Management Limited	Hong Kong	HK\$2	100%	–	Property management
Hysan (Shanghai) Properties Limited	PRC	RMB2,021,750,000	–	100%	Property investment
Hysan Treasury Limited	Hong Kong	HK\$2	100%	–	Treasury operation
Kwong Hup Holding Limited	British Virgin Islands	HK\$1	100%	–	Investment holding
Kwong Wan Realty Limited	Hong Kong	HK\$1,000	100%	–	Property investment
Lee Theatre Realty Limited	Hong Kong	HK\$10	–	100%	Property investment
Leighton Property Company Limited	Hong Kong	HK\$2	–	100%	Property investment
Minsal Limited	Hong Kong	HK\$2	100%	–	Property investment
Main Rise Development Limited	Hong Kong	HK\$2	–	100%	Investment holding
Mariner Bay Limited	British Virgin Islands/ Hong Kong	US\$1	–	100%	Investment holding
Mondsee Limited	Hong Kong	HK\$2	100%	–	Property investment
OHA Property Company Limited	Hong Kong	HK\$2	–	100%	Property investment
Patchway Holdings (HK) Limited	Hong Kong	HK\$1	–	60%	Property investment
Patchway Holdings Limited	British Virgin Islands	US\$10	–	60%	Investment holding
Perfect Win Properties Limited	Hong Kong	HK\$2	–	100%	Property investment
Silver Nicety Company Limited	Hong Kong	HK\$20	–	100%	Property investment

The Directors of the Company are of the opinion that a complete list of all subsidiaries and their particulars will be of excessive length and therefore the above table contains only those subsidiaries which materially contribute to the net income of the Group or hold a material portion of the assets or liabilities or otherwise are operating subsidiaries of the Company. Other than unsecured fixed rate notes issued by Hysan (MTN) Limited ("Hysan MTN") as disclosed in note 26 of the Notes to the Consolidated Financial Statements section, none of the subsidiaries had issued any debt securities at the end of the reporting period.

## 16. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (continued)

The Group's subsidiaries that have material non-controlling interests includes Barrowgate Limited ("Barrowgate"), Patchway Holdings Limited ("Patchway") and Elect Global Investments Limited ("Elect Global"). Elect Global's issued ordinary shares are fully held by the Group. As disclosed in note 28 of the Notes to Consolidated Financial Statement section, Elect Global issued perpetual capital securities which are classified as equity to parties outside the Group. The amount of such non-controlling interests of Elect Global has been disclosed in consolidated statement of changes in equity as perpetual capital securities.

The summarised financial information in respect of Barrowgate and Patchway are set out below. The summarised financial information below represents amounts before intragroup eliminations.

	2024		2023	
	Barrowgate HK\$ million	Patchway HK\$ million	Barrowgate HK\$ million	Patchway HK\$ million
Current assets	153	431	187	12
Non-current assets	9,717	20,721	9,870	19,250
Current liabilities	(754)	(358)	(860)	(77)
Non-current liabilities	(248)	(23,028)	(232)	(21,072)
Turnover	557	–	561	–
Profit (loss) and total comprehensive income (expenses) for the year	203	(348)	677	(1,891)
Profit (loss) and total comprehensive income (expenses) attributable to other non-controlling interests	70	(139)	234	(830)
Accumulated non-controlling interests	3,073	(1,074)	3,106	(821)
Dividends paid to other non-controlling interests	104	–	106	–
Net cash inflows from operating activities	347	–	494	–
Net cash outflows used in investing activities	(45)	–	(96)	–
Net cash outflows used in financing activities	(330)	–	(350)	–

## 17. INVESTMENTS IN ASSOCIATES AND LOANS TO ASSOCIATES

	2024 HK\$ million	2023 HK\$ million
Cost of unlisted investments	2	2
Share of post-acquisition profits and other comprehensive income, net of dividends received	5,345	5,486
	5,347	5,488
Loans to associates classified as:		
Non-current assets	8	8

The balances of loans to associates are unsecured, interest-free and have no fixed repayment terms. The Directors of the Company are of the opinion that the Group will not demand repayment from the associates within the next twelve months from the end of the reporting period and the loans are therefore classified as non-current assets.

## Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

### 17. INVESTMENTS IN ASSOCIATES AND LOANS TO ASSOCIATES (continued)

The Directors of the Company are of the opinion that a complete list of all associates will be of excessive length and the Group summarises details of the Group's material associate as at 31 December 2024 and 2023 as follows:

Name of associates	Form of business structure	Place of incorporation/ establishment and operation	Class of share held/ registered capital	Effective interest held by the Group	Principal activities
Country Link Enterprises Limited (Note)	Private limited company	Hong Kong	Ordinary share of HK\$5,000,000	26.3%	Investment holding
Shanghai Kong Hui Property Development Co., Ltd. (Note)	Sino-Foreign equity joint venture	The PRC	US\$165,000,000 <sup>#</sup>	24.7%	Property development and leasing
Shanghai Grand Gateway Plaza Property Management Co., Ltd. (Note)	Sino-Foreign equity joint venture	The PRC	US\$140,000 <sup>#</sup>	23.7%	Property management

<sup>#</sup> Fully paid-up registered capital

Note:

Shanghai Kong Hui Property Development Co., Ltd. and Shanghai Grand Gateway Plaza Property Management Co., Ltd. are non-wholly owned subsidiaries of Country Link Enterprises Limited, together known as "Country Link".

The summarised consolidated financial information in respect of the Group's material associate is set out below. The summarised consolidated financial information below represents amounts shown in the associate's consolidated financial statements prepared in accordance with HKFRSs. All of the Group's associates are accounted for using the equity method in the Group's consolidated financial statements.

#### Country Link

	2024 HK\$ million	2023 HK\$ million
Current assets	<b>2,338</b>	2,324
Non-current assets	<b>26,696</b>	27,452
Current liabilities	<b>(1,016)</b>	(1,026)
Non-current liabilities	<b>(6,368)</b>	(6,525)
Turnover	<b>1,670</b>	1,781
Profit for the year	<b>825</b>	1,096
Other comprehensive expenses for the year	<b>(471)</b>	(344)
Total comprehensive income for the year	<b>354</b>	752
Dividends received from the associate during the year	<b>230</b>	226

## 17. INVESTMENTS IN ASSOCIATES AND LOANS TO ASSOCIATES (continued)

### Country Link (continued)

Reconciliation of the above summarised consolidated financial information to the carrying amount of the interest in the associate that is material to the Group recognised in the consolidated financial statements:

	2024 HK\$ million	2023 HK\$ million
Net assets of the associate	21,650	22,225
Non-controlling interests of the associate	(1,289)	(1,324)
Net assets of the associate after deducting non-controlling interests of the associate	20,361	20,901
Proportion of the Group's ownership interest in the associate	26.3%	26.3%
Group's share of net assets of the associate	5,355	5,497
Others	(2)	(2)
Carrying amount of the Group's interest in the associate	5,353	5,495

## 18. INVESTMENTS IN JOINT VENTURES AND LOANS TO JOINT VENTURES

Details of the Group's investments in and loans to joint ventures are as follows:

	2024 HK\$ million	2023 HK\$ million
Investments in joint ventures		
Unlisted shares, at cost	361	361
Deemed capital contribution in a joint venture (Note a)	173	173
Share of post-acquisition loss and other comprehensive expense (include impairment loss), net of dividends received	(192)	(89)
	342	445
Loans to joint ventures classified as:		
Non-current assets (Note b)	4,324	4,029

Notes:

- (a) The deemed capital contribution in a joint venture represents the fair value adjustments in relation to the loan to a joint venture at initial recognition based on the estimated timing on future cash flows.
- (b) The loans to joint ventures are unsecured and have no fixed repayment terms. As at 31 December 2024, except for the loans to joint ventures with aggregate carrying amounts of HK\$1,510 million (2023: HK\$1,398 million) which are carrying variable rates ranging from 2.8% to 7.7% (2023: 3.1% to 7.7%) per annum, the remaining loans to joint ventures of the Group is interest-free. The Directors of the Company are of the opinion that the Group will not demand repayment of the loans from the joint venture within the next twelve months from the end of the reporting period and the loans are therefore classified as non-current assets.



## Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

### 18. INVESTMENTS IN JOINT VENTURES AND LOANS TO JOINT VENTURES (continued)

Details of the Group's joint ventures as at 31 December 2024 and 2023 are as follows:

Name of joint ventures	Place of incorporation and operation	Class of share held	Effective ownership interest and voting rights held by the Group	Principal activities
Strongbod Limited (Note a)	British Virgin Islands	Ordinary shares of US\$10	60% (Note b)	Investment holding
Gainwick Limited (Note a)	Hong Kong	Ordinary share of HK\$1	60% (Note b)	Property development and investment
H & I GBA Investment Limited (Note c)	Hong Kong	Ordinary shares of US\$90,000,000	50%	Investment holding
Nation Star Development Limited (Note d)	Hong Kong	Ordinary shares of HK\$1	25%	Property development and investment

Notes:

- Gainwick Limited is a wholly owned subsidiary of Strongbod Limited, together known as "Strongbod".
- Pursuant to the shareholder's agreement dated 5 December 2016, entered into by the Group, the joint venture partner and Strongbod, decisions on all relevant business and operation activities of Strongbod require unanimous board approval from directors of Strongbod appointed by the Group and those appointed by the joint venture partner. Therefore, the Group recognised the investment in Strongbod as a joint venture.
- The subsidiaries of H & I GBA Investment Limited principally engaged in IWG GBA Flex business.
- Nation Star Development Limited ("Nation Star") principally engaged in property development business.

The summarised consolidated financial information in respect of the Group's material joint venture is set out below. The summarised consolidated financial information below represents amounts shown in the joint venture's consolidated financial statements prepared in accordance with HKFRSs. The joint venture is accounted for using the equity method in the Group's consolidated financial statements.

	2024		2023	
	Strongbod HK\$ million	Nation Star HK\$ million	Strongbod HK\$ million	Nation Star HK\$ million
Current assets	5,853	8,100	7,072	7,378
Non-current assets	287	1,735	210	1,661
Current liabilities	(1,450)	(5)	(2,940)	(21)
Non-current liabilities	(5,140)	(9,831)	(4,438)	(9,018)
Turnover	1,011	–	818	–
Losses and total comprehensive expenses for the year	(225)	(1)	(39)	–

## 18. INVESTMENTS IN JOINT VENTURES AND LOANS TO JOINT VENTURES (continued)

Reconciliation of the above summarised consolidated financial information to the carrying amount of the interest in the joint venture that is material to the Group recognised in the consolidated financial statements:

	2024		2023	
	Strongbod HK\$ million	Nation Star HK\$ million	Strongbod HK\$ million	Nation Star HK\$ million
Net liabilities of the joint ventures	(450)	(1)	(96)	–
Unrecognised losses of the joint ventures	285	–	–	–
Adjusted net liabilities of the joint ventures	(165)	(1)	(96)	–
Proportion of the Group's ownership interest in the joint ventures	60%	25%	60%	25%
Group's share of net liabilities of the joint ventures	(99)	–	(58)	–
Add: Deemed capital contribution in the joint ventures	173	–	173	–
	74	–	115	–
Impairment loss of a joint venture	(74)	–	–	–
Carrying amount of the Group's interest in the joint ventures	–	–	115	–
Unrecognised share of loss of joint ventures for the year	171	–	–	–
Cumulative unrecognised share of loss of joint ventures	171	–	–	–

## 19. OTHER FINANCIAL INVESTMENTS

	2024 HK\$ million	2023 HK\$ million
Investment designated as at FVTOCI		
– Investments in unlisted equity securities (Note a)	1,570	1,460
Investment at FVTPL		
– Unlisted investment in a fund investment (Note b)	87	97
	1,657	1,557

Notes:

- These investments are designated as at FVTOCI because the Directors of the Company believe that the Group's strategy of holding these investments is for long-term strategic purpose. All these investees are principally engaged in healthcare services business in Mainland.
- The balance represents the Group's interest in a fund investment as limited partner. The fund investment engages in property investment in Asia Pacific. The fund investment is classified as FVTPL.

## Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

### 20. DEBT SECURITIES

	2024 HK\$ million	2023 HK\$ million
Debt securities, at amortised cost:		
– listed in Hong Kong	702	800
– listed overseas	194	194
<b>Total</b>	<b>896</b>	<b>994</b>
Analysed for reporting purposes as:		
Current assets	318	94
Non-current assets	578	900
	<b>896</b>	<b>994</b>

As at 31 December 2024, the effective yield of the debt securities ranged from 1.5% to 3.3% (2023: 1.2% to 3.3%) per annum, payable semi-annually or annually, and the securities will mature from April 2025 to January 2052 (2023: from June 2024 to January 2052). At the end of the reporting period, none of these assets were past due.

Details of the impairment assessment of debt securities are set out in the Financial Risk Management section.

### 21. OTHER FINANCIAL ASSETS/LIABILITIES

	Current		Non-current	
	2024 HK\$ million	2023 HK\$ million	2024 HK\$ million	2023 HK\$ million
<b>Other financial assets</b>				
Financial assets measured at FVTPL:				
Club debenture	–	–	1	1
Derivatives under hedge accounting:				
Cash flow hedges				
– Cross currency swaps	–	–	127	187
– Interest rate swaps	3	–	7	10
<b>Total</b>	<b>3</b>	<b>–</b>	<b>135</b>	<b>198</b>
<b>Other financial liabilities</b>				
Derivatives under hedge accounting:				
Cash flow hedges				
– Cross currency swaps	–	–	381	312
– Interest rate swaps	–	–	1	–
Fair value hedges				
– Interest rate swaps	–	–	205	264
<b>Total</b>	<b>–</b>	<b>–</b>	<b>587</b>	<b>576</b>

#### (a) Cash flow hedges

##### (i) Foreign currency risk

The Group used cross currency swaps to manage its foreign currency exposure. The principal terms of the cross currency swaps have been negotiated to match the major terms of the respective designated hedged items and the management considers that the hedges are highly effective.

## 21. OTHER FINANCIAL ASSETS/LIABILITIES (continued)

### (a) Cash flow hedges (continued)

#### (i) Foreign currency risk (continued)

The table below is prepared based on the maturity dates of respective contracts. The major terms of these outstanding cross currency swaps at the end of the reporting period are as follows:

#### Hedging instruments

	2024					2023				
	Average exchange rate*	Foreign currency	Notional amount million	HK\$ million	Fair value HK\$ million	Average exchange rate*	Foreign currency	Notional amount million	HK\$ million	Fair value HK\$ million
<b>Cross currency swaps</b>										
<b>Hedging of USD fixed rate notes</b> (Note)										
Less than 1 year	-	-	-	-	-	-	-	-	-	-
More than 1 year but not exceeding 5 years	7.8470	USD	900	7,063	(51)	7.8500	USD	400	3,140	187
More than 5 years	7.8500	USD	225	1,766	(203)	7.8465	USD	725	5,689	(312)
Total				<b>8,829</b>	<b>(254)</b>				<b>8,829</b>	<b>(125)</b>

\* Average exchange rate represented the average exchange rate of HKD versus respective currencies weighted by the notional amounts of the contracts or the swaps.

Note:

The Group used HK\$8,829 million (2023: HK\$8,829 million) cross currency swaps to convert USD interest and principal of US\$1,125 million (2023: US\$1,125 million) fixed rate notes into HKD.

#### Hedged items

	Carrying amount of the hedged item				Cash flow hedge reserves	
	Assets		Liabilities		2024 HK\$ million	2023 HK\$ million
	2024 HK\$ million	2023 HK\$ million	2024 HK\$ million	2023 HK\$ million		
USD fixed rate notes	-	-	<b>8,740</b>	8,787	<b>(430)</b>	(405)

The hedging ineffectiveness for the years ended 31 December 2024 and 2023 was insignificant.

	Change in the value of the hedging instrument recognised in other comprehensive expense		Amount reclassified from the cash flow hedge reserve to profit or loss		Line item affected in profit or loss because of the reclassification
	2024 HK\$ million	2023 HK\$ million	2024 HK\$ million	2023 HK\$ million	
Cross currency swaps	<b>(77)</b>	(250)	<b>48</b>	4	Finance costs

The fair values of cross currency swaps are measured using quoted forward exchange rates and yield curves from quoted interest rates matching maturities of the contracts and swaps.

## Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

### 21. OTHER FINANCIAL ASSETS/LIABILITIES (continued)

#### (a) Cash flow hedges (continued)

##### (ii) Interest rate risk

The Group used interest rate swaps to hedge its interest rate risk exposure. The terms of the swaps have been negotiated to match the major terms of the respective hedged underlying items so that the management considers that the interest rate swaps are highly effective hedging instruments.

The table below is prepared based on the maturity dates of respective contracts. The major terms of these outstanding interest rate swaps at the end of the reporting period are as follows:

#### Hedging instruments

	2024			2023		
	Average Interest rate*	Notional amount HK\$ million	Fair value HK\$ million	Average Interest rate*	Notional amount HK\$ million	Fair value HK\$ million
<b>Interest rate swaps</b>						
Hedging interest of HKD bank loans (Note)						
Less than 1 year	3.45%	1,000	3	–	–	–
More than 1 year not exceeding 5 years	3.39%	900	6	3.54%	1,400	10

\* Average interest rate represented the average fixed interest rate paid by the Group against receipts of 3-month HIBOR weighted by the notional amounts of the swaps.

Note:

The Group used HK\$1,900 million (2023: HK\$1,400 million) interest rate swaps to manage its exposure to interest rate changes of the interest payments of HKD bank loans.

#### Hedged items

	Notional amount of the hedged item		Cash flow hedge reserves	
	Liabilities			
	2024 HK\$ million	2023 HK\$ million	2024 HK\$ million	2023 HK\$ million
HKD bank loans	1,900	1,400	4	4

The hedging ineffectiveness for the years ended 31 December 2024 and 2023 was insignificant.

	Change in the value of the hedging instrument recognised in other comprehensive income (expense)		Amount reclassified from the cash flow hedge reserve to profit or loss		Line item affected in profit or loss because of the reclassification
	2024 HK\$ million	2023 HK\$ million	2024 HK\$ million	2023 HK\$ million	
	Interest rate swaps	4	(11)	–	

The fair values of interest rate swaps are measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates.

## 21. OTHER FINANCIAL ASSETS/LIABILITIES (continued)

### (b) Fair value hedges

The Group used interest rate swaps to minimise its exposure to fair value changes of its USD fixed rate notes by swapping the notes from fixed rates to floating rates. The major terms of the interest rate swaps match the corresponding notes and the management considers that the swaps are highly effective hedging instruments.

The table below is prepared based on the maturity dates of respective contracts. The major terms of these outstanding interest rate swaps at the end of the reporting period are as follows:

	2024			2023		
	Average interest rate*	Notional amount HK\$ million	Fair value HK\$ million	Average Interest rate*	Notional amount HK\$ million	Fair value HK\$ million
<b>Interest rate swaps</b>						
More than 1 year not exceeding						
5 years	2.88%	3,140	(205)	2.88%	3,140	(264)

\* The average interest rate represented the average fixed interest rate (weighted by the notional amounts of the interest rate swaps) received by the Group against payments of 3-month HIBOR.

Note:

As at 31 December 2024, the Group designated fixed-to-floating interest rate swaps with notional amount of HK\$3,140 million (2023: HK\$3,140 million) to hedge USD fixed rate notes with notional amount of US\$400 million (2023: US\$400 million) by converting fixed rate of 2.88% per annum (2023: 2.88% per annum) to HIBOR plus 2.02% per annum (2023: HIBOR plus 2.02% per annum).

As a result of the hedge accounting, the carrying amount of the hedged item as at 31 December 2024 was adjusted by cumulative losses of HK\$205 million (2023: HK\$264 million). The changes in fair values of the notes for the hedged risk were included in profit or loss at the same time that the changes in fair value of the swaps were included in profit or loss.

The fair values of interest rate swaps are measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates.

### (c) Financial assets measured at FVTPL

#### Club debenture

Amount represented investment in unlisted club debenture. The Group's investment in unlisted club debenture has been classified as financial assets measured at FVTPL.

## Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

### 22. ACCOUNTS AND OTHER RECEIVABLES

	2024 HK\$ million	2023 HK\$ million
Accounts receivable	51	58
Interest receivable	43	55
Prepayments in respect of investment properties	943	721
Other receivables and prepayments	653	424
Total	<b>1,690</b>	1,258
Analysed for reporting purposes as:		
Current assets	375	304
Non-current assets	1,315	954
	<b>1,690</b>	1,258

The following is an ageing analysis of accounts receivable at the end of the reporting period. Accounts receivable mainly includes rents from leasing of investment properties, which are normally received in advance.

	2024 HK\$ million	2023 HK\$ million
Less than 30 days	23	31
31–90 days	14	16
Over 90 days	14	11
	<b>51</b>	58

### 23. TIME DEPOSITS/CASH AND CASH EQUIVALENTS

Time deposits, cash and bank balances include bank deposits for the purpose of meeting the Group's short term cash commitments, carrying effective interest rates ranging from 0.01% to 4.91% (2023: 0.01% to 5.55%) per annum.

As at 31 December 2024 and 2023, the Group performed impairment assessment on time deposits and bank balances and concluded that the probability of default of the counterparty banks are insignificant and accordingly, no allowance for credit losses is provided.

### 24. ACCOUNTS PAYABLE AND ACCRUALS

	2024 HK\$ million	2023 HK\$ million
Accounts payable	534	289
Interest payable	146	80
Other payables	748	728
	<b>1,428</b>	1,097

At the end of the reporting period, accounts payable of the Group with carrying amount of HK\$208 million (2023: HK\$168 million) were aged less than 90 days based on invoice date.

### 25. AMOUNTS DUE TO NON-CONTROLLING INTERESTS

	2024 HK\$ million	2023 HK\$ million
Current (Note a)	189	199
Non-current (Note b)	5,686	5,264
	<b>5,875</b>	5,463

Notes:

- (a) The balances are unsecured, interest-free and repayable on demand.
- (b) The balance is unsecured, interest-free and for the development of a commercial site at Caroline Hill Road, Causeway Bay, Hong Kong. During the year ended 31 December 2024, amounts due to non-controlling interests amounting to HK\$230 million (2023: HK\$416 million) were advanced.



## Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

### 26. BORROWINGS

	2024 HK\$ million	2023 HK\$ million
Secured bank loans	8,772	7,852
Unsecured bank loans	2,415	2,171
Unsecured fixed rate notes	15,327	15,541
	<b>26,514</b>	25,564
Less: Amount due within 1 year included under current liabilities	<b>(2,872)</b>	(158)
	<b>23,642</b>	25,406

The carrying amounts of the above bank loans and fixed rate notes are repayable as follows:

	Bank loans		Fixed rate notes	
	2024 HK\$ million	2023 HK\$ million	2024 HK\$ million	2023 HK\$ million
Within one year	1,373	8	1,499	150
In the second year	545	1,270	1,646	1,495
In the third year to fifth year	9,269	8,745	8,366	5,435
After the fifth year	–	–	3,816	8,461
	<b>11,187</b>	10,023	<b>15,327</b>	15,541

All the bank loans are guaranteed as to principal and interest and are carrying variable-rate. Interest rates of the loans are normally re-fixed at every one to three months. The effective interest rates (which were also equal to contracted interest rates) were 4.3% (2023: 4.2%) per annum at the end of the reporting period.

All the unsecured fixed rate notes were issued by Hysan MTN, a wholly owned subsidiary of the Company. The notes are guaranteed as to principal and interest by the Company and bear an effective interest rate equal to their respective contracted interest rate. The contract rates per annum (before cross-currency swaps) at the end of the reporting period were as follows:

	2024			2023		
	HK\$ %	US\$ %	RMB %	HK\$ %	US\$ %	RMB %
Unsecured fixed rate notes	<b>1.50–4.50</b>	<b>2.82–3.55</b>	<b>3.10–3.55</b>	1.50–4.50	2.82–3.55	3.10–3.55

As detailed in note 21 of the Notes to the Consolidated Financial Statements section, during the years ended 31 December 2024 and 2023, cross currency swaps and interest rate swaps were used to hedge or manage the foreign exchange rate risks of the Group's USD fixed rate notes and interest rate risks of the Group's HKD bank loans respectively.

As at 31 December 2024 and 2023, the Group's investment properties pledged as securities for borrowings are disclosed in note 14 of the Notes to the Consolidated Financial Statements section.

## 27. DEFERRED TAX ASSETS/LIABILITIES

The following are the major deferred tax liabilities (assets) recognised by the Group and movements thereon during the current and prior years:

	Accelerated tax depreciation HK\$ million	Revaluation of properties HK\$ million	Tax losses HK\$ million	Total HK\$ million
As at 1 January 2023	1,193	86	(204)	1,075
Charge (credit) to profit or loss (note 7)	91	(1)	9	99
Charge to other comprehensive income	–	1	–	1
As at 31 December 2023	1,284	86	(195)	1,175
Charge (credit) to profit or loss (note 7)	<b>46</b>	<b>(1)</b>	<b>(4)</b>	<b>41</b>
Charge to other comprehensive income	–	<b>1</b>	–	<b>1</b>
<b>As at 31 December 2024</b>	<b>1,330</b>	<b>86</b>	<b>(199)</b>	<b>1,217</b>

At the end of the reporting period, the Group has unused estimated tax losses of HK\$3,889 million (2023: HK\$3,346 million) available for offset against future profits. A deferred tax asset has been recognised in respect of HK\$1,212 million (2023: HK\$1,183 million) of such losses. No deferred tax asset has been recognised in respect of the remaining HK\$2,677 million (2023: HK\$2,163 million) due to the unpredictability of future profit streams and the tax losses may be carried forward indefinitely.

## 28. PERPETUAL CAPITAL SECURITIES

In 2020, the Group through a wholly owned subsidiary of the Company (the “Issuer”) issued US\$850 million (equivalent to approximately HK\$6,604 million) 4.10% subordinated perpetual capital securities (the “Subordinated Securities”), which are unconditionally and irrevocably guaranteed by the Company. Further, the Issuer issued US\$500 million (equivalent to approximately HK\$3,875 million) 4.85% senior perpetual capital securities (the “Senior Securities”), which are unconditionally and irrevocably guaranteed by the Company. The proceeds of the capital securities are for general corporate purpose and the capital securities are listed on Hong Kong Stock Exchange.

Distribution on the Subordinated Securities and Senior Securities are payable semi-annually in-arrear each year and can be deferred at the sole discretion of the Issuer, if the Issuer and the Company do not declare or pay dividends or repurchase, redeem, cancel, reduce or otherwise acquire any securities of lower or equal rank. The Subordinated Securities and Senior Securities have no fixed maturity and are redeemable at the Issuer’s option on or after 3 June 2025 and 25 August 2023 respectively, at their principal amounts together with any distribution accrued to such date.

The Securities are classified as equity and initially recognised at the amount of proceeds received in the consolidated financial statements of the Group.

During the year ended 31 December 2024, the Group repurchased Subordinated Securities with principal amount of HK\$777 million with cash consideration of HK\$728 million.

## Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

### 29. SHARE CAPITAL

	Number of shares	Share capital HK\$ million
Ordinary shares, issued and fully paid:		
As at 1 January 2023, 31 December 2023 and 2024	1,027,008,223	7,723

During the year ended 31 December 2023, the Group purchased a total of 48,400 ordinary shares ("Awarded Shares") for a total of consideration of approximately HK\$1 million on the Stock Exchange for a one-off share award plan adopted by the Company on 15 October 2023 ("100A Share Award Plan") in commemoration of the momentous occasion of the 100th anniversary of the establishment of the Group in Hong Kong. Details of the shares purchased are as follows:

Month of repurchase in 2023	Number of ordinary shares repurchased (Note)	Consideration per share		Aggregate consideration paid HK\$ million
		Highest HK\$	Lowest HK\$	
October	48,400	14.58	14.34	1

Note:

The Company was authorised at its annual general meetings to repurchase its own ordinary shares not exceeding 10% of the total number of its issued shares as at the dates of the resolutions being passed.

### 30. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	2024 HK\$ million	2023 HK\$ million
<b>Non-current assets</b>		
Investments in subsidiaries	2,242	2,242
Other financial assets	1	1
Amounts due from subsidiaries	7,649	7,120
	<b>9,892</b>	9,363
<b>Current assets</b>		
Other receivables	35	30
Amounts due from subsidiaries	4,378	3,235
Cash and cash equivalents	18	7
	<b>4,431</b>	3,272
<b>Current liabilities</b>		
Other payables and accruals	95	92
Amounts due to subsidiaries	3,022	1,512
	<b>3,117</b>	1,604
<b>Net current assets</b>	<b>1,314</b>	1,668
<b>Net assets</b>	<b>11,206</b>	11,031
<b>Capital and reserves</b>		
Share capital (note 29)	7,723	7,723
Reserves	3,483	3,308
<b>Total equity</b>	<b>11,206</b>	11,031

The Company's statement of financial position was approved and authorised for issue by the Board of Directors on 18 February 2025 and are signed on its behalf by:

**Lee Irene Y.L.**  
Director

**Lui Kon Wai**  
Director

## Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

### 30. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (continued)

#### Movement in the Company's reserve

	Share options reserve HK\$ million	General reserve HK\$ million (Note)	Retained profits HK\$ million	Total HK\$ million
As at 1 January 2023	36	100	3,060	3,196
Recognition of equity-settled share-based payments	3	–	1	4
Repurchase of own shares	–	–	(1)	(1)
Profit and total comprehensive income for the year	–	–	1,587	1,587
Forfeiture of unclaimed dividends	–	–	1	1
Dividends paid during the year (note 12)	–	–	(1,479)	(1,479)
As at 31 December 2023	39	100	3,169	3,308
Recognition of equity-settled share-based payments	<b>5</b>	–	–	<b>5</b>
Forfeiture of share options	<b>(4)</b>	–	<b>4</b>	–
Profit and total comprehensive income for the year	–	–	<b>1,279</b>	<b>1,279</b>
Dividends paid during the year (note 12)	–	–	<b>(1,109)</b>	<b>(1,109)</b>
<b>As at 31 December 2024</b>	<b>40</b>	<b>100</b>	<b>3,343</b>	<b>3,483</b>

Note:

General reserve was set up from the transfer of retained profits.

The Company's reserves available for distribution to its owners as at 31 December 2024 amounted to HK\$3,443 million (2023: HK\$3,269 million), being its general reserve and retained profits at that date.

### 31. RECONCILIATION OF ASSETS/LIABILITIES RELATING TO FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows from financing activities.

	Amounts due to non-controlling interests HK\$ million	Borrowings and other interest-bearing liabilities HK\$ million	Total HK\$ million
As at 1 January 2023	4,849	27,479	32,328
Cash flows, net	402	(2,698)	(2,296)
Other non-cash changes			
Foreign exchange adjustments	–	2	2
Finance costs	–	478	478
Interest capitalised	212	501	713
Net losses arising from hedging instruments	–	261	261
As at 31 December 2023	5,463	26,023	31,486
Cash flows, net	<b>220</b>	<b>61</b>	<b>281</b>
Other non-cash changes			
Foreign exchange adjustments	–	(90)	(90)
Finance costs	–	450	450
Interest capitalised	<b>192</b>	<b>593</b>	<b>785</b>
Net losses arising from hedging instruments	–	73	73
<b>As at 31 December 2024</b>	<b>5,875</b>	<b>27,110</b>	<b>32,985</b>

## Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

### 32. RETIREMENT BENEFITS PLANS

With effect from 1 December 2000, the Group set up an Enhanced Mandatory Provident Fund Scheme (the "Enhanced MPF Scheme"), a defined contribution scheme, for all qualifying employees. The Enhanced MPF Scheme is registered with the Mandatory Provident Fund Schemes Authority under Section 124(1) of the Mandatory Provident Fund Schemes (General) Regulation.

Pursuant to the rules of the Enhanced MPF Scheme, the Group's contributions to the plan are based on fixed percentages of members' salaries, ranging from 5% of MPF relevant income to 15% of basic salary. Members' mandatory contributions are fixed at 5% of MPF relevant income, subject to a monthly cap of HK\$1,500, in compliance with MPF legislation.

The employees of the Group in the Mainland are members of a state-managed retirement benefits scheme operated by the Mainland government. The Group is required to contribute a specified percentage of payroll costs as determined by respective local government authority to the retirement benefits scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefits scheme is to make the specified contributions under the scheme.

Total contributions made by the Group during the year amounted to HK\$10 million (2023: HK\$11 million).

For the Group's subsidiaries operating in Hong Kong, pursuant to the Employment Ordinance, Chapter 57, the Group has the obligation to pay Long Service Payment ("LSP") to qualifying employees in Hong Kong under certain circumstances (e.g. dismissal by employers or upon retirement), subject to a minimum of 5 years employment period, based on certain formula.

Furthermore, the Mandatory Provident Fund Schemes Ordinance passed in 1995 permits the Group to utilise the Group's mandatory MPF contributions, plus/minus any positive/negative returns thereof, for the purpose of offsetting LSP payable to an employee (the "Offsetting Arrangement").

The Amendment Ordinance was gazetted on 17 June 2022, which abolishes the use of the accrued benefits derived from employers' mandatory MPF contributions to offset the LSP. The Abolition will officially take effect on the Transition Date (i.e., 1 May 2025). Separately, the Government of the HKSAR is also expected to introduce a subsidy scheme to assist employers for a period of 25 years after the Transition Date on the LSP payable by employers up to a certain amount per employee per year. Under the Amendment Ordinance, the accrued benefits derived from the Group's Enhanced MPF Scheme, minus the mandatory contributions, made pre-, on or post-transition can continue to be used to offset pre- and post-transition LSP. The impact from the Amendment Ordinance on the Group's LSP liability is considered insignificant.

### 33. COMMITMENTS

At the end of the reporting period, the Group had the following capital commitments in respect of its investment properties, property, plant and equipment and subscription to a fund investment as limited partner:

	2024 HK\$ million	2023 HK\$ million
(a) Capital commitment:		
Contracted but not provided for investment properties and property, plant and equipment	3,974	5,527
(b) Other commitment:		
Subscription to a fund investment as limited partner	–	8

### 34. LEASE COMMITMENTS

At the end of the reporting period, the Group as lessor had contracted with tenants for the following undiscounted lease payments receivable over the non-cancellable periods:

	2024 HK\$ million	2023 HK\$ million
Within one year	2,278	2,194
In the second year	1,628	1,450
In the third year	1,118	959
In the fourth year	769	648
In the fifth year	360	469
Over five years	535	257
	<b>6,688</b>	5,977

Operating lease payments represent rentals receivable by the Group from leasing of its investment properties. Typically, leases are negotiated and rentals are fixed for lease term of one to three years. Certain leases include rentals received with reference to turnover of tenants.

### 35. RELATED PARTY TRANSACTIONS AND BALANCES

#### (a) Transactions and balances with related parties

During the year, the Group has transaction with related party including interest income on loans to joint ventures, imputed interest income on interest-free loan to a joint venture and imputed interest expense on interest-free amounts due to non-controlling interests as disclosed under notes 6, 8, 18 and 25 of the Notes to the Consolidated Financial Statements section. The imputed interest expense arising from the amounts due to non-controlling interests during the year has been fully capitalised into investment properties under development. The interest income on loans to joint ventures during the year is amounted to HK\$39 million (2023: HK\$38 million).

At the end of the reporting period, the Group has several balances with related parties including loans to associates and loans to joint ventures as disclosed under note 17 and note 18 of the Notes to the Consolidated Financial Statements section.

The Group has granted guarantees to banks for facilities granted to a joint venture as disclosed under note 1(b) of the Financial Risk Management.

The Group has entered into the facility agreement with HSBC Bank (China) Company Limited, Shanghai Branch ("HSBC (China)") on 22 November 2023, a fellow subsidiary of Imenson Limited ("Imenson"), pursuant to which HSBC (China) agreed to grant a facility to Hysan (Shanghai) Properties Limited ("Hysan (SH)"), an indirect wholly-owned subsidiary of the Company amounting to RMB200 million with a term of two years from first drawdown and final maturity no later than 31 December 2025. The balance of utilised amount at 31 December 2024 was RMB117 million (2023: RMB27 million).



## Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

### 35. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

#### (a) Transactions and balances with related parties (continued)

	Gross rental income received from Year ended 31 December		Amounts due to non-controlling interests At 31 December	
	2024 HK\$ million	2023 HK\$ million	2024 HK\$ million	2023 HK\$ million
Related companies controlled by the Directors of the Company (Note a)	18	53	–	57
Non-controlling shareholders of subsidiaries (Note b (i) & (ii))	63	21	5,875	5,406
Joint venture and associate (Note c)	94	81	–	–

Notes:

- (a) The sum of transactions represents the aggregate gross rental income received from related companies where the Directors of the Company have controlling interests over these related companies.  
On 16 May 2023, Jebsen Hans Michael retired from his director role of the Company and remained as a connected person of Hysan at issuer level for 12 months thereafter.
- (b) (i) The sum of transactions represents the aggregate gross rental income received from Hang Seng Bank Limited ("Hang Seng"), the intermediate holding company of Imenson, and The Hongkong and Shanghai Banking Corporation Limited, the holding company of Hang Seng. Imenson is a non-controlling shareholder with significant influence over Barrowgate.  
From 17 May 2024 onwards, the sum of transactions includes the aggregate gross rental income received from Jebsen and Company Limited, the holding company of Jebsen Capital Limited. Jebsen Capital Limited is a non-controlling shareholder with significant influence over Barrowgate.
- (ii) The balance represents outstanding loans advanced to Barrowgate by Imenson and Patchway by Coastday Limited, as shareholder loans in proportion to its shareholding in Barrowgate and Patchway respectively. The amounts advanced to Barrowgate are unsecured, interest-free and repayable on demand. The amount advanced to Patchway is unsecured, interest-free and for the development of a commercial site at Caroline Hill Road, Causeway Bay, Hong Kong.
- (c) Rental income is charged in accordance with respective tenancy agreements.

#### (b) Compensation of key management personnel

The remuneration of Directors and other members of senior management of the Group are as follows:

	2024 HK\$ million	2023 HK\$ million
Directors' fees, salaries and other short-term employee benefits	47	49
Share-based payments	3	3
Retirement benefits scheme contributions	–	1
	50	53

The remuneration of the Directors and key executives is determined by the Remuneration Committee having regard to the performance of individuals and market trends.

## 36. SHARE-BASED PAYMENT TRANSACTIONS

### (a) Equity-settled share option and share award schemes

#### The 2005 Share Option Scheme

The Company adopted the 2005 Share Option Scheme at its AGM held on 10 May 2005, which has a term of 10 years and expired on 9 May 2015. All outstanding options granted under the 2005 Share Option Scheme will continue to be valid and exercisable in accordance with the provisions of the 2005 Share Option Scheme.

The purpose of the 2005 Share Option Scheme is to provide an incentive for employees of the Company and its wholly-owned subsidiaries to work with commitment towards enhancing the value of the Company and its shares for the benefit of its shareholders.

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

The maximum number of shares in respect of which options may be granted under the 2005 Share Option Scheme and any other share option schemes of the Company shall not exceed such number of shares as required under the Listing Rules, currently being 10% of the shares in issue as at 10 May 2005, the date of the AGM approving the 2005 Share Option Scheme (being 104,996,365 shares).

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

The 2005 Share Option Scheme expired on 9 May 2015 and no further option will be granted under the 2005 Share Option Scheme.

#### The 2015 Share Option Scheme

The Company adopted the 2015 Share Option Scheme (together with the 2005 Share Option Scheme are referred to as the "Share Option Schemes") at its AGM held on 15 May 2015, which has a term of 10 years and will expire on 14 May 2025. Terms of the 2015 Share Option Scheme are substantially the same as those under the 2005 Share Option Scheme.

The purpose of the 2015 Share Option Scheme is to provide an incentive for employees of the Company and its subsidiaries to work with commitment towards enhancing the value of the Company and its shares for the benefit of its shareholders.

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

# Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

## 36. SHARE-BASED PAYMENT TRANSACTIONS (continued)

### (a) Equity-settled share option and share award schemes (continued)

#### The 2015 Share Option Scheme (continued)

The maximum number of shares in respect of which options may be granted under the 2015 Share Option Scheme and any other share option schemes of the Company shall not in aggregate exceed such number of shares as required under the Listing Rules, currently being 10% of the shares in issue as at 15 May 2015, the date of the AGM approving the 2015 Share Option Scheme (being 106,389,669 shares). Under the Listing Rules, a listed issuer may seek approval by its shareholders in general meeting for “refreshing” the 10% limit under the scheme. The limit on the number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the 2015 Share Option Scheme and any other share option schemes of the Company must not exceed 30% of the shares in issue from time to time (or such number of shares as required under the Listing Rules). No options may be granted if such grant will result in this 30% limit being exceeded.

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

#### Grant and vesting structures on Share Option Schemes

Under the Company’s current policy, grants will be made on a periodic basis. For the Share Option Schemes, the exercise period is ten years and vesting period is three years in equal proportions starting from the first anniversary and become fully vested on the third anniversary of the grant. Size of grant will be determined by reference to base salary multiple and relevant individual performance metrics. A clear performance criterion will be a key driver. The Board will review the grant and vesting structures from time to time.

#### The 2024 Share Award Scheme

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

The Board has delegated the administration of the 2024 Share Award Scheme to the Remuneration Committee, which consists solely of INEDs. This delegation ensures proper governance when reviewing and deciding on proposed grants of the share awards, aligning the objectives of the 2024 Share Award Scheme with shareholders’ interests.

Pursuant to the 2024 Share Award Scheme, the Remuneration Committee, as authorised by the Board, may, from time to time, exercise its absolute discretion in selecting any employee (for this purpose only, including without limitation, any Director) of any member of the Group (other than any Excluded Employee (as defined in the Company’s announcement dated 19 January 2024)) for participation (the “Selected Employee”), and grant such number of Shares to any Selected Employee at no consideration and subject to such terms and conditions as it may in its absolute discretion determine. The administrators of the 2024 Share Award Scheme are not participants in the 2024 Share Award Scheme.

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

## 36. SHARE-BASED PAYMENT TRANSACTIONS (continued)

### (a) Equity-settled share option and share award schemes (continued)

#### The 2024 Share Award Scheme (continued)

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

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

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

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

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

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

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

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

Since the Adoption Date and up to 31 December 2024 (the “Relevant Period”), a total of 1,416,905 Awarded Shares had been granted to Selected Employees at nil consideration under the 2024 Share Award Scheme.

## Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

### 36. SHARE-BASED PAYMENT TRANSACTIONS (continued)

#### (a) Equity-settled share option and share award schemes (continued)

##### The One-off Share Award Plan

In commemoration of the momentous occasion of the 100th anniversary of the establishment of the Group in Hong Kong, the Company adopted 100A Share Award Plan on 15 October 2023 (the "Adoption Date") to signify and reaffirm the Group's commitment and optimism to the continued success of Hysan for the next one hundred years and beyond. The Share Award Plan also serves as a gesture of appreciation and recognition for the dedication and valuable contributions of the Group's employees to the Group's success.

The 100A Share Award Plan is a one-off plan and is funded solely by existing shares of the Company ("Shares") purchased from the market. Subject to the provisions of the 100A Share Award Plan, the Executive Committee may within the term of the 100A Share Award Plan and at its absolute discretion select any employee of the Group for participation in the Plan ("Selected Employees"), and grant Awarded Shares to the Selected Employees at no consideration. The Selected Employees are not required to pay any amount on application or acceptance of the Awarded Shares. The maximum number of Awarded Shares which may be awarded under the 100A Share Award Plan shall not exceed 50,000 Shares, representing approximately 0.0049% of the issued share capital of the Company as at the Adoption Date and the date of this Annual Report. As at the date of Annual Report, the total number of Shares available for issue in respect of awards which may be granted under the 100A Share Award Plan is zero.

All Awarded Shares granted during 2023 were granted and vested on 27 November 2023 and the 100A Share Award Plan was terminated on the same date upon the vesting of all Awarded Shares to the Selected Employees. No further Awarded Shares will be granted under the 100A Share Award Plan.

During 2023, an aggregate of 47,800 fully-vested Shares (representing approximately 0.0047% of the issued Shares as at the date of the Annual Report) have been granted to 478 Selected Employees.

### 36. SHARE-BASED PAYMENT TRANSACTIONS (continued)

#### (b) Movement of share options and share award schemes

The following table discloses movements of the Company's share options held by the Directors and eligible employees during the current year:

Name	Date of grant	Exercise price HK\$	Exercise period (Note a)	Balance	Changes during the year			Balance
				as at 1.1.2024	Granted	Exercised	Cancelled/ lapsed (Note b)	as at 31.12.2024
<b>2005 Share Option Scheme</b>								
<b>Executive Director</b>								
Lee Irene Yun-Lien	10.3.2014	32.84	10.3.2015 – 9.3.2024	<b>325,000</b>	–	–	<b>(325,000)</b>	–
	12.3.2015	36.27	12.3.2016 – 11.3.2025	<b>300,000</b>	–	–	–	<b>300,000</b>
<b>Other Employee Participants</b>	31.3.2014	33.75	31.3.2015 – 30.3.2024	<b>36,000</b>	–	–	<b>(36,000)</b>	–
	31.3.2015	34.00	31.3.2016 – 30.3.2025	<b>47,000</b>	–	–	<b>(42,000)</b>	<b>5,000</b>
				<b>708,000</b>	–	–	<b>(403,000)</b>	<b>305,000</b>
<b>2015 Share Option Scheme</b>								
<b>Executive Directors</b>								
Lee Irene Yun-Lien	9.3.2016	33.15	9.3.2017 – 8.3.2026	<b>375,000</b>	–	–	–	<b>375,000</b>
	23.2.2017	36.25	23.2.2018 – 22.2.2027	<b>300,000</b>	–	–	–	<b>300,000</b>
	1.3.2018	44.60	1.3.2019 – 29.2.2028	<b>373,200</b>	–	–	–	<b>373,200</b>
	22.2.2019	42.40	22.2.2020 – 21.2.2029	<b>494,200</b>	–	–	–	<b>494,200</b>
	21.2.2020	29.73	21.2.2021 – 20.2.2030	<b>650,000</b>	–	–	–	<b>650,000</b>
	26.2.2021	33.05	26.2.2022 – 25.2.2031	<b>664,000</b>	–	–	–	<b>664,000</b>
Lui Kon Wai	28.2.2022	23.25	28.2.2023 – 27.2.2032	<b>819,000</b>	–	–	–	<b>819,000</b>
	29.3.2018	41.50	29.3.2019 – 28.3.2028	<b>179,000</b>	–	–	–	<b>179,000</b>
	29.3.2019	42.05	29.3.2020 – 28.3.2029	<b>203,000</b>	–	–	–	<b>203,000</b>
	31.3.2020	25.20	31.3.2021 – 30.3.2030	<b>262,000</b>	–	–	–	<b>262,000</b>
<b>Other employee participants</b>	31.3.2021	30.40	31.3.2022 – 30.3.2031	<b>267,000</b>	–	–	–	<b>267,000</b>
	28.2.2022	23.25	28.2.2023 – 27.2.2032	<b>400,000</b>	–	–	–	<b>400,000</b>
	31.3.2016	33.05	31.3.2017 – 30.3.2026	<b>85,000</b>	–	–	<b>(65,000)</b>	<b>20,000</b>
	31.3.2017	35.33	31.3.2018 – 30.3.2027	<b>178,667</b>	–	–	<b>(104,667)</b>	<b>74,000</b>
	29.3.2018	41.50	29.3.2019 – 28.3.2028	<b>214,000</b>	–	–	<b>(90,000)</b>	<b>124,000</b>
	29.3.2019	42.05	29.3.2020 – 28.3.2029	<b>330,000</b>	–	–	<b>(156,000)</b>	<b>174,000</b>
31.3.2020	25.20	31.3.2021 – 30.3.2030	<b>403,000</b>	–	–	<b>(180,000)</b>	<b>223,000</b>	
31.3.2021	30.40	31.3.2022 – 30.3.2031	<b>490,000</b>	–	–	<b>(214,000)</b>	<b>276,000</b>	
31.3.2022	23.36	31.3.2023 – 30.3.2032	<b>699,000</b>	–	–	<b>(310,000)</b>	<b>389,000</b>	
				<b>7,386,067</b>	–	–	<b>(1,119,667)</b>	<b>6,266,400</b>
<b>Exercisable at the end of the year</b>								<b>6,035,394</b>

Notes:

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

The Company had not granted any share option under the Share Option Schemes to any other person as required to be disclosed under Rule 17.07 of the Listing Rules in 2024.

## Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

### 36. SHARE-BASED PAYMENT TRANSACTIONS (continued)

#### (b) Movement of share options and share award schemes (continued)

The following table discloses movements of the Company's share options held by the Directors and eligible employees in prior year:

Name	Date of grant	Exercise price HK\$	Exercise period (Note a)	Balance as at 1.1.2023	Changes during the year			Balance as at 31.12.2023
					Granted	Exercised	Cancelled/ lapsed (Note b)	
<b>2005 Share Option Scheme</b>								
<b>Executive Director</b>								
Lee Irene Yun-Lien	7.3.2013	39.92	7.3.2014 – 6.3.2023	265,000	–	–	(265,000)	–
	10.3.2014	32.84	10.3.2015 – 9.3.2024	325,000	–	–	–	325,000
	12.3.2015	36.27	12.3.2016 – 11.3.2025	300,000	–	–	–	300,000
<b>Other Employee Participants</b>								
Other Employee Participants	28.3.2013	39.20	28.3.2014 – 27.3.2023	85,000	–	–	(85,000)	–
	31.3.2014	33.75	31.3.2015 – 30.3.2024	46,000	–	–	(10,000)	36,000
	31.3.2015	34.00	31.3.2016 – 30.3.2025	61,000	–	–	(14,000)	47,000
				1,082,000	–	–	(374,000)	708,000
<b>2015 Share Option Scheme</b>								
<b>Executive Directors</b>								
Lee Irene Yun-Lien	9.3.2016	33.15	9.3.2017 – 8.3.2026	375,000	–	–	–	375,000
	23.2.2017	36.25	23.2.2018 – 22.2.2027	300,000	–	–	–	300,000
	1.3.2018	44.60	1.3.2019 – 29.2.2028	373,200	–	–	–	373,200
	22.2.2019	42.40	22.2.2020 – 21.2.2029	494,200	–	–	–	494,200
	21.2.2020	29.73	21.2.2021 – 20.2.2030	650,000	–	–	–	650,000
	26.2.2021	33.05	26.2.2022 – 25.2.2031	664,000	–	–	–	664,000
	28.2.2022	23.25	28.2.2023 – 27.2.2032	819,000	–	–	–	819,000
	Lui Kon Wai	29.3.2018	41.50	29.3.2019 – 28.3.2028	179,000	–	–	–
29.3.2019		42.05	29.3.2020 – 28.3.2029	203,000	–	–	–	203,000
31.3.2020		25.20	31.3.2021 – 30.3.2030	262,000	–	–	–	262,000
31.3.2021		30.40	31.3.2022 – 30.3.2031	267,000	–	–	–	267,000
28.2.2022		23.25	28.2.2023 – 27.2.2032	400,000	–	–	–	400,000
<b>Other employee participants</b>								
Other employee participants	31.3.2016	33.05	31.3.2017 – 30.3.2026	106,000	–	–	(21,000)	85,000
	31.3.2017	35.33	31.3.2018 – 30.3.2027	208,667	–	–	(30,000)	178,667
	29.3.2018	41.50	29.3.2019 – 28.3.2028	260,000	–	–	(46,000)	214,000
	29.3.2019	42.05	29.3.2020 – 28.3.2029	393,000	–	–	(63,000)	330,000
	31.3.2020	25.20	31.3.2021 – 30.3.2030	498,000	–	–	(95,000)	403,000
	31.3.2021	30.40	31.3.2022 – 30.3.2031	605,000	–	–	(115,000)	490,000
	31.3.2022	23.36	31.3.2023 – 30.3.2032	860,000	–	–	(161,000)	699,000
				7,917,067	–	–	(531,000)	7,386,067
<b>Exercisable at the end of the year</b>								<b>6,341,720</b>

Notes:

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

The Company had not granted any share option under the Share Option Schemes to any other person as required to be disclosed under Rule 17.07 of the Listing Rules in 2023.

### 36. SHARE-BASED PAYMENT TRANSACTIONS (continued)

#### (b) Movement of share options and share award schemes (continued)

Movements in the Awarded Shares under the 2024 Share Award Scheme during the Relevant Period are set out below:

Name	Date of Grant	Vesting period	Fair Value per Awarded Share HK\$ (Note a)	Closing price of Shares immediately before the date of grant HK\$	Balance as at 19.01.2024	Changes during the Relevant Period			Balance as at 31.12.2024
						Granted	Vested (Note e)	Cancelled/ Lapsed (Note f)	
<b>2024 Share Award Scheme</b>									
<b>Executive Directors</b>									
Lee Irene Yun-Lien	1.4.2024	1.4.2025 – 1.4.2027	12.62	12.62	-	<b>463,369</b> <b>(Note b)</b>	-	-	<b>463,369</b>
Lui Kon Wai	1.4.2024	1.4.2025 – 1.4.2027	12.62	12.62	-	<b>269,925</b> <b>(Note c)</b>	-	-	<b>269,925</b>
<b>Other grantees</b>	1.4.2024	1.4.2025 – 1.4.2027	12.62	12.62	-	<b>683,611</b> <b>(Note d)</b>	-	<b>(121,928)</b>	<b>561,683</b>
					<b>-</b>	<b>1,416,905</b>	<b>-</b>	<b>(121,928)</b>	<b>1,294,977</b>

Notes:

- The fair value of the Awarded Shares was calculated based on the closing price of the Shares immediately before the date of grant (i.e. 28 March 2024), which was HK\$12.62 per share, given that the date of grant was not a business day. The Group has adopted the accounting standard in accordance with HKFRS 2 — Share-based Payment. According to HKFRS 2, the fair value of the employee services received in exchange for the grant of the Awarded Shares is recognised as an expense, with a corresponding increase in equity, over the vesting period of the Awarded Shares. The amount recognised as an expense is adjusted to reflect the number of Awarded Shares for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of Awarded Shares that meet the related service and non-market performance conditions at the vesting date.
- Among the 463,369 Awarded Shares granted to Ms. Lee Irene Yun-Lien, 139,011 Awarded Shares are Restricted Shares and 324,358 Awarded Shares are Performance Shares.
- Among the 269,925 Awarded Shares granted to Mr. Lui Kon Wai, 80,978 Awarded Shares are Restricted Shares and 188,947 Awarded Shares are Performance Shares.
- Among the 683,611 Awarded Shares granted to other grantees, 303,921 Awarded Shares are Restricted Shares and 379,690 Awarded Shares are Performance Shares.
- No Awarded Shares were vested during the Relevant Period.
- Awarded Shares lapsed during the year in accordance with the rules of the 2024 Share Award Scheme.



## Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

### 36. SHARE-BASED PAYMENT TRANSACTIONS (continued)

#### (b) Movement of share options and share award schemes (continued)

The following table discloses movements of the Awarded Shares held by the Directors and eligible employees under the One-off Share Award Plan in 2023:

Name	Date of grant	Vesting date (Note a)	Purchase price HK\$	Balance as at 1.1.2023	Changes during the year			Balance as at 31.12.2023
					Granted (Note c)	Vested	Cancelled/ lapsed	
<b>Executive Directors</b>								
Lee Irene Yun-Lien	27.11.2023	27.11.2023	–	–	100	(100)	–	–
Lui Kon Wai	27.11.2023	27.11.2023	–	–	100	(100)	–	–
<b>Other Employee Participants</b>								
	27.11.2023	27.11.2023	–	–	47,600	(47,600)	–	–
				–	47,800	(47,800)	–	–

Notes:

- All Awarded Shares granted have vested on 27 November 2023, i.e. date of grant.
- None of the Awarded Shares granted have performance targets.
- The closing price of the Shares immediately before the date of grant and vesting (i.e. 24 November 2023) was HK\$15.22.
- The fair value of the Awarded Shares at the date of grant is HK\$15.04 per share.
- The Group has applied HKFRS 2 to account for the Awarded Shares. In the current year, the Group recognised the share award expenses of HK\$1 million in relation to Awarded Shares granted by the Company, of which HK\$3,008 related to the Directors, HK\$7,520 related to the five top-paid employees (excluding the Executive Directors) and HK\$708,384 related to other employee participants.

#### (c) Fair values of share options

The Group has applied HKFRS 2 to account for its share options granted. In accordance with HKFRS 2, fair value of share options granted to employees determined at the date of grant is expensed over the vesting period, with a corresponding adjustment to the Group's share options reserve. In the current year, the Group recognised the share option expenses of HK\$1 million (2023: HK\$3 million) in relation to share options granted by the Company, of which HK\$1 million (2023: HK\$2 million) related to the Directors (see note 10 of the Notes to Consolidated Financial Statements section), with a corresponding adjustment recognised in the Group's share options reserve.

The fair values of share options granted by the Company were determined by using Black-Scholes option pricing model (the "Model"). The Model is one of the commonly used models to estimate the fair value of an option. The variables and assumptions used in computing the fair value of the share options are based on the management's best estimate. The value of an option varies with different variables of a number of subjective assumptions. Any change in the variables so adopted may materially affect the estimation of the fair value of an option.

# Financial Risk Management

For the year ended 31 December 2024

## 1. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's major financial instruments include loans to associates, loans to joint ventures, other financial investments, debt securities, accounts and other receivables, time deposits, cash and cash equivalents, accounts payable and accruals, deposits from tenants, amounts due to non-controlling interests, borrowings and derivative financial instruments. Details of these financial instruments are disclosed in respective Notes to the Consolidated Financial Statements section. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

### (a) Credit risk and impairment assessment

The credit risk of the Group is primarily attributable to loans to associates, loans to joint ventures, accounts and other receivables, derivative financial instruments, debt securities, time deposits and bank balances. The Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

The Group reviewed and assessed the Group's existing financial assets and financial guarantee contract for impairment using reasonable, supportable and forward-looking information that is available without undue cost or effort in accordance with HKFRS 9. For the purpose of internal credit risk management, the Group uses financial information (such as historical settlement records, past due records, deposits held or other credit enhancement) to assess whether credit risk has increased significantly since initial recognition.

The Group's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Accounts receivables	Other financial assets
Performing	The counterparty has a low credit risk of default or does not have any past-due amounts	Lifetime Expected Credit Losses ("ECL") – not credit-impaired	12-month ECL – not credit-impaired
Non-performing	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL – not credit-impaired	Lifetime ECL – not credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

### Loans to associates and joint ventures

The Group regularly monitors the business performance of the associates and joint ventures. The Group's credit risk in these balances are mitigated through the value of the assets held by these entities and the power to participate or jointly control the relevant activities of these entities. As at 31 December 2024, these loans with gross carrying amount of HK\$4,524 million (2023: HK\$4,045 million) are considered to be performing and were assessed individually based on 12-month ECL.

# Financial Risk Management (continued)

For the year ended 31 December 2024

## 1. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

### (a) Credit risk and impairment assessment (continued)

#### Accounts and other receivables

Credit checks on tenants are part of the normal leasing process and stringent monitoring procedures are in place to deal with overdue debts. In addition, the Group reviews the expected credit losses of each individual debt, after taking into consideration the deposits from tenants, at the end of each reporting period. As at 31 December 2024, accounts and other receivables (excluding prepayments in respect of investment properties) with gross carrying amount of HK\$747 million (2023: HK\$537 million) are considered to be performing and were assessed individually based on the respective lifetime ECL and 12-month ECL.

#### Debt securities, time deposits, bank balances and derivative financial instruments

Credit exposure to financial institutions and debt securities issuers are monitored and reported regularly to the management. The exposure to each counterparty comprised (i) investment value of financial assets (including bank balances, time deposits and debt securities); (ii) net positive value of derivative financial instruments and; (iii) potential exposures to derivatives which are based on the remaining term and the notional amount of the derivative financial instruments.

The Group only deals with financial institutions and invests in debt securities issued by issuers that have strong credit ratings to mitigate counterparty risk. As at 31 December 2024, debt securities, time deposits and bank balances and derivative financial instruments with gross carrying amount of HK\$3,244 million (2023: HK\$5,050 million) were assessed individually based on 12-month ECL and considered to be performing as all financial institutions that the Group dealt with. Time deposits, bank balances and debt securities invested had credit ratings A or above as rated by international credit rating agencies. In order to limit exposure to each financial institution and debt securities issuers, an exposure limit was set with each counterparty according to their external credit rating with regular review by management.

Other than concentration of credit risk on loans to associates and joint ventures, the Group does not have any other significant concentration of credit risk.

No credit loss is provided for except for loans to joint ventures and debt securities. A reconciliation of loss allowances recognised is presented below.

	Loss allowance for	
	Loans to joint ventures HK\$ million	Debt securities HK\$ million
As at 1 January 2023	8	3
Net impairment loss under ECL model	–	–
As at 31 December 2023	8	3
Net impairment loss under ECL model	184	–
<b>As at 31 December 2024</b>	<b>192</b>	<b>3</b>

The maximum exposure to credit risk is represented by the carrying amount of each financial asset at amortised cost in the consolidated statement of financial position after deducting any impairment allowance. Besides, the Group is also exposed to credit risk arising from the corporate financial guarantees which will cause a financial loss to the Group if the guarantee is called out.

In respect of the financial guarantee contract, the credit risk exposures of the Group is assessed under 12-month ECL and concluded that the loss given default of the counter party, a joint venture, is insignificant and accordingly, no allowance of credit loss is provided. Details of the Group's credit risk maximum exposure are set out in note 1(b) of the Financial risk management objectives and policies section.

## 1. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

### (b) Liquidity risk

The Group closely monitors its liquidity requirements and the sufficiency of cash and available banking facilities so as to ensure that the payment obligations are met.

The following table details the remaining contractual maturity of the Group for its non-derivative financial liabilities based on the agreed repayment terms. Maturity of the Group's financial guarantee contract is presented separately. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group is required to pay. The table includes both interest and principal cash flows. The interest payments are computed using contractual rates or, if floating, based on the prevailing market rate at the end of the reporting period, the undiscounted amount is derived based on management's best estimates at the end of the reporting period, taking into consideration interest rate curve, if available. For cash flows denominated in currency other than Hong Kong dollars ("HKD"), the prevailing foreign exchange rates at the end of the reporting period are used to convert the cash flows into HKD.

	Carrying amount HK\$ million	Total contractual undiscounted cash flow HK\$ million	Within 1 year or on demand HK\$ million	More than 1 year but not exceeding 2 years HK\$ million	More than 2 years but not exceeding 5 years HK\$ million	More than 5 years HK\$ million
<b>As at 31 December 2024</b>						
<b>Non-derivative financial liabilities</b>						
Accounts payable and accruals	(1,428)	(1,428)	(1,428)	–	–	–
Deposits from tenants	(872)	(872)	(306)	(193)	(320)	(53)
Amounts due to non-controlling interests	(5,875)	(6,030)	(189)	–	(5,841)	–
Secured bank loans	(8,772)	(9,782)	(470)	(470)	(8,842)	–
Unsecured bank loans	(2,415)	(2,469)	(1,328)	(596)	(545)	–
Unsecured fixed rate notes	(15,327)	(17,718)	(1,947)	(2,069)	(9,236)	(4,466)
	<b>(34,689)</b>	<b>(38,299)</b>	<b>(5,668)</b>	<b>(3,328)</b>	<b>(24,784)</b>	<b>(4,519)</b>
<b>As at 31 December 2023</b>						
<b>Non-derivative financial liabilities</b>						
Accounts payable and accruals	(1,097)	(1,097)	(1,097)	–	–	–
Deposits from tenants	(863)	(863)	(352)	(189)	(265)	(57)
Amounts due to non-controlling interests	(5,463)	(5,664)	(199)	–	(5,465)	–
Secured bank loans	(7,852)	(9,371)	(476)	(476)	(8,419)	–
Unsecured bank loans	(2,171)	(2,484)	(138)	(1,350)	(996)	–
Unsecured fixed rate notes	(15,541)	(18,428)	(618)	(1,950)	(6,471)	(9,389)
	<b>(32,987)</b>	<b>(37,907)</b>	<b>(2,880)</b>	<b>(3,965)</b>	<b>(21,616)</b>	<b>(9,446)</b>

Note:

In addition to the items as set out in the above liquidity risk table, the maximum amount the Group could be required to settle under a financial guarantee provided by the Group in respect of banking facilities granted to a joint venture is HK\$1,576 million and HK\$1,500 million as at 31 December 2024 and 2023 respectively, if such amount is claimed by the counterparty to the guarantee at any time within the guaranteed period. Based on expectations at the end of the reporting period, the Directors of the Company consider that it is more likely than not that no amount will be payable by the Group under such financial guarantee arrangement.

# Financial Risk Management (continued)

For the year ended 31 December 2024

## 1. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

### (b) Liquidity risk (continued)

The following table details the Group's remaining contractual maturity for its derivative financial instruments. The table has been drawn up based on the undiscounted gross (outflows) inflows on those derivatives that require gross settlement, and the undiscounted contractual net cash (outflows) and inflows on derivative instruments that settle on a net basis. When the amount payable or receivable is not fixed, the amount disclosed has been determined by reference to the prevailing market rate at the end of the reporting period. For cash flows denominated in currency other than HKD, the prevailing foreign exchange rates at the end of the reporting period are used to convert the cash flows into HKD.

	Carrying amount HK\$ million	Total contractual undiscounted cash flow HK\$ million	Within 1 year or on demand HK\$ million	More than 1 year but not exceeding 2 years HK\$ million	More than 2 years but not exceeding 5 years HK\$ million	More than 5 years HK\$ million
<b>As at 31 December 2024</b>						
<b>Derivative settled net</b>						
Interest rate swaps	(196)	(72)	(35)	(23)	(14)	–
<b>Derivative settled gross</b>						
Cross currency swaps	(254)	–	–	–	–	–
Outflow	–	(10,266)	(266)	(266)	(7,604)	(2,130)
Inflow	–	10,162	261	261	7,551	2,089
<b>As at 31 December 2023</b>						
<b>Derivative settled net</b>						
Interest rate swaps	(254)	(105)	(41)	(29)	(35)	–
<b>Derivative settled gross</b>						
Cross currency swaps	(125)	–	–	–	–	–
Outflow	–	(10,532)	(267)	(266)	(3,800)	(6,199)
Inflow	–	10,480	262	262	3,777	6,179

## 1. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

### (c) Interest rate risk

The Group manages its interest rate exposure by assessing the potential impact on the Group's financial position arising from any interest rate movements based on interest rate level and outlook. The management will review the proportion of borrowings in fixed rates and floating rates and ensure that they are within an appropriate range. The Group is exposed to fair value interest rate risk in relation to fixed rate debt securities, time deposits and cash and cash equivalents (see notes 20 and 23 of the Notes to Consolidated Financial Statements section).

As at 31 December 2024, about 39% (2023: 38%) of the Group's gross debts was effectively on a floating rate basis. The ratio could be adjusted according to views about changes in the interest rate trend going forward. In addition, the Group is exposed to cash flow interest rate risk as the interest income derived from time deposits and bank balances is subject to interest rate changes. Other than the concentration of interest rate risk related to the movements in Hong Kong Interbank Offered Rate, the Group has no significant concentration of interest rate risk.

#### Sensitivity analysis

The sensitivity analysis below has been determined assuming that the change in interest rates had occurred at the end of the reporting period and all other variables were held constant. Such change has been applied to both derivative and non-derivative financial instruments that would have affected the profit or loss and equity. A change of +100 and -25 basis points ("bps") (2023: +100 and -25 bps) was applied to the HKD and US dollars ("USD") yield curves at the end of the reporting period. The applied change of bps represented management's assessment of the reasonably possible change in interest rates based on the current market conditions.

In management's opinion, the sensitivity analysis is unrepresentative of the interest rate risk as the year end exposure does not reflect the exposure during the year.

	(Decrease) increase in profit or loss		Increase (decrease) in equity	
	bps increase HK\$ million	bps decrease HK\$ million	bps increase HK\$ million	bps decrease HK\$ million
<b>As at 31 December 2024</b>	<b>(94)</b>	<b>23</b>	<b>62</b>	<b>(14)</b>
<b>As at 31 December 2023</b>	(70)	17	390	(107)

# Financial Risk Management (continued)

For the year ended 31 December 2024

## 1. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

### (d) Currency risk

The Group aims to minimise its currency risk and does not speculate in currency movements for debt management. To cover foreign exchange exposures arising from debts, the Group's foreign currency denominated monetary liabilities may be hedged back to HKD unless the liabilities are naturally hedged by the underlying asset in the same foreign currency. In managing the Group's monetary assets, the Group limits the aggregate net foreign currency exposures to a certain threshold. Exposures exceeding that threshold will be hedged back to HKD. The majority of the Group's assets are located and all rental income and management fee income are derived in Hong Kong and Mainland, and denominated in HKD and RMB.

As at 31 December 2024, the Group's entities with functional currency of HKD had aggregate USD net monetary liabilities of HK\$6,423 million (2023: net monetary liabilities of HK\$6,575 million).

As at 31 December 2024, the Group's entities with functional currency of HKD had aggregate RMB net monetary liabilities of HK\$952 million (2023: net monetary liabilities of HK\$972 million).

Other than concentration of currency risk of the above items denominated in USD and RMB (2023: USD and RMB), the Group has no other significant currency risk.

The Group has entered into appropriate hedging instruments, mentioned in note 21 of the Notes to the Consolidated Financial Statements section, to hedge against part of the potential currency risk of the above items. The Group reviews the continuing effectiveness of hedging instruments at least at the end of the reporting period and until the hedging instrument expires or is terminated or the hedge no longer meets the criteria for hedge accounting.

### Sensitivity analysis

The sensitivity analysis below has been determined assuming that a change in exchange rate had occurred at the end of the reporting period and all other variable were held constant. Such change has been applied to both derivative and non-derivative financial instruments that would have affected the profit or loss and other comprehensive income. Change of 500 percentage in points ("pips") (2023: 500 pips) was applied to the HKD:USD and HKD:RMB (2023: HKD:USD and HKD:RMB) spot and forward rates at the end of the reporting period.

In management's opinion, the sensitivity analysis is unrepresentative of the currency risk as the year end exposure does not reflect the exposure during the year.

	(Decrease) increase in profit or loss		(Decrease) increase in other comprehensive income	
	pips increase HK\$ million	pips decrease HK\$ million	pips increase HK\$ million	pips decrease HK\$ million
<b>As at 31 December 2024</b>				
USD	<b>(48)</b>	<b>48</b>	<b>(43)</b>	<b>43</b>
RMB	<b>(45)</b>	<b>45</b>	–	–
<b>As at 31 December 2023</b>				
USD	(49)	49	(45)	45
RMB	(44)	44	–	–

## 1. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

### (e) Other price risk

The Group is exposed to other price risk through its investment in equity security measured at fair value through other comprehensive income ("FVTOCI") and fund investment measured at fair value through profit or loss ("FVTPL"). The Group has appointed a special team to monitor the price risk and will consider hedging the risk exposure should the need arise.

#### Sensitivity analysis

The sensitivity analyses have been determined based on the exposure to equity price risk at the reporting date. If the price of the equity securities had been 5% higher/lower, the other comprehensive income for the year ended 31 December 2024 would increase/decrease by HK\$79 million (2023: HK\$73 million) as a result of the changes in fair value of investment as at FVTOCI. The Group's exposure to price risk on investment in a fund investment was limited because the potential fluctuation was considered minimal.

## 2. CATEGORIES OF FINANCIAL INSTRUMENTS

	2024 HK\$ million	2023 HK\$ million
<b>Financial assets</b>		
FVTPL	88	98
FVTOCI	1,570	1,460
Derivative instrument under hedge accounting	137	197
Amortised cost (including cash and cash equivalents)	7,533	8,998
	<b>9,328</b>	10,753
<b>Financial liabilities</b>		
Derivative instruments under hedge accounting	587	576
Amortised cost	34,689	32,987
	<b>35,276</b>	33,563



## Financial Risk Management (continued)

For the year ended 31 December 2024

### 3. FINANCIAL ASSETS AND FINANCIAL LIABILITIES SUBJECT TO ENFORCEABLE MASTER NETTING ARRANGEMENTS OR SIMILAR AGREEMENTS

The Group has entered certain derivative transactions that are covered by the International Swaps and Derivatives Association Master Agreements (“ISDA Agreements”) signed with various banks. These derivative instruments are not offset in the consolidated statement of financial position as the ISDA Agreements are in place with a right of set off only in the event of default, insolvency or bankruptcy so that the Group currently has no legally enforceable right to set off the recognised amounts. Other than derivatives transactions mentioned above, the Group has no other financial assets and financial liabilities which are offset in the Group’s consolidated statement of financial statements or are subject to similar netting arrangements.

#### (a) Financial assets subject to enforceable master netting arrangements or similar agreements

	Gross amounts of recognised financial assets HK\$ million	Gross amounts of recognised financial liabilities set off in the consolidated statement of financial position HK\$ million	Net amounts of financial assets presented in the consolidated statement of financial position HK\$ million
<b>As at 31 December 2024</b>			
Derivatives under hedge accounting	137	–	137
<b>As at 31 December 2023</b>			
Derivatives under hedge accounting	197	–	197

#### (b) Net financial assets subject to enforceable master netting arrangements or similar agreements, by counterparty

	Net amounts of financial assets presented in the consolidated statement of financial position HK\$ million	Financial liabilities not set off in the consolidated statement of financial position HK\$ million	Net amount HK\$ million
<b>As at 31 December 2024</b>			
Counterparty E	31	–	31
<b>As at 31 December 2023</b>			
Counterparty E	47	–	47

### 3. FINANCIAL ASSETS AND FINANCIAL LIABILITIES SUBJECT TO ENFORCEABLE MASTER NETTING ARRANGEMENTS OR SIMILAR AGREEMENTS (continued)

#### (c) Financial liabilities subject to enforceable master netting arrangements or similar agreements

	Gross amounts of recognised financial liabilities HK\$ million	Gross amounts of recognised financial assets set off in the consolidated statement of financial position HK\$ million	Net amounts of financial liabilities presented in the consolidated statement of financial position HK\$ million
<b>As at 31 December 2024</b>			
Derivatives under hedge accounting	(587)	–	(587)
<b>As at 31 December 2023</b>			
Derivatives under hedge accounting	(576)	–	(576)

#### (d) Net financial liabilities subject to enforceable master netting arrangements and similar agreements, by counterparty

	Net amounts of financial liabilities presented in the consolidated statement of financial position HK\$ million	Financial assets not set off in the consolidated statement of financial position HK\$ million	Net amount HK\$ million
<b>As at 31 December 2024</b>			
Counterparty A	(87)	24	(63)
Counterparty B	(185)	3	(182)
Counterparty C	(146)	23	(123)
Counterparty D	(117)	56	(61)
Counterparty F	(52)	–	(52)
	(587)	106	(481)
<b>As at 31 December 2023</b>			
Counterparty A	(66)	36	(30)
Counterparty B	(161)	8	(153)
Counterparty C	(149)	23	(126)
Counterparty D	(135)	82	(53)
Counterparty F	(65)	1	(64)
	(576)	150	(426)

## Financial Risk Management (continued)

For the year ended 31 December 2024

### 4. FAIR VALUE MEASUREMENT

#### (a) Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required)

The fair values of financial assets and financial liabilities measured at amortised cost are determined in accordance with generally accepted pricing models based on discounted cash flow methodology taking into account the market interest rate and credit risk of the counterparties and of the Group as appropriate.

The Directors of the Company consider that the carrying amounts of financial assets and financial liabilities measured at amortised cost in the consolidated financial statements approximate their fair values, except for the carrying amount of HK\$15,327 million (2023: HK\$15,541 million) unsecured fixed rate notes as stated in note 26 of the Notes to the Consolidated Financial Statements section with fair value of HK\$14,102 million (2023: HK\$14,081 million).

The fair value of HK\$7,828 million (2023: HK\$7,660 million) of the unsecured fixed rate notes is categorised into Level 1 of the fair value hierarchy, in which the fair value was derived from quoted prices in an active market translated at the spot foreign exchange rate of the respective currency at year end.

The fair value of HK\$6,274 million (2023: HK\$6,421 million) of the unsecured fixed rate notes is categorised into Level 2 of the fair value hierarchy, in which the fair value was measured using discounted cash flow methodology based on observable yield curves of the respective currency taking into account the credit margin of the Group as appropriate.

#### 4. FAIR VALUE MEASUREMENT (continued)

##### (b) Fair value of financial assets and financial liabilities that are measured at fair value on a recurring basis

The following table provides an analysis of financial instruments that are measured at fair value on a recurring basis, grouped into Levels 1 to 3 based on the degree to which the inputs to the fair value measurements are observable.

	2024			
	Level 1 HK\$ million	Level 2 HK\$ million	Level 3 HK\$ million	Total HK\$ million
<b>Financial assets</b>				
<b>Financial assets at FVTPL</b>				
Unlisted club debenture	–	1	–	1
Fund investment	–	–	87	87
<b>Financial asset at FVTOCI</b>				
Unlisted investment in equity securities	–	–	1,570	1,570
<b>Derivatives under hedge accounting</b>				
Cross currency swaps	–	127	–	127
Interest rate swaps	–	10	–	10
Total	–	138	1,657	1,795
<b>Financial liabilities</b>				
<b>Derivatives under hedge accounting</b>				
Cross currency swaps	–	381	–	381
Interest rate swaps	–	206	–	206
Total	–	587	–	587
2023				
	Level 1 HK\$ million	Level 2 HK\$ million	Level 3 HK\$ million	Total HK\$ million
<b>Financial assets</b>				
<b>Financial assets at FVTPL</b>				
Unlisted club debenture	–	1	–	1
Fund investment	–	–	97	97
<b>Financial asset at FVTOCI</b>				
Unlisted investment in equity securities	–	–	1,460	1,460
<b>Derivatives under hedge accounting</b>				
Cross currency swaps	–	187	–	187
Interest rate swaps	–	10	–	10
Total	–	198	1,557	1,755
<b>Financial liabilities</b>				
<b>Derivatives under hedge accounting</b>				
Cross currency swaps	–	312	–	312
Interest rate swaps	–	264	–	264
Total	–	576	–	576

## Financial Risk Management (continued)

For the year ended 31 December 2024

### 4. FAIR VALUE MEASUREMENT (continued)

#### (c) Reconciliation of Level 3 fair value measurement of financial asset

	Fund investment HK\$ million	Unlisted investment in equity securities HK\$ million
As at 1 January 2023	327	1,708
Addition	37	10
Loss recognised in profit or loss	(267)	–
Loss recognised in other comprehensive expense	–	(258)
As at 31 December 2023	97	1,460
Addition	<b>9</b>	<b>5</b>
Loss recognised in profit or loss	<b>(19)</b>	–
Gain recognised in other comprehensive income	–	<b>105</b>
<b>As at 31 December 2024</b>	<b>87</b>	<b>1,570</b>

The unrealised fair value loss of HK\$19 million (2023: unrealised fair value loss of HK\$267 million) relating to fund investment at fair value through profits or loss is included in change in fair value of other financial investments.

#### (d) Valuation techniques and inputs used in fair value measurements

Cross currency swaps and interest rate swaps are measured using discounted cash flow methodology based on observable spot and forward exchange rates as well as the yield curves of the respective currencies taking into account the credit risk of the counterparties and of the Group as appropriate.

Financial assets grouped in Level 3 are measured with reference to the fair value of underlying assets and liabilities as at the end of the reporting period and/or other valuation techniques including market approach, taking into account different multiples such as price per earnings/revenue multiples of comparable listed companies, where relevant. If there is lack of marketability, a discount is applied in determining the fair value. A slight increase in lack of marketability discount would result in a slight decrease in the fair value of the unlisted investment in equity securities, vice versa.

#### (e) Valuation process of Level 3 fair value measurements of financial assets

At the end of the reporting period, the management of the Group obtains the valuation techniques and inputs for Level 3 fair value measurements in relation to the fund investment and its underlying assets and liabilities. The Group engages independent qualified professional valuer to perform the valuation for investment in equity security. Where there is a material change in the fair value of the financial assets grouped in Level 3, analysis will be performed and the causes of the fluctuations will be reported to the Directors of the Company.

## 5. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The Group monitors its capital structure on the basis of a net debt to equity ratio. For this purpose, the Group defines net debt as borrowings as shown in the consolidated statement of financial position less time deposits, cash and cash equivalents.

The management reviews the Group's net debt to equity ratio regularly and adjusts the ratio through the payment of dividends, the issue of new share, perpetual capital securities or debt, the repurchase of shares and the repurchase of existing perpetual capital securities or debt.

The net debt to equity ratio at the year end was as follows:

	2024 HK\$ million	2023 HK\$ million
Secured bank loans	8,772	7,852
Unsecured bank loans	2,415	2,171
Unsecured fixed rate notes	15,327	15,541
Borrowings	26,514	25,564
Less: Time deposits	(647)	(1,271)
Cash and cash equivalents	(1,564)	(2,583)
Net debt	24,303	21,710
Total equity	77,429	79,691
Net debt to equity	31.4%	27.2%

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

# Five-Year Financial Summary

## For the year ended 31 December

	2024 HK\$ million	2023 HK\$ million	2022 HK\$ million	2021 HK\$ million	2020 HK\$ million
<b>Results</b>					
Turnover	<b>3,409</b>	3,210	3,460	3,608	3,710
Property expenses	<b>(646)</b>	(621)	(567)	(499)	(490)
Gross profit	<b>2,763</b>	2,589	2,893	3,109	3,220
Investment income	<b>167</b>	261	248	92	272
Other gains and losses	<b>3</b>	1	(1)	(3)	8
Administrative expenses	<b>(308)</b>	(307)	(332)	(274)	(268)
Finance costs	<b>(450)</b>	(478)	(423)	(393)	(546)
Change in fair value of investment properties	<b>(1,506)</b>	(2,763)	(3,213)	(720)	(4,903)
Change in fair value of other financial investments	<b>(19)</b>	(267)	(1)	(5)	(3)
Share of results of associates	<b>204</b>	270	274	458	225
Share of results of joint ventures	<b>(287)</b>	(37)	(52)	(3)	–
Profit (loss) before taxation	<b>567</b>	(731)	(607)	2,261	(1,995)
Taxation	<b>(296)</b>	(295)	(342)	(358)	(353)
Profit (loss) for the year	<b>271</b>	(1,026)	(949)	1,903	(2,348)
Perpetual capital securities holders	<b>(418)</b>	(442)	(450)	(459)	(288)
Other non-controlling interests	<b>182</b>	596	242	(61)	89
Profit (loss) attributable to owners of the Company	<b>35</b>	(872)	(1,157)	1,383	(2,547)
Underlying profit for the year	<b>1,956</b>	1,832	2,129	2,330	2,398
Recurring underlying profit for the year	<b>1,956</b>	1,832	2,063	2,330	2,398
<b>Dividends</b>					
Dividends paid	<b>1,109</b>	1,479	1,486	1,497	1,502
Dividends declared	<b>832</b>	832	1,202	1,210	1,216
Dividends per share (HK cents)	<b>108</b>	108	144	144	144
<b>Earnings (loss) per share (HK\$), based on:</b>					
Profit (loss) for the year					
– basic	<b>0.03</b>	(0.85)	(1.12)	1.33	(2.44)
– diluted	<b>0.03</b>	(0.85)	(1.12)	1.33	(2.44)
<b>Performance indicators</b>					
Net debt to equity	<b>31.4%</b>	27.2%	23.4%	11.7%	N/A
Net interest coverage (after interest capitalisation) (times)	<b>8.8x</b>	9.6x	13.1x	9.1x	9.8x
Net interest coverage (before interest capitalisation) (times)	<b>2.3x</b>	2.4x	3.9x	5.3x	9.8x
Net asset value per share (HK\$)	<b>64.3</b>	65.4	68.4	71.4	70.9
Net debt (cash) per share (HK\$)	<b>23.7</b>	21.1	19.0	9.9	(5.7)
Year-end share price (HK\$)	<b>11.8</b>	15.5	25.3	24.1	28.4

**As at 31 December**

	<b>2024</b> HK\$ million	2023 HK\$ million	2022 HK\$ million	2021 HK\$ million	2020 HK\$ million
<b>Assets and liabilities</b>					
Investment properties	<b>96,547</b>	96,005	96,787	95,107	74,993
Investments in associates	<b>5,347</b>	5,488	5,491	5,995	5,577
Loans to associates	<b>8</b>	8	10	10	11
Investments in joint ventures	<b>342</b>	445	473	475	125
Loans to joint ventures	<b>4,324</b>	4,029	3,485	1,256	1,153
Other financial investments	<b>1,657</b>	1,557	2,035	1,780	789
Time deposits, cash and cash equivalents	<b>2,211</b>	3,854	7,771	8,404	24,935
Other assets	<b>3,653</b>	3,140	3,113	4,346	2,172
<b>Total assets</b>	<b>114,089</b>	114,526	119,165	117,373	109,755
Borrowings	<b>(26,514)</b>	(25,564)	(27,277)	(18,657)	(18,970)
Taxation	<b>(1,384)</b>	(1,272)	(1,203)	(1,091)	(1,031)
Other liabilities	<b>(8,762)</b>	(7,999)	(7,274)	(9,740)	(2,305)
<b>Total liabilities</b>	<b>(36,660)</b>	(34,835)	(35,754)	(29,488)	(22,306)
<b>Net assets</b>	<b>77,429</b>	79,691	83,411	87,885	87,449
Perpetual capital securities	<b>(9,437)</b>	(10,224)	(10,224)	(10,657)	(10,657)
Other non-controlling interests	<b>(1,999)</b>	(2,285)	(2,987)	(3,358)	(3,112)
<b>Shareholders' funds</b>	<b>65,993</b>	67,182	70,200	73,870	73,680

Definitions:

- (1) Underlying profit for the year:  
a non-HKFRS measure, is arrived at by adding (i) Reported Profit (Loss) excluding unrealised fair value change of investment properties and items not generated from the Group's core property investment business; and (ii) Profit attributable to holders of perpetual capital securities.
- (2) Recurring underlying profit for the year:  
a non-HKFRS measure, is a performance indicator of the Group's core property investment business and is arrived at by excluding from Underlying Profit items that are non-recurring in nature
- (3) Net debt to equity:  
borrowings less time deposits, cash and cash equivalents divided by total equity
- (4) Net interest coverage (after interest capitalisation):  
"Gross profit less administrative expenses before depreciation" divided by "net interest expenses charged to profit or loss"
- (5) Net Interest Coverage (before interest capitalisation):  
"Gross profit less administrative expenses before depreciation" divided by "net interest expenses charged to profit or loss plus interest expenses capitalised"
- (6) Net asset value per share:  
shareholders' funds divided by number of issued shares as at year end
- (7) Net debt (cash) per share:  
borrowings less time deposits, cash and cash equivalents divided by number of issued shares at year end



# Report of the Valuer

To the Board of Directors

**Hysan Development Company Limited**

Dear Sirs,

## **Annual Revaluation of Investment Properties as at 31 December 2024**

In accordance with your appointment of Knight Frank Petty Limited to value the investment properties in Hong Kong owned by Hysan Development Company Limited and its subsidiaries, we are pleased to advise that the market value of the investment properties as at 31 December 2024 was in the approximate sum of Hong Kong Dollars Ninety-six Billion Five Hundred and Forty-seven Million (Hong Kong Dollars 96,547 million).

The completed investment properties has been valued individually on market value basis and have been assessed on the basis of capitalisation of the net and potential income. We have also cross-checked the values by market comparables.

Yours faithfully

**Knight Frank Petty Limited**

Hong Kong, 14 February 2025

# Schedule of Principal Properties

As at 31 December 2024

## INVESTMENT PROPERTIES

	Address	Lot No.	Use	Category of the Lease	Percentage held by the Group
<b>Hong Kong</b>					
<b>1. Bamboo Grove</b>	74-86 Kennedy Road Mid-Levels Hong Kong	IL 8624	Residential	Medium term lease	100%
<b>2. Hysan Place</b>	500 Hennessy Road Causeway Bay Hong Kong	IL 29 sFF ML 365 RP	Commercial	Long lease	100%
<b>3. Lee Garden One</b>	33 Hysan Avenue Causeway Bay Hong Kong	IL 29 sDD IL 29 sMM IL 29 sL RP IL 457 sL IL 457 RP	Commercial	Long lease	100%
<b>4. Lee Garden Two</b>	28 Yun Ping Road Causeway Bay Hong Kong	IL 29 sG IL 457 sA IL 457 sO IL 457 sF IL 457 sH IL 457 sC ss1 & RP IL 457 sD ss1 & RP IL 457 sE ss1 & ss2 & RP IL 457 sG ss1 & RP IL 461 sC ss1 & ss2 & ss3 & RP	Commercial	Long lease	65.36%
<b>5. Lee Garden Three</b>	1 Sunning Road Causeway Bay Hong Kong	IL 29 sJ ss1 RP & ss2 & RP	Commercial	Long lease	100%

## Schedule of Principal Properties (continued)

As at 31 December 2024

### INVESTMENT PROPERTIES (continued)

	Address	Lot No.	Use	Category of the Lease	Percentage held by the Group
<b>Hong Kong</b>					
<b>6. Lee Garden Five</b>	18 Hysan Avenue Causeway Bay Hong Kong	IL 457 sN IL 29 sLL	Commercial	Long lease	100%
<b>7. Lee Garden Six</b>	111 Leighton Road Causeway Bay Hong Kong	IL 29 sKK	Commercial	Long lease	100%
<b>8. Lee Garden Eight</b>	Inland Lot No. 8945 Caroline Hill Road Causeway Bay Hong Kong*	IL 8945	Commercial	Medium term lease	60%
<b>9. Lee Theatre Plaza</b>	99 Percival Street Causeway Bay Hong Kong	IL 1452 IL 472 RP IL 476 RP	Commercial	Long lease	100%
<b>10. Leighton Centre</b>	77 Leighton Road Causeway Bay Hong Kong	IL 1451 sB IL 1451 sC IL 1451 RP	Commercial	Long lease	100%
<b>11. One Hysan Avenue</b>	1 Hysan Avenue Causeway Bay Hong Kong	IL 29 sGG RP	Commercial	Long lease	100%
	Address		Use	Category of the Lease	Percentage held by the Group
<b>Mainland</b>					
<b>1. Lee Gardens Shanghai</b>	Nos 668 & 688 Xinzha Road, Jingan District, Shanghai, the PRC		Commercial	Medium term lease	100%

\* The site is currently under development. The development site has a total site area of approximately 159,329 square feet and proposed total gross floor area of approximately 1,098,000 square feet. It is targeted for completion by the second half of 2026.

# Shareholding Analysis

## SHARE CAPITAL

At 31 December 2024

	HK\$	Number of Ordinary Shares
Issued and fully paid-up capital	7,723,225,778	1,027,008,223

There was one class of ordinary shares with equal voting rights

## DISTRIBUTION OF SHAREHOLDINGS

(At 31 December 2024, as per register of members of the Company)

Size of registered shareholdings	Number of shareholders	% of shareholders	Number of ordinary shares	% of the total no. of issued shares (Note)
5,000 or below	2,489	76.538%	3,213,308	0.313%
5,001–50,000	648	19.926%	10,033,801	0.977%
50,001–100,000	60	1.845%	4,426,790	0.431%
100,001–500,000	46	1.414%	9,562,516	0.931%
500,001–1,000,000	3	0.092%	1,802,299	0.176%
Above 1,000,000	6	0.185%	997,969,509	97.172%
<b>Total</b>	<b>3,252</b>	<b>100.00%</b>	<b>1,027,008,223</b>	<b>100.00%</b>

## TYPES OF SHAREHOLDERS

(At 31 December 2024, as per register of members of the Company)

Type of Shareholders	Number of ordinary shares held	% of the total no. of issued shares (Note)
1. Lee Hysan Company Limited	433,130,735	42.174%
2. Other corporate shareholders	566,610,929	55.171%
3. Individual shareholders	27,266,559	2.655%
<b>Total</b>	<b>1,027,008,223</b>	<b>100.00%</b>

## LOCATION OF SHAREHOLDERS

(At 31 December 2024, as per register of members of the Company)

Location of Shareholders	Number of ordinary shares held	% of the total no. of issued shares (Note)
Hong Kong	1,024,856,550	99.790%
United States and Canada	1,892,016	0.184%
United Kingdom	17,085	0.002%
Others	242,572	0.024%
<b>Total</b>	<b>1,027,008,223</b>	<b>100.00%</b>

Note:

The percentages have been compiled based on the total number of shares of the Company in issue as at 31 December 2024 (i.e. 1,027,008,223 ordinary shares).

# Shareholder Information

## FINANCIAL CALENDAR

Full year results announced	18 February 2025
Ex-dividend date for second interim dividend	3 March 2025
Closure of register of members and record date for second interim dividend	5 March 2025
Despatch of second interim dividend warrants	(on or about) 19 March 2025
Closure of register of members for the 2025 AGM	31 May to 5 June 2025
2025 AGM	5 June 2025
2025 interim results to be announced	14 August 2025*

\* subject to change

## DIVIDEND

The Board declares the payment of a second interim dividend of HK81 cents per share. The second interim dividend will be payable in cash to the Shareholders whose names appear on the register of members of the Company ("Register of Members") as at Wednesday, 5 March 2025.

The Register of Members will be closed on Wednesday, 5 March 2025, for the purpose of determining Shareholders' entitlement to the second interim dividend, on which date no transfer of shares will be registered. In order to qualify for the second interim dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's registrar, Tricor Investor Services Limited (the "Company's Registrar") not later than 4:00 p.m. on Tuesday, 4 March 2025.

Dividend warrants will be despatched to the Shareholders on or about Wednesday, 19 March 2025.

The Register of Members will also be closed from Saturday, 31 May 2025 to Thursday, 5 June 2025, both dates inclusive, for the purpose of determining Shareholders' entitlement to attend and vote at the 2025 AGM to be held on Thursday, 5 June 2025, during which period no transfer of shares will be registered. In order to qualify for attending and voting at the 2025 AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Registrar not later than 4:00 p.m. on Friday, 30 May 2025.

## SHAREHOLDER SERVICES

For enquiries about share transfer and registration, please contact the Company's Registrar:

Tricor Investor Services Limited  
17/F, Far East Finance Centre  
16 Harcourt Road  
Hong Kong  
Telephone: (852) 2980 1333  
Facsimile: (852) 2810 8185

Holders of the Company's ordinary shares should notify the Company's Registrar promptly of any change of their address.

This Annual Report (English and Chinese versions) is available on our website at [www.hysan.com.hk](http://www.hysan.com.hk) (the "Company's Website") and the Stock Exchange's website at [www.hkexnews.hk](http://www.hkexnews.hk) (the "Stock Exchange's Website"). Shareholders and investors who would like to be notified when the Company publishes its corporate communications\* on the Stock Exchange's Website can register for the News Alerts service in the Market Data section of the HKEx Market website at [www.hkex.com.hk/eng/invest/user/login\\_e.aspx](http://www.hkex.com.hk/eng/invest/user/login_e.aspx).

Pursuant to the Listing Rules, the Hong Kong Companies Ordinance and the Articles, the Company provides corporate communications to Shareholders by electronic means through the Company's Website and the Stock Exchange's Website with a notification of the publication of the corporate communications to the Shareholders concerned ("Electronic Means"), provided that the relevant Shareholders have consented to receiving the corporate communications by Electronic Means.

Shareholders may at any time choose to receive this Annual Report or other corporate communications in printed form in either English or Chinese language or both or by Electronic Means. Shareholders who have chosen to receive this Annual Report or other corporate communications using Electronic Means and who for any reason have difficulty in receiving or gaining access to this Annual Report or other corporate communications will promptly upon request be sent a printed copy free of charge.

Shareholders may at any time change their choice of the language and/or means of receipt of this Annual Report or other corporate communications of the Company by notice in writing to the Company or the Company's Registrar, or by email to [hysan14-ecom@vistra.com](mailto:hysan14-ecom@vistra.com) or [cosec@hysan.com.hk](mailto:cosec@hysan.com.hk). The Change Request Form may be downloaded from the Company's Website.

\* The term "corporate communications" refers to all "corporate communications" as defined in Listing Rules, including without limitation, Interim/Annual Reports, notices, circular, proxy forms of the Company.

## INVESTOR RELATIONS

For enquiries relating to investor relations, please email to [investor@hysan.com.hk](mailto:investor@hysan.com.hk) or write to the Company at:

Investor Relations  
Hysan Development Company Limited  
50/F Lee Garden One  
33 Hysan Avenue Hong Kong  
Telephone: (852) 2895 5777  
Facsimile: (852) 2577 5153

# Corporate Information

## BOARD OF DIRECTORS

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

## AUDIT AND RISK MANAGEMENT COMMITTEE

Poon Chung Yin Joseph\*\* (*Chairman*)  
Churchouse Frederick Peter\*\*  
Zhang Yong\*\*  
Lee Anthony Hsien Pin\*

## REMUNERATION COMMITTEE

Chung Cordelia\*\* (*Chairman*)  
Churchouse Frederick Peter\*\*  
Young Elaine Carole\*\*

## NOMINATION COMMITTEE

Lee Irene Yun-Lien (*Chairman*)  
Chung Cordelia\*\*  
Churchouse Frederick Peter\*\*  
Poon Chung Yin Joseph\*\*  
Lee Chien\*

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

## SUSTAINABILITY COMMITTEE

Young Elaine Carole\*\* (*Chairman*)  
Wong Ching Ying Belinda\*\*  
Lee Tze Hau Michael\*

## COMPANY SECRETARY

Chow Lai Kwan

## REGISTERED OFFICE

50/F Lee Garden One  
33 Hysan Avenue  
Hong Kong

## OUR WEBSITE

Press releases and other information of the Group can be found at our website: [www.hysan.com.hk](http://www.hysan.com.hk).

## SHARE LISTING

Hysan's shares are listed on the Stock Exchange. It has a sponsored American Depositary Receipts ("ADR") Programme in the New York market.

## STOCK CODE

Stock Exchange: 00014  
Bloomberg: 14HK  
Reuters: 0014.HK  
Ticker Symbol for ADR Code: HYSNY  
CUSIP reference number: 449162304

## AUDITOR

Deloitte Touche Tohmatsu  
Certified Public Accountants and  
Registered Public Interest Entity Auditors  
35/F, One Pacific Place  
88 Queensway  
Hong Kong

*The English version shall prevail in the case of any discrepancy or inconsistency between the English and Chinese versions.*