



Remarks by Ms. Irene Yun Lien LEE Chairman

主席利蘊蓮女士 簡介 2016 年全年業績摘要

2016 Highlights 2016年摘要



- Turnover up 3.1% from 2015; Recurring Underlying Profit up 3.8%
- Reported Profit decline reflecting fair value change on investment properties valuation
- Strong occupancy in our commercial portfolio (Retail: 99%; Office 96%)
- With sound financials and a strong balance sheet, Hysan is well positioned for the uncertain times ahead
- Full-year dividends of HK135 cents per share, up 2.3%
- 營業額較2015年上升3.1%;經常性基本溢利上升3.8%
- 公佈溢利下跌反映投資物業估值公平值變動
- 各類商用物業的出租率保持強健(商舗:99%;寫字樓:96%)
- 集團擁有穩健的財政,強健的資產,為應對不明朗的前景,已作出充份而全面的準備
- 全年每股股息為135港仙,上升2.3%

The Bigger Picture 宏觀環境



- 2016 saw further global political and economic instability
- Hong Kong's economy was buffeted by headwinds from abroad
- Retail sales hurt by further drop in tourist arrivals, but showed signs of improvement towards the end of the year
- Office leasing market still saw tight supply and robust demand
- 全球政局及經濟環境於2016年持續不穩定
- 香港經濟備受外圍利淡因素衝擊
- 零售業銷售額雖受來港旅客人數進一步下降影響,但於年底出現回升跡象
- 香港寫字樓租賃市場仍然供應緊絀,需求殷切

Where We Are 我們的現況



- The new normal: weak retail sales and changes in tourists spending pattern
- Hysan continues to position itself dynamically to capture opportunities which come from the structural changes
- 新常態:零售業銷售疲弱和旅客消費模式轉變
- 我們會繼續作出靈活部署,務求把握市場的結構性轉變所帶來的機遇

Where We Are (con't)

我們的現況(續)



- Sound Financials
 - Strong Balance Sheet
 - > Turnover and Recurring Underlying Profit saw growth
 - Occupancy for commercial portfolio strong
- Sound Assets
 - No distressed assets
 - Well planned property enhancement cycles
 - Lee Garden Three to complete ahead of schedule
- 財政表現穩健
 - ▶ 資產強健
 - 營業額和經常性基本溢利仍錄得增長
 - ▶ 商業物業組合的出租率維持強健
- 資產穩健優越
 - ▶ 沒有不良資產
 - ▶ 物業增值周期規劃完善
 - ▶ 利園三期提早完成

Where We Are (con't) 我們的現況(續)



- Explore Investment Opportunities
 - Develop for sale projects: successful bid for residential sites at Tai Po with HKR International
 - > Seek further high quality projects aligned to Hysan's portfolio strategy in HK and beyond, while maintaining Lee Gardens as core focus
- 尋求投資機會
 - ▶ 發展銷售項目:成功與香港興業國際投得位於大埔的住宅地皮
 - ▶ 一方面繼續以利園物業組合作為核心,另一方面在香港及海外尋求更多配合公司策略的優質項目

Where We Are (con't) 我們的現況(續)



- Strong Team
 - Provide the knowledge, skills and relationships
 - Continue to lead Hysan team as Executive Chairman
 - Addition of COO Ricky LUI with extensive experience in the property industry in Hong Kong, Mainland China and overseas
- 強而有力的管理團隊
 - ▶ 提供知識、技能及人脈
 - ▶ 繼續以執行主席身份,領導希慎團隊
 - ▶ 新加盟的營運總監呂幹威先生,擁有豐富香港、中國內地及海外地產界的 經驗

Our Challenges 我們的挑戰



- Retail Portfolio Structural Changes
 - Millennials preferring all things digital
 - Refocus on health, wellness and lifestyle themes leads to changes in offerings
- Mainland Visitors Spending Changes
 - Travel and tax policy changes
 - Desire to shop overseas and buying power fuelled by foreign exchange considerations
 - China's slower economic growth
- 零售業的結構性轉變
 - 千禧世代偏愛數碼化
 - 增進身心健康及突顯個人品味的生活方式受到重視,我們因而要轉變提供的選擇
- 内地旅客消費模式的轉變
 - ▶ 旅遊及稅務政策的改變
 - ▶ 到外地觀光購物的意欲增強,以及受匯率因素而影響的購買力
 - 中國宏觀經濟增長放緩

Our Challenges (con't)

我們的挑戰 (續)



- Industry Competition
 - Competition shifts focus to local customers
 - Landlords working hard to retain tenants
- Increase in Occupancy Costs
 - Some retail tenants feel the pressure
 - Consolidation of number of shops may lead to more vacancies
- 同業競爭
 - > 加強爭取本地顧客
 - > 業主積極挽留租戶
- 租金相對營業額的比例上升
 - ▶ 部分商舖租戶感到壓力
 - ▶ 整合旗下商舖組合可能導致空置率上升

Our Challenges (con't) 我們的挑戰(續)



- Office Portfolio Structural Changes
 - More upcoming Grade A supply on HK Island
 - > Trend to use more open plan or co-work space
 - More tech leading to fewer headcount and lower space demand
- 寫字樓組合的結構性轉變
 - ▶ 香港島甲級寫字樓的供應將會陸續增加
 - ▶ 開放式和按活動需要設計的辦公空間日漸流行
 - ▶ 科技令人手需求相應下降,空間需求因而減少

Our Recipe to Curate a Community and Destination 成功有道 – 創建社區 營造熱點



- Lee Gardens as a Community
 - A distinct part of Causeway Bay
 - Those who live, work and play here form an emotional attachment, often for generations
- A Front-of-Mind Destination for Locals and Visitors
 - Refresh our hardware (real estate) and software (customer service, technology, marketing and events)
 - Enrichment of trade and tenant mix
 - Involvement and commitment to our neighbourhood
- 利園區:別具特色的小社區
 - ▶ 銅鑼灣一處別有洞天的地方
 - 在區內安居樂業、飲食購物的市民,與利園區建立了深厚的感情連繫,經歷數代而不變
- 香港市民及遊客的首選消費熱點
 - ▶ 更新硬件(建築設計、維修保養)以及軟件(客戶服務、資訊科技、市場推廣及活動)
 - ▶ 優化商舗及租戶組合
 - ▶ 積極投入社區,推動發展

Our Recipe to Curate a Community and Destination (con't) 成功有道 – 創建社區 營造熱點(續)



- Stakeholders contribute to and benefit from multi-dimensional curation
- All help shape Lee Gardens as a destination for today and the long-term
- 我們的持份者帶動我們的多層面策展活動,並從中受惠
- 造就利園區於現今及長遠而言成為一個到訪熱點



Our Recipe to Curate a Community and Destination (con't) 成功有道 – 創建社區 營造熱點(續)



- Mainland Chinese professionals who work and live in Hong Kong
 - Working, shopping and dining habits increasingly indifferentiable from longer-term local residents from all over the world
 - ➤ Through their daily interaction with other stakeholders in our portfolio, they have become part of our multinational Lee Gardens community
- 在香港工作和居住的內地人士
 - ▶ 他們的工作、購物和飲食習慣與長時間居港的市民,不論是華裔或來自世界其他地方的人士愈來愈接近
 - ▶ 他們於日常生活中與其他的持份者交往溝通,已經開始成為利園區國際化 社群的一份子

Our Recipe to Curate a Community and Destination (con't) 成功有道 – 創建社區 營造熱點(續)



- Lee Garden Three
 - Anticipated completion date in late 2017
 - Strong green and wellness credentials
 - Promote multi-dimensional interaction involving the landlord, tenants, workers and the community
- 利園三期
 - ▶ 預期於2017年年底竣工
 - ▶ 設計著重環保及促進身心健康元素
 - ▶ 推動業主、租戶、員工及社區人士進行多層面的互動交流

2017 Outlook 2017 展望



- Political and economic volatility in the global environment remain; local consumer sentiment still weak
- Clear strategy to curate Lee Gardens as a community
- 全球政治及經濟環境持續波動,本地消費意欲仍疲弱
- 打造利園區成為一個社區的清晰策略





Presentation by Mr. Roger HAO Chief Financial Officer

財務總監賀樹人先生簡介 2016 年全年業績

2016 Annual Results Highlights 2016年全年業績摘要



	2016 HK\$'M 百萬港元	2015 HK\$'M 百萬港元	% 百分比
Turnover營業額	3,535	3,430	3.1%
Recurring Underlying Profit 經常性基本溢利	2,369	2,283	3.8%
Underlying Profit 基本溢利	2,369	2,283	3.8%
 Fair value (loss) or gain on investment properties located in 投資物業之公平值(虧損)或收益 Hong Kong (net of effect of non-controlling interests' shares) 	(1,157)	616	n/m
位於香港之投資物業 (扣除非控股權益之影響) • Shanghai* 位於上海之投資物業*	6	4	50.0%
Reported Profit 公佈溢利	1,218	2,903	-58.0%
	2016 HK\$'M 百萬港元	2015 HK\$'M 百萬港元	% 百分比
Shareholders' Funds 股東權益	67,490	68,172	-1.0%

^{*} The investment properties are held by an associate of the Group.

n/m: not meaningful

n/m: 並無意義

^{*} 本集團的聯營公司所持有的投資物業。

2016 Performance: By Portfolio

2016年表現:按業務劃分



Turnover (HK\$'M)

營業額(百萬港元)



2016 Performance: Retail Portfolio





Market overview: Hong Kong Retail Sales

- 2016 full year: overall decline of 8.1% when compared to 2015 full year
- Reflected fall in nearly all major categories, except food, alcoholic drinks and tobacco

市場概覽:本港零售市況

- 2016 全年: 較去年全年整體下跌8.1%
- 反映接近所有主要類別的銷售額下跌,食品、酒類飲品及煙草除外

Type of retail outlet 零售商類別	Jan-Dec 2016 (YoY) 2016年1月至12月(按年)
Jewellery, watches and clocks, and valuable gifts 珠寶首飾、鐘錶及名貴禮品	-17.2%
Other consumer durable goods (include electronic goods and computers) 其他耐用消費品(包括電子產品及電腦)	-26.6%
Food, alcoholic drinks and tobacco (other than supermarkets) 食品、酒類飲品及煙草(超級市場除外)	+1.7%
Clothing, footwear and allied products 衣物、鞋類及有關製品	-4.6%



- Retail portfolio turnover increased by 3.5% to HK\$1,969 million (2015 : HK\$1,902 million)
 - Turnover rent of HK\$46 million (2015: HK\$71 million)
- Occupancy: 99% as at 31 Dec 2016
 (31 Dec 2015: fully-let)
- 商舖業務的營業額增加 3.5% 至 19億6千9百萬港元 (2015 年: 19億2百萬港元)
 - ▶ 按租戶營業額收取的租金4千6 百萬港元(2015年:7千1百萬港元)
- 出租率:於2016年12月31日為99%(2015年12月31日:全數租出)

Retail Portfolio Turnover 商舗業務收入



Hysan希慎

2016 Performance: Retail Portfolio (con't) 2016年表現:商舗業務(續)

- Positive rental reversion in renewals, reviews and new lettings across the portfolio,
 with an average increase of around 5% in rental levels
- 商舖組合中因續約、租金檢討與新出租物業而訂立的租金水平平均上升約5%





- Creative retail experiences including new food and beverage outlets and innovative in-mall marketing activities
- Total foot traffic rose around 5%, achieved against a fall in visitors' arrivals
- Estimated overall tenant sales saw double-digit percentage decrease, heavily impacted by the estimated sales decline of certain electronic goods within our portfolio
- Otherwise, the decline was milder and was less severe than the decrease in Hong Kong's overall retail sales during the year
- 創新的零售體驗,包括引進新的餐飲食肆,以及在商場內舉辦創意推廣活動
- 總人流增加約5%,未受期內訪港的外地遊客減少影響
- 受到若干電子產品的估計銷售額下跌的嚴重影響,希慎商舖業務組合的估計整體租戶銷售額錄得雙位數百分比跌幅
- 其他產品的跌幅則遠較輕微,比香港年內整體零售銷售額的跌幅為輕



Hysan Place

- Around 5% foot traffic growth in 2016
- Added trendy stores and wellness / sport shops to tenant mix
- Popular in-mall events
- New food and beverage outlets

• 希慎廣場

- ▶ 2016年的人流增加約5%
- ▶ 商戶組合加入多家時尚商店以及保健和運動用品店
- ▶ 商場內的人氣活動
- > 多間新食府進駐







Lee Gardens hub

- Lee Garden One foot traffic remained stable, while Lee Garden Two saw around 5% increase
- Fashion brands and new food and beverage offerings added to the hub's attraction

• 利園商舖組群

- 利園一期訪客人數保持穩定,利園二期的人流則增加約5%
- 多個時裝品牌及餐飲食肆落戶利園商舖組群



2016 Performance: Retail Portfolio (con't)

Hysan希慎

2016年表現:商舖業務(續)

- Lee Theatre hub
 - Around 5% increase in foot traffic
 - ➤ Lee Theatre Plaza flagship stores and Leighton Centre "sportsthemed street" remained popular
- 利舞臺商舖組群
 - ▶ 人流增加約5%
 - 利舞臺廣場的旗艦店,以及禮頓中心以「體育街」為主題的地面商舖均受歡迎







- The hubs have special characters, but retail portfolio should be considered in a more holistic manner
- Working to improve the connections among the different hubs
- 商舖組群各有特色,但要全盤審視整個商舖組合
- 正改善各個商舗組群之間的連繫



Hysan希慎

2016 Performance: Retail Portfolio (con't) 2016年表現:商舗業務(續)

- New Lee Gardens Plus tenant membership programme
- The offer-and-reward programme now app-based for today's tech-savvy users
- Improved upon our loyalty programme, Club
 Avenue with an extra tier, as well as better staff training
- 推出新的「Lee Gardens Plus」租戶會員計劃
- 採用流動應用程式來經營這個優惠和獎賞計劃 ,滿足時下科技族的需要
- 提升Club Avenue常客獎勵計劃,加入新會員級別,並加強員工培訓



2016 Performance: Office Portfolio



2016年表現:寫字樓業務

- Hysan's office space accounts for more than 50% of its overall portfolio's gross floor area
- Contributes 36% of its turnover
- 希慎寫字樓業務組合佔集團業務總樓面面積超過50%
- 佔營業額的36%

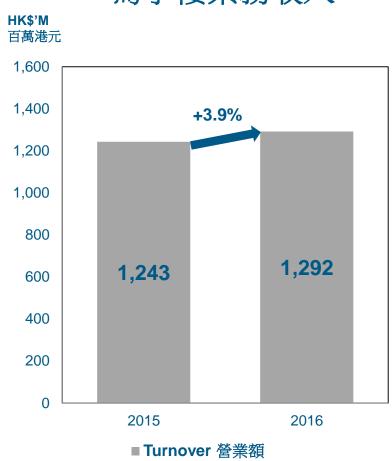


2016 Performance: Office Portfolio (con't) 2016年表現:寫字樓業務(續)



- Office portfolio turnover increased by 3.9% to HK\$1,292 million (2015: HK\$1,243 million)
- Occupancy: 96% as at 31 Dec 2016
 (31 Dec 2015: 99%)
- Positive rental reversion in renewals, reviews and new lettings across the portfolio, with an average increase of around 25% in rental levels
- 寫字樓業務的營業額增加3.9%至12億9千2百萬 港元(2015年:12億4千3百萬港元)
- 出租率:於2016年12月31日為96%(2015年12月31日:99%)
- 因續約、租金檢討與新出租物業而訂立的的租金水平上升,平均租金增加約25%

Office Portfolio Turnover 寫字樓業務收入



2016 Performance: Office Portfolio (con't) 2016年表現:寫字樓業務(續)



- Mainland Chinese banking and financial sectors ramp up demand in Central and Admiralty
- Companies in other industries needing quality space with good facilities and transportation turn to Causeway Bay and Lee Gardens
- Newly joined tenants included: Uber, AXA and Southwest Securities
- 中國內地銀行和金融機構繼續支撐中環及金鐘的寫字樓需求
- 其他行業的公司,則以銅鑼灣和利園區為首 選之營商據點,取其設施先進、交通便利
- 新租戶包括:優步(Uber)、AXA安盛和西南 證券



2016 Performance: Office Portfolio (con't) 2016年表現:寫字樓業務(續)



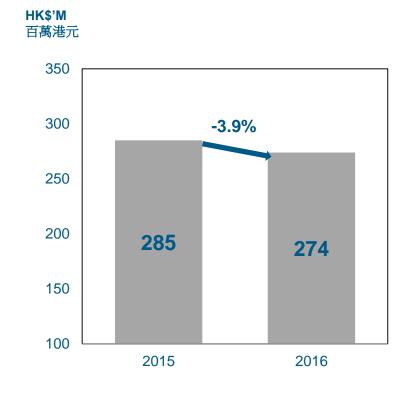
- Balanced tenant mix:
 - Professional and Consulting
 - Insurance
 - High-end Retailers
 - Banking and Finance
 - Represented 52.2% of our office lettable floor area
- No single category took up more than 20% of total lettable area
- 均衡租戶組合:
 - ▶ 專業及顧問服務業
 - ▶ 保險業
 - > 高檔零售商
 - ▶ 金融業
 - ▶ 合共佔寫字樓可供出租總樓面面積52.2%
- 當中並無單一行業佔可供出租總樓面面積超過20%

2016 Performance: Residential Portfolio 2016年表現:住宅業務



- Residential portfolio turnover decreased by 3.9% to HK\$274 million (2015: HK\$285 million)
- Positive rental reversion with an average rental increase of around 5%
- Occupancy: 82% as at 31 Dec 2016
 (31 Dec 2015: 89%)
- Vacancy largely due to large scale upgrade and renovations
- 住宅業務的營業額減少3.9%至2億7千4百萬港元(2015年:2億8千5百萬港元)
- 因續約、租金檢討與新出租物業而訂立的租金,平均增加約5%
- 出租率:於2016年12月31日為82%(2015年12月31日:89%)
- 空置主要由於大型優化及翻新工程

Residential Portfolio Turnover 住宅業務收入



■ Turnover 營業額

Hysan希慎

Hysan Business Update: Lee Garden Three 集團業務最新進展:利園三期

- Above-ground construction was up to 22/F as of mid-February 2017
- Project expected to be completed around Q4 2017
- 截至2017年2月中,上蓋工程已進展至22樓
- 預計整個項目可於2017年第四季完成



集團業務最新進展:資產增值項目

- Final phase of Lee Garden One ground floor lobby and higher floors' retail space enhancement project successfully completed in middle of 2016 as scheduled
- Valentino opening expanded store in January 2017
- Two new food and beverage outlets also added
- 利園一期進行地下大堂及商場高層樓面的增值計 劃,最後一期工程已如期於2016年年中完成
- Valentino擴充店面,新舖已於2017年1月開幕
- 兩間新食府進駐



Strong Financial Position 穩健財政狀況



Low Gearing

- Total Gross Debt: HK\$6,305 million
 (31 Dec 2015: HK\$4,875 million)
- Net Debt to Equity: 5.4% (31 Dec 2015: 3.0%)

Stable Debt Profile

- Fixed Rate Debt: 73.4% of the total gross debt (31 Dec 2015: 94.9% of the total gross debt)
- Average Debt Maturity: 4.3 years
 (31 Dec 2015: 6.3 years)
- Capital Market Issuance: 73.4%
 (31 Dec 2015: 94.9%)
- Average Cost of Finance: 3.8% (2015: 3.5%)

Strong Credit Rating

- Net Interest Coverage: 23.5 times
 (2015: 19.5 times)
- Moody's: A3; Standard and Poor's: BBB+

低負債率

- 債務總額:63億5百萬港元(2015年12月31日:48億7千5百萬港元)
- 爭債務與股東權益比率:5.4%(2015年12月31日:3.0%)

穩定債務狀況

- 定息債務:佔債務總額 73.4%(2015年12月31日:佔債務總額 94.9%)
- 平均債務期限:4.3年(2015年12月31日:6.3年)
- 資本市場發債:73.4%(2015年12月31日:94.9%)
- 平均借貸成本: 3.8%(2015年: 3.5%)

信貸評級優異

- 淨利息償付率:23.5倍(2015年:19.5倍)
- 穆迪: A3;標準普爾: BBB+

