#### HYSAN DEVELOPMENT COMPANY LIMITED

ANNUAL GENERAL MEETING OF THE COMPANY TO BE HELD AT 12:00 NOON ON MONDAY, 15 MAY 2017 AT MEETING ROOM N101, HONG KONG CONVENTION AND EXHIBITION CENTRE, 1 EXPO DRIVE, WANCHAI, HONG KONG.

#### Part I – Preliminary and Business Overview Presentation Ms. Irene Lee, Chairman

#### **Opening Remarks**

[Slide 1: Welcome to Hysan Development 2017 Annual General Meeting]



Good afternoon, ladies and gentlemen. The time for which the Meeting was called has past, with the necessary quorum being present, we now proceed to our 2017 Annual General Meeting.

*各位午安,現在已屆召開本會議的時間,出席股東亦已達法定人數,會議正式開始。* 

Hysan's Board of Directors 希慎董事會	📰 Hysan希慎
Chairman	主席
Irene Yun Lien LEE	利蕴蓮
Independent non-executive Directors	獨立非執行董事
Frederick Peter CHURCHOUSE	卓百德
Philip Yan Hok FAN	范仁鶴
Lawrence Juen-Yee LAU	劉遵義
Joseph Chung Yin POON	潘仲賢
Non-executive Directors	非執行董事
Hans Michael JEBSEN	Hans Michael JEBSEN
Siu Chuen LAU	劉少全
Anthony Hsien Pin LEE	利憲彬
Chien LEE	利乾
Michael Tze Hau LEE	利子厚

I will start with a brief introduction of our Board members and senior management. From our Board are:

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我首先介紹我們的董事會成員和高層管理人員。董事會成員包括:

Independent non-executive Director, Frederick Peter CHURCHOUSE

獨立非執行董事卓百德

Independent non-executive Director, Philip Yan Hok FAN

獨立非執行董事范仁鶴

Independent non-executive Director, Lawrence Juen-Yee LAU

獨立非執行董事劉遵義

Independent non-executive Director, Joseph Chung Yin POON

獨立非執行董事潘仲賢

Non-executive Director, Hans Michael JEBSEN

非執行董事 Hans Michael JEBSEN

Non-executive Director, Siu Chuen LAU

非執行董事劉少全

Non-executive Director, Anthony Hsien Pin LEE

非執行董事利憲彬

Non-executive Director, Chien LEE

非執行董事利乾

Non-executive Director, Michael Tze Hau LEE

非執行董事利子厚

Non-Executive Director, Siu Chuen LAU is not available to join today's meeting and he sends his apologies. Mr. Lau will step down from the Board upon the conclusion of this annual general meeting and the Board would like to thank Mr. Lau for his contributions to the Group.

非執行董事劉少全未能出席會議,他對此表示歉意。劉少全先生將於股東周年大會結束後退任。董事會對劉先生於任內對本集團作出的貢獻表示衷心感謝。



Let me also introduce our senior management team:

高層管理人員包括:

Chief Operating Officer, Ricky Kon Wai LUI

營運總監呂幹威

Chief Financial Officer, Roger Shu Yan HAO

財務總監賀樹人

Director, Projects, Sunny Wing Chung CHAN

工程項目總監陳詠聰

Director, Retail and Marketing, Kitty Man Wai CHOY

商舖業務及市場推廣總監蔡雯慧

Director, Office and Residential, Jessica Mo Ching YIP

## 寫字樓及住宅業務總監葉慕貞

Now, I would like to give you an overview of our business activities in 2016 and recent updates. After that, we will proceed to the statutory meeting.

現在我向各位介紹公司於 2016 年的業務活動及最新進展,然後再進入今日股東 周年大會的法定議程。

If you have any questions related to the resolutions, please raise them during the formal proceedings. For all other questions, we will discuss them after the proceedings.

各位如有與決議案有關的問題,請於正式議程的程序中提出。至於其他提問,我 們將於議程後討論。

#### 2016 Business Environment Overview

[Slide 4: 2016 Business Environment Overview]

# 2016 Business Environment Overview 2016年營商環境概覽



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- Turnover up 3.1% year-on-year; 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%
- 營業額按年上升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%

Here are some highlights of Hysan's 2016 Annual Results:

以下為希慎2016年全年業績的摘要:

Our Group's turnover was up 3.1% year-on-year. Recurring Underlying Profit increased 3.8%

集團營業額按年上升 3.1%; 經常性基本溢利上升 3.8

The decline in Reported Profit reflected fair value change on investment properties valuation

公佈溢利下跌反映投資物業估值公平值變動

There was strong occupancy in our commercial portfolio (Retail was 99% while Office was 96%)

各類商用物業的出租率保持強健(商舗的出租率為 99%;寫字樓則為 96%)

With sound financials and a strong balance sheet, Hysan is well positioned for the uncertain times ahead

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

The total distribution of dividend in 2016 was HK135 cents per share, which was up 2.3%

2016全年股息總額為每股135港仙,按年增長2.3%

# The Bigger Picture 宏觀環境

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- 2016 saw further global political and economic uncertainty
- Hong Kong's economy was buffeted by headwinds locally and 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年持續不明朗
- 香港經濟備受本地及外圍利淡因素衝擊
- 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

Here's the bigger picture:

In a worldwide context, 2016 saw further global political and economic uncertainty

在國際層面,全球政局及經濟環境於 2016 年持續不明朗

Hong Kong's economy was buffeted by headwinds, locally and from abroad

香港經濟備受本地及外圍利淡因素衝擊

Retail sales were hurt by further drop in tourist arrivals, but showed signs of improvement towards the end of the year

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

Office leasing market still saw tight supply and robust demand

而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: weaker retail sales and changes in spending pattern
- Hysan continues to position itself dynamically to capture opportunities which come from the structural changes

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- 新常態:零售業銷售較疲弱和消費模式轉變
- 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

This is the new normal we now face: weaker retail sales and changes in spending pattern

零售業銷售較疲弱和消費模式轉變,是我們面對的新常態

What Hysan is doing is to continue to position itself dynamically to capture opportunities which come from the structural changes

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

We start off with sound financials. We have a strong balance sheet. Both our Turnover and Recurring Underlying Profit saw growth against the weak economic backdrop in 2016. Occupancy levels for our main commercial portfolio continued to be strong.

#### 我們的財政表現穩健,資產狀況強健。儘管經濟低迷,集團於 2016 年的營業額和經常 性基本溢利仍錄得增長,主要商業物業組合的出租率維持強健

Our assets are sound. We are not distracted by any distressed assets. We have well planned property enhancement cycles. Lee Garden Three's development work is also expected to complete ahead of schedule.

我們的資產穩健優越,不受任何不良資產困擾,而且物業增值周期規劃完善,利 園三期的發展工程亦預期會提早完成

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# 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
  - Seek further high quality projects aligned to Hysan's portfolio strategy in HK and beyond, while maintaining Lee Gardens as core focus

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- 尋求投資機會
  - > 發展銷售項目:成功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

Moreover, we have been exploring investment opportunities. These include "develop for sale" projects. In late 2016, we launched a successful bid for two residential sites at Tai Po.

此外,我們不斷尋求投資機會,當中包括發展銷售項目。2016年年底,我們成功 投得位於大埔的兩幅住宅地皮

We also seek other high quality projects that are aligned to Hysan's portfolio strategy, both in Hong Kong and beyond, while maintaining the Lee Gardens portfolio as our core focus

我們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

We have a strong team to provide the necessary knowledge, skills and relationships to take Hysan's business to the next level

我們擁有一支強而有力的管理團隊,提供所需的知識、技能及人脈,讓希慎的業務 更上層樓

I will continue to lead Hysan team as Executive Chairman.

我會繼續以執行主席身份,領導希慎團隊

Mr. Ricky LUI joined Hysan as our Chief Operating Officer in late 2016. Ricky has extensive experience in the property industry in Hong Kong, Mainland China and overseas, and has the expertise to help us forge ahead.

於 2016 年年底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,能助集團向前邁進

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#### [Slide 10: Our Challenges]

# Our Challenges 我們的挑戰

- Retail Portfolio Structural Changes
  - > Millennials preferring all things digital
  - > Strong focus on health, wellness and lifestyle themes leads to continuous changes in offerings
- Mainland Visitors Spending Changes
  - > Travel and tax policy changes
  - > Desire to travel overseas to experience more than shopping
  - > 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
  - > 增進身心健康及突顧個人品味的生活方式受到重視,我們因而要不斷轉變提供的選擇
- 內地旅客消費模式的轉變
  - ▶ 旅遊及稅務政策的改變
  - > 到外地體驗及購物的意欲增強
  - > 受匯率因素而影響的購買力
  - ▶ 中國宏觀經濟增長放緩

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We are, however, very much aware that we are facing a number of challenges throughout our business. Let me start with the structural shift in the retail sector.

然而,我們亦注意到各項業務正面臨種種挑戰,首先是零售業的結構性轉變

Millennials prefer everything digital. There has also been a strong focus on health, wellness and lifestyle themes. These lead to continuous changes in our offerings.

千禧世代偏愛數碼化,而且增進身心健康及突顯個人品味的生活方式受到重視,我們 因而要不斷轉變提供的選擇

Besides, the spending pattern of Mainland Visitors has changed

#### 此外,內地旅客消費模式亦有所轉變

The factors of change include China's travel and tax policy changes, a desire for them to travel overseas to experience more than shopping, buying power fuelled by foreign exchange considerations, as well as China's slower economic growth

影響的因素包括國內旅遊及稅務政策的改變、他們到外地體驗及購物的意欲增強、及他們因受匯率因素而影響的購買力、以及中國宏觀經濟增長放緩

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# Our Challenges (con't) 我們的挑戰(續)

- Industry Competition
  - > Competition shifts focus to local customers
  - > Landlords working very hard to retain tenants
- Increase in Occupancy Costs
  - > Some retail tenants feel the pressure
  - > Consolidation of number of shops and reduce shop space may lead to more vacancies
- 同業競爭
  - > 加強爭取本地顧客
  - > 業主十分積極挽留租戶
- 租金相對營業額的比例上升
  - > 部分商舖租戶感到壓力
  - ▶ 整合旗下商舖組合及減少商舖面積可能導致空置率上升

Hysan also faces industry competition. Other retail property owners are shifting their focus towards targeting more local customers instead of visitors. At the same time, they are also working very hard to attract and retain their tenants.

希慎還面對更大的同業競爭。這些商舖業主正轉移對象,加強爭取本地顧客而非 旅客,同時十分積極吸引及挽留租戶

Some of our retail tenants may be feeling extra pressure as their occupancy costs increase. Their wish to consolidate the number of shops and reduce their shop space may lead to more vacancies within our portfolio.

我們部分商舖租戶因營業額下降而令租金相對營業額的比例上升時或會倍感壓力, 因而考慮整合旗下商舖組合及減少商舖面積,無可避免導致空置率上升

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# 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, more mobile workforce 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,流通工作模式普及,空間需求因而減少

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And the changes do not end at the retail side of our business. Our office portfolio is also experiencing structural changes.

以上提及的挑戰並不限於零售業務,我們的寫字樓業務亦正經歷本身的結構性轉變

These includes more upcoming Grade A supply on HK Island

例如香港島甲級寫字樓的供應將會陸續增加

There is also a trend to use more open or co-work space

開放式和按活動需要設計的辦公空間日漸流行

In addition, the increasing use of mobile technology leads to fewer headcount, more mobile workforce, hence lower demand for office space.

此外,科技令人手需求相應下降,流動工作模式普及,空間需求因而減少

#### [Slide 13: Our Recipe to Curate a Community and Destination]

# **Our Recipe to Curate a Community and Destination** Hysan希慎 成功有道-創建社區 營造熱點 . Lee Gardens as a Community > 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 (buildings and physical connectivity via bridges, tunnels and streetscape) > Improve our software (customer service, virtual connectivity via technology, area-wide loyalty programme, marketing and events) Enrichment of trade and tenant mix Involvement and commitment to our neighbourhood 利園區:別具特色的社區 ▶ 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、透過天橋、隧道及街景加強建築物之連繫) 改善軟件(客戶服務、資訊科技加強虛擬連接、地區性常客獎勵計劃、市場推廣及活動) > 優化商舖及租戶組合

> 積極投入社區,推動發展

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#### So how do we face these challenges?

#### 那麼我們怎樣應對這些挑戰呢?

In the past decades, while Lee Gardens has always been a part of Causeway Bay, it has evolved into a community

在過去幾十年,利園區是銅鑼灣的一部分,亦已發展成為一個社區

Those who live, work, eat and shop here form an emotional attachment to the community, and often for generations

# 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

We have built a good foundation for Lee Gardens. We will continue to make improvements to make Lee Gardens into a front-of-mind destination, for locals and visitors.

我們為利園區建立了良好根基,我們將繼續作出改善,使利園區成為香港市民及 遊客的首選消費熱點 We will continue to refresh our hardware (buildings and physical connectivity via bridges, tunnels, and streetscape), as well as improve our software (customer service, virtual connectivity via technology, area-wide loyalty programme, marketing and events)

我們將會繼續更新硬件(如建築設計、透過天橋、隧道及街景加強建築物之連繫),以 及改善軟件(如客戶服務、資訊科技加強虛擬連接、地區性常客獎勵計劃、市場推廣 及活動)

We enrich our portfolio's trade and tenant mix, together with our involvement and commitment to our neighbourhood and our community

我們亦優化商舖及租戶組合,積極投入社區,推動發展

Our Recipe to Curate a Community and Destination (con't) **出口** Hysan希慎成功有道-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 for 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



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Together with our stakeholders, we contribute to and benefit from the multi-dimensional curation

透過與持份者互動和協作,我們帶動多層面策展活動,並從中受惠

We all help to shape Lee Gardens as a destination for today and for the long-term

並一起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内地人士
 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

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Who are our stakeholders? One example is a growing population of Mainland Chinese professionals who work and live in Hong Kong.

那麼誰是我們的持份者?其中一個例子,就在香港工作和居住的內地人士

Their working, shopping and dining habits are increasingly indifferentiable from the longer-term local residents from all over the world who are based in Hong Kong.

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

Through their daily interaction with other stakeholders in our portfolio, they have become part of our multinational Lee Gardens community. They, among others, are shaping Lee Gardens' future.

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,並為塑造利園區的未來出一分力

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

- Lee Garden Three
  - > Anticipated completion date in late 2017
  - Strong green and wellness credentials
  - > Expected to attract renowned multinational companies and popular brands as tenants
  - 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
  - > 吸引知名國際企業及受歡迎品牌進駐
  - ▶ 推動業主、租戶、員工及社區人士進行多層面的互動交流

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We continue to improve and modernize our portfolio. Lee Garden Three is our new building that is expected to be completed in late 2017

另一個發展利園區的策略在於硬件方面,利園三期是希慎旗下的新建築物,預期於 2017年年底竣工

It has strong green and wellness credentials, including a roof garden to reduce the heat island effect, a garden with flora to attract butterflies, green walls, as well as a jogging track within the building.

大廈設計著重環保及促進身心健康元素,例如綠化天台以舒緩熱島效應、吸引蝴蝶 到來的花園、綠化外牆、以及室內緩跑徑

This high quality office building is expected to attract renowned multinational companies and popular brands as tenants. It will promote multi-dimensional interaction involving the landlord, tenants, workers and the community.

預期這幢優質商廈會吸引知名國際企業及受歡迎品牌進駐,將推動業主、租戶、員工 及社區人士進行多層面的互動交流



• Retail portfolio turnover increased by 3.5% to HK\$1,969 million

Turnover rent of HK\$46 million

- Occupancy: 99% as at 31 Dec 2016
- 商舖業務的營業額增加 3.5% 至 19億6千9百萬港元
  - ▶ 按租戶營業額收取的租金4千6百萬港元
- •出租率:於2016年12月31日為99%

Our retail portfolio turnover increased by 3.5% to HK\$1,969 million. The turnover rent was HK\$46 million.

以下為2016年商舖業務貢獻的資料:

商舗業務的營業額增加 3.5% 至 19 億 6千 9百萬港元。按租戶營業額收取的租金為 4千 6 百萬港元

The occupancy was 99% as at 31 Dec 2016.

於2016年12月31日,出租率為 99%

2016 Annual Results and Highlights: Retail Portfolio (con't) Hysan希慎 2016年全年業績及摘要:商舗業務(續)

- Positive rental reversions in renewals, reviews and new lettings across the retail 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%



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There were positive rental reversions in renewals, reviews and new lettings across the retail portfolio, driving 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%



- Estimated overall tenant sales saw double-digit percentage decrease, heavily impacted by the estimated sales decline of certain electronic goods within our portfolio
- If normalised for the impact of the electronic goods sector, the decline was 5%, which compared favourably to the drop 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,短期限定店以及在商場內舉辦創意推廣活動
- 總人流增加約5%,未受期內整體訪港的外地遊客下跌4.5%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
- 若撇除電子產品的影響,其他產品的跌幅為5%,比香港年內整體零售銷售額的跌幅為輕

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Our creative retail experiences included new food and beverage outlets, pop-up stores and innovative in-mall marketing activities.

我們帶來創新的零售體驗,包括引進新的餐飲食肆、短期限定店以及在商場內舉辦 創意推廣活動

Total foot traffic rose around 5% which was achieved against a fall of 4.5% in overall Hong Kong visitors' arrivals.

總人流增加約5%,未受期內整體訪港的外地遊客下跌4.5%影響

The estimated overall tenant sales saw a double-digit percentage decrease. This was heavily impacted by the estimated sales decline of certain electronic goods within our portfolio.

*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

If we normalized for the impact of the electronic goods sector, the tenant sales decline was 5%, which compared favourably to the drop in Hong Kong's overall retail sales during the year.

若撇除電子產品的影響,其他產品的跌幅為5%,比香港年內整體零售銷售額的跌幅 為輕

## 2016 Annual Results and Highlights: Retail Portfolio (con't) 2016年全年業績及摘要:商舗業務(續)

Hysan希慎

- Hysan Place
  - > Around 5% growth in foot traffic in 2016
  - Added inspirational fashion stores and wellness / sport shops to tenant mix
  - > Popular in-mall events
  - > 8 new food and beverage outlets
  - > 5 fashion-related new stores
- 希慎廣場
  - > 2016年的人流增加約5%
  - ▶ 商戶組合加入多家時尚服裝品牌以及保健和運動 用品店
  - > 商場內的人氣活動
  - > 8間新食府進駐
  - > 5間時裝相關商舖進駐





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We will now present more details by hub.

Hysan Place saw around 5% growth in foot traffic in 2016

現在為大家提供更多每個商舖組群的資料。希慎廣場2016年的人流增加約5%

Inspirational fashion stores and wellness / sport shops were added to tenant mix

商戶組合加入多家時尚服裝品牌以及保健和運動用品店

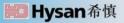
In-mall events were popular, including our Air Tennis games and activities during the Hong Kong Tennis Open.

商場內的推廣活動大受歡迎,例如香港網球公開賽期間的空中網球遊戲及活動

There were 8 new food and beverage outlets, including a number of successful Asian and fusion restaurants, plus 5 fashion-related new stores.

8間新食府亦進駐希慎廣場,例如一些深受歡迎的亞洲和多國美食,亦有5間時裝相關 商舗進駐

# 2016 Annual Results and Highlights: Retail Portfolio (con't) 2016年全年業績及摘要:商舗業務(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





As for the Lee Theatre hub, it saw around 5% increase in foot traffic

至於利舞臺商舖組群方面,人流增加約5%

Lee Theatre Plaza flagship stores and Leighton Centre "sports-themed street" remained popular.

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

# <section-header> 2016 Annual Results and Highlights: Retail Portfolio(con't) 2016年全年業績及摘要:商舗業務(續) ● Lee Garden shub ● Lee Garden One foot traffic remained stable, while Lee Garden Two saw around 5% increase ● 6 fashion brands and 2 new food and beverage offerings added to the hub's attraction ● 利園商舗組群 ● 1個時裝相關品牌及 2個餐飲食肆落戶利園 商舗組群

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For Lee Gardens hub, Lee Garden One's foot traffic remained stable, while Lee Garden Two saw around a 5% increase.

利園商舗組群方面,利園一期訪客人數保持穩定,利園二期的人流則增加約5%

6 Fashion-related brands and 2 new food and beverage offerings were added to the hub's attraction

6個時裝相關品牌及2間餐飲食肆落戶利園商舖組群,加強租戶陣容

2016 Annual Results and Highlights: Retail Portfolio (con't) IV Hysan希慎 2016年全年業績及摘要:商舖業務(續)

- While the hubs have special characteristics and emphasis, the entire portfolio is curated to connect, cross sell and drive foot and sales traffic
- Working to improve the connections among the different hubs
- 商舖組群各有特色及定位,我們精心策劃整個商舖組合加強連繫、促 進交叉銷售、增強人流及銷售額
- 正改善各個商舖組群之間的連繫



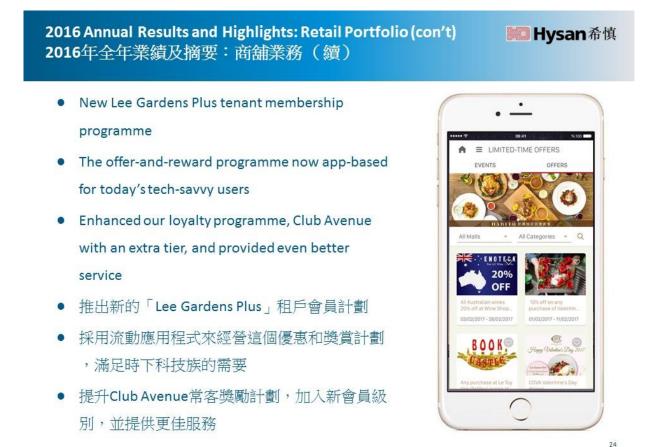
23

While our hubs have special characteristics and emphasis, the entire portfolio is curated to connect, cross sell and drive foot and sales traffic

商舖組群各有特色及定位,我們精心策劃整個商舖組合加強連繫、促進交叉銷售、 增強人流及銷售額

We are working to improve the connections among the different hubs, both in terms of physical and virtual linkage and the content provided by both the landlord and our tenants

我們正透過硬件設施及租戶之間的合作改善各個商舖組群之間的連繫



We are also very active in making use of technology when it comes to experience the retail experience. In 2016 we launched the new Lee Gardens Plus tenant membership programme.

我們亦非常積極利用資訊科技提升零售體驗,去年,我們推出新的 「Lee Gardens Plus」租戶會員計劃

The offer-and-reward programme is now app-based for today's tech-savvy users

我們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

Our loyalty Club, Club Avenue, was enhanced with an extra members tier, and even better service

我們亦提升Club Avenue常客獎勵計劃,加入新會員級別,並提供更佳服務

2016 Annual Results and Highlights: Office Portfolio 2016年全年業績及摘要: 寫字樓業務

🔛 Hysan希慎

- 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%



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Now we turn to the office sector:

以下是寫字樓業務的表現

Hysan's office space accounts for more than 50% of its overall portfolio's gross floor area.

希慎寫字樓業務組合佔集團業務總樓面面積超過50%

It also contributes 36% of its turnover.

並佔營業額的36%

2016 Annual Results and Highlights: Office Portfolio (con't) 2016年全年業績及摘要: 寫字樓業務(續)

- Office portfolio turnover increased by 3.9% to HK\$1,292 million
- Occupancy: 96% as at 31 Dec 2016
- 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
- 出租率:於2016年12月31日為96%
- 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25%



Hysan希慎

Our 2016 office portfolio turnover increased by 3.9% to HK\$1,292 million.

寫字樓業務的營業額增加 3.9% 至12億 9千2 百萬港元

Occupancy was 96% as at 31 Dec 2016.

於2016年12月31日,出租率為 96%

There were positive rental reversions in renewals, reviews and new lettings across the portfolio, which saw an average increase of around 25% in rental levels.

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25%

 2016 Annual Results and Highlights: Office Portfolio (con't) 2016年全年業績及摘要: 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
 New 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育 護之營商據點,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

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Looking at the bigger office rental picture, Mainland Chinese banking and financial firms have ramped up demand in Central and Admiralty.

在整體租賃環境方面,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

Companies in other industries needing quality space with good facilities and transportation are turning to Causeway Bay and Lee Gardens.

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

In 2016, our new tenants included Uber, AXA and Southwest Securities

2016 年的新租戶包括: 優步(Uber)、AXA 安盛和西南證券

2016 Annual Results and Highlights: Office Portfolio (con't) 2016年全年業績及摘要: 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%

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Our tenant mix saw some minor changes in 2016, with professional and consulting services now being the sector occupying the most area, followed by insurance, high-end retailers and banking and finance. These four sectors took up 52.2% of our lettable floor area.

2016 年,我們的租戶組合出現輕微轉變,專業及顧問服務業現佔用最多出租面積,其次為保險業、高檔零售商和金融業,合佔可供出租總樓面面積 52.2%

However, the sector balance was still very healthy as no single category took up more than 20% of the total lettable area.

集團的租戶組合仍然均衡,當中並無單一行業佔可供出租總樓面面積超過 20%

Hysan希慎



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Turning to the residential portfolio, its turnover saw a decrease of 3.9% to HK\$274 million

住宅業務方面,營業額下跌 3.9% 至 2億 7千4百萬港元

There were positive rental reversions in renewals, reviews and new lettings, which saw an average rental income increase of around 5%

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%

2016 Annual Results and Highlights: Residential Portfolio (con't) **出 Hysan**希慎 2016年全年業績及摘要:住宅業務(續)

- Occupancy: 82% as at 31 Dec 2016
- Vacancy largely due to large scale upgrade and renovations
- 出租率:於2016年12月31日為82%
- 空置主要由於大型優化及翻新工程

The occupancy was 82% as at 31 Dec 2016.

於2016年12月31日的出租率為82%

The vacancy was largely due to large scale upgrade and renovations.

空置主要由於大型優化及翻新工程

2016 Annual Results and Highlights: Strong Financial Position III Hysan 希慎 2016年全年業績及摘要:穩健財政狀況

# Low Gearing

- Total Gross Debt: HK\$6,305 million
- Net Debt to Equity: 5.4%

# 低負債率

- 債務總額: 63億5百萬港元
- 淨債務與股東權益比率: 5.4%

Overall, our financial position is strong. Our gearing is low. 希慎的財務狀況強健,負債率低 Our Total Gross Debt was HK\$6,305 million. 債務總額為 63億 5百萬港元 Our Net Debt to Equity ratio was 5.4%. 淨債務與股東權益比率為 5.4% 2016 Annual Results and Highlights: Strong Financial Position (con't) **Hysan**希慎 2016年全年業績及摘要:穩健財政狀況(續)

#### **Stable Debt Profile**

- Fixed Rate Debt: 73.4% of the total gross debt
- Average Debt Maturity: 4.3 years
- Capital Market Issuance: 73.4%
- Average Cost of Finance: 3.8%

#### 穩定債務狀況

- 定息債務:佔債務總額73.4%
- 平均債務期限:4.3年
- 資本市場發債:73.4%
- 平均借貸成本: 3.8%

#### Our debt profile is stable

希慎的債務狀況穩定

Our Fixed Rate Debt was 73.4% of the total gross debt.

定息債務佔債務總額 73.4%

The Group's Average Debt Maturity was about 4.3 years as at 31 Dec 2016.

於2016年12月31日,本集團的平均債務期限約為 4.3年

Our debts sourced from capital markets were 73.4%.

籌措自資本市場的債務為 73.4%

Our Average Cost of Finance was 3.8%.

平均借貸成本為 3.8%

# **Strong Credit Rating**

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

# 信貸評級優異

- 淨利息償付率:23.5倍
- 穆迪: A3;標準普爾: BBB+

Our Net Interest Coverage was 23.5 times.

淨利息償付率為 23.5 倍

And our credit rating as given by Moody's is A3, whereas the Standard and Poor's rating is BBB+.

穆迪給予希慎的信貸評級為A3,而標準普爾的評級則為BBB+

# Hysan's Business Updates: Retail Portfolio 集團業務最新進展:商舖業務

- Occupancy: 98% at the end of March 2017
- Rental reversion: Overall negative rental reversion of around 25% on renewals, reviews and new lettings which became effective in the first three months of 2017, when compared to existing leases
- Negotiations for leases due for renewal in 2017: making good progress, as around 40% of the lease space to be negotiated already concluded successfully
- 出租率:於2017年3月底,出租率為98%
- 續約租金:於2017年首三個月生效的續約、租金檢討與新出租物業的新租金
   水平較原有租約整體下跌約25%
- 於2017年內期滿的租約續租洽商進度良好,約40%需要洽商的出租樓面面積已
   經成功簽訂合約

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Hysan希慎

I would like to present some updates on the different parts of our business, starting with the retail portfolio:

以下為集團業務的最新進展,首先是商舖業務

The occupancy was 98% at the end of March 2017.

於2017年3月底,出租率為98%

We saw overall negative rental reversions of around 25% on renewals, reviews and new lettings which became effective in the first three months of 2017, when compared to existing leases.

於 2017 年首三個月生效的續約、租金檢討與新出租物業的新租金水平較原有租約整 體下跌約 25%

We are, however, pleased to advise we are making good progress on negotiations for leases due for renewal in 2017, as around 40% of the lease space to be negotiated have already been concluded successfully.

不過,於2017年內期滿的租約續租洽商進度良好,約40%需要洽商的出租樓面面積 已經成功簽訂合約 Hysan's Business Updates: Retail Portfolio (con't) 🔛 Hysan<sup>希</sup>慎 集團業務最新進展:商舖業務 (續)

- Growth in spending through promotional programmes:
  - > Our shoppers' promotions becoming more targeted and innovative
  - Healthy double-digit percentage growth in Leeisure Rewards programme registered spending in April of this year, when compared to the spending during the same period last year
- 參加推廣活動的登記消費額增加:
  - ▶ 創新的購物獎賞計劃更能照顧特定客群
  - ▶ 相比去年同期,今年四月春夏購物獎賞活動所錄得的消費額有健康 的雙位數增長

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We have improved our shoppers' promotions to be more targeted and more innovative. They have contributed to a healthy double-digit percentage growth in Leeisure Rewards programme registered spending in April of this year, when compared to the spending during the same period last year.

我們改善了購物獎賞計劃,令它們創新之餘亦更能照顧特定客群。今年四月春夏 購物獎賞活動,相比去年同期所錄得的消費額有健康的雙位數增長

# Hysan's Business Updates: Office Portfolio 集團業務最新進展:寫字樓業務

- Occupancy: 95% at the end of March 2017
- Rental reversion: Positive rental reversion up around 15% on renewals, reviews and new lettings which became effective in the first three months of 2017, when compared to existing leases
- Negotiations for leases due for renewal in 2017: also making good progress, with around 25% of the lease space to be negotiated already concluded successfully
- 於2017年3月底,出租率為95%
- 續約租金:於2017年首三個月生效的續約、租金檢討與新出租物業的新租金水
   平較原有租約上升約15%
- 於2017年內期滿的租約續租洽商進度良好,約25%需要洽商的出租樓面面積已
   經成功簽訂合約

Now going onto the office portfolio updates:

以下是寫字樓業務的最新進展:

The occupancy was 95% as at the end of March 2017.

於2017年3月底,寫字樓出租率為95%

We saw positive rental reversions of around 15% on renewals, reviews and new lettings which became effective in the first three months of 2017, when compared to existing leases.

於 2017 年首三個月生效的續約、租金檢討與新出租物業的新租金水平較原有租約上 升約 15%

We are making good progress with regards to negotiations for leases due for renewal in 2017, with around 25% of the lease space to be negotiated already concluded successfully.

於 2017 年內期滿的租約續租洽商進度良好,約 25%需要洽商的出租樓面面積已經成功簽訂 合約

💭 Hysan 希慎

Hysan's Business Updates: Residential Portfolio **Pysan**希慎 集團業務最新進展:住宅業務

- Occupancy: 82% at the end of March 2017
- Upgrades and renovations continuing
- Rental reversion: Overall positive rental reversion on renewals, reviews and new lettings which became effective in the first three months of 2017, when compared to existing leases
- 於2017年3月底,出租率為82%
- 繼續增值及翻新工程
- 續約租金:於2017年首三個月生效的續約、租金檢討與新出租 物業的新租金水平較原有租約整體上升

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Finally, we come to the residential portfolio updates:

#### 最後是住宅業務的最新進展:

The occupancy was 82% at the end of March 2017, with upgrades and renovations continuing

於2017年3月底,住宅出租率為82%,我們繼續進行增值及翻新工程

We saw overall positive rental reversions on renewals, reviews and new lettings which became effective in the first three months of 2017, when compared to existing leases.

於 2017 年首三個月生效的續約、租金檢討與新出租物業的新租金水平較原有租約整體 上升 Hysan Business Updates: Development of Lee Garden Three 👘 Hysan希慎 集團業務最新進展:利園三期發展項目

- The building was topped out at the end of April
- Work in good progress for Q4 2017 completion
- 大廈已於4月底平頂
- 工程進度良好,可於2017年第四季完成



With regards to our Lee Garden Three project, the building was topped out at the end of April.

至於利園三期項目方面,大廈已於4月底平頂

It is making good progress for Q4 2017 completion.

工程進度良好,可於2017年第四季完成