

To: Business/Property Editor

Date: 22 February 2024
For immediate release**HYSAN DEVELOPMENT COMPANY LIMITED
2023 ANNUAL RESULTS****SUMMARY**

- **2023 marked the 100th anniversary of Hysan. Lee Gardens has transformed from a garden into a vibrant community. As we enter our 101st year, we continue to evolve with the expansion, transformation and rejuvenation of our portfolio to ensure a long-term future for Lee Gardens**
- **Hong Kong's economy saw some improvements while consumption was cautious and export sector remained weak. Geopolitical tensions and macro-economic uncertainties continued to impede recovery**
- **Office and Retail sectors were impacted by post-pandemic structural changes. Our areawide rejuvenation project will continue to reinforce Lee Gardens as a destination of choice for retail and premium office spaces**
- **Occupancy for Office portfolio was 89%, rental reversion remained negative**
- **Occupancy for Retail portfolio was 97%, rental reversion was predominantly positive**
- **Turnover and Recurring Underlying Profit decreased year-on-year by 7.2% and 11.2% respectively**
- **Loss attributable to owners of the Company was HK\$872 million for the year mainly arising from non-cash fair value decrease of investment properties of HK\$2,763 million**

RESULTS

		Notes	Year ended 31 December		
			2023	2022	Change
Turnover	HK\$ million	1	3,210	3,460	-7.2%
Recurring Underlying Profit	HK\$ million	2	1,832	2,063	-11.2%
Underlying Profit	HK\$ million	3	1,832	2,129	-14.0%
Reported Loss	HK\$ million	4	(872)	(1,157)	+24.6%
Basic Loss per Share	HK cent		(85)	(112)	+24.1%
Full-year Dividends per Share	HK cent		108	144	-25.0%
			As at 31 December		
			2023	2022	
Shareholders' Funds	HK\$ million	5	67,182	70,200	-4.3%
Net Asset Value per Share	HK\$	6	65.4	68.4	-4.4%

Notes:

- Turnover** comprises gross rental income from leasing of investment properties located in Hong Kong and Mainland and management fee income from the provision of property management services for the year.
- Recurring Underlying Profit**, 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.
- Underlying Profit**, a non-HKFRS measure, is arrived at by adding (i) Reported Loss excluding unrealized 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.
- Reported Loss** is the loss attributable to owners of the Company. It is prepared in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the Hong Kong Companies Ordinance.
- Shareholders' Funds** are the equity attributable to owners of the Company.
- Net Asset Value per Share** represents Shareholders' Funds divided by the number of issued shares at year-end.

HYSAN DEVELOPMENT ANNUAL RESULTS 2023

Results

(Hong Kong, 22 February 2024) Hysan Development Company Limited (Stock Code: 00014) today announced the financial results for the year ended 31 December 2023.

Structural changes continued to put pressure on the office and residential sector, and on average approximately 10% of our retail area were closed for the major enhancement works of Lee Gardens rejuvenation project, which impacted our operating results. The Group's turnover for 2023 was HK\$3,210 million, representing a year-on-year decrease of 7.2% compared to 2022. Recurring Underlying Profit was HK\$1,832 million.

Shareholders' fund was HK\$67,182 million as at 31 December 2023 (31 December 2022: HK\$70,200 million).

As at 31 December 2023, the investment properties of the Group were valued at HK\$96,005 million, a slight decrease of 0.8% from HK\$96,787 million as at 31 December 2022.

Dividends

The Board of Directors has declared a second interim dividend of HK81 cents per share (2022: HK117 cents per share) which will be payable in cash. Together with the first interim dividend of HK27 cents per share (2022: HK27 cents per share), there is an aggregate distribution of HK108 cents per share (2022: HK144 cents per share). Please see the table for all the relevant dates:

Closure of register of members	Friday, 8 March 2024
Ex-dividend date	Wednesday, 6 March 2024
Latest time to lodge transfer documents	Not later than 4pm on Thursday, 7 March 2024
Record date for second interim	Friday, 8 March 2024
Second interim dividend payment date	On or about Friday, 22 March 2024

CHAIRMAN'S STATEMENT BY MS. IRENE YUN LIEN LEE

This year, we celebrate the 100th anniversary of Hysan, a testament to our enduring presence in Hong Kong and a legacy of community development. I would like to express my heartfelt gratitude to everyone who has been a part of the history, culture and the collective memory of Hysan and Lee Gardens.

Over the past century, Lee Gardens has grown from a garden for the public, to now, one of the world's most bustling and vibrant destinations. Our dual-engine office and retail portfolio, combined with our community business model, provide resilience and strength in the face of uncertainty. The blend of offerings creates an array of lifestyle experiences for office tenants, shoppers, tourists and residents. Our unique portfolio is at the heart of Hong Kong Island, we connect people and curate communities through our diverse offerings, the attraction of our convenient and prime location, and an engaging approach to reaching out to customers of all ages with events and programmes designed to appeal to their interests and aspirations. As Hysan enters its 101st year, we continue to evolve with the expansion, transformation and rejuvenation of Lee Gardens. Our community business model and our deep engagement with our stakeholders are key ingredients which will ensure a long-term future for Lee Gardens.

2023 presented a mix of challenges and opportunities for Hysan. This was a year of global upheaval as the world gradually recovered from the pandemic. Many continuing and new challenges, including ongoing geopolitical tensions, escalating geoeconomic fragmentation, interest rate hikes, inflation concerns and the increasing frequency of extreme weather events were impediments to recovery.

Hong Kong was not immune to the impact of these external shocks. While there were improvements, especially in tourist numbers, consumption was cautious and the export sector remained weak. Expectations of prolonged high interest rates and concerns about the economic outlook on the Mainland dampened market sentiment in the local stock and property markets. Additionally, cities in the Greater Bay Area offered attractive day or weekend trips for Hong Kong, resulting in an imbalance in tourist flows.

Hong Kong's office sector continued to struggle against the backdrop of post-pandemic structural change. Landlords defended occupancy with more flexible lease terms and enhanced rental incentives as increased supply came to market. Lee Gardens is a highly desirable and competitive choice with our premium office space and facilities which include an abundance of retail, food and beverage offerings, situated in a well-connected, convenient and vibrant neighbourhood community.

The retail sector in Hong Kong is undergoing a transformation driven by changes in consumer behaviour, particularly a shift in tourist focus from extravagant shopping to experience-based tourism. In response, a brand-new lifestyle hub, #URBANHOOD, was unveiled in December 2023 at the basement of Hysan Place. This hub, spanning two levels, showcases a vibrant mix of nearly 40 lifestyle, entertainment, food and beverage brands from various Asian cities, including some making their debut in Hong Kong. This transformation was a continuation of our commitment to youth culture, celebrating a creative and lifestyle focused generation, connecting them with the ever-changing popular culture. Together with #UrbanSky, #UrbanPark, and over a hundred local and international brands and dining outlets in Hysan Place and around the Lee Gardens neighbourhood, #URBANHOOD offers an engaging experience that appeals to all generations.

Throughout the year, we introduced various initiatives to cater to the diverse interests and needs of our customers. Lee Garden's own indoor play space for toddlers and preschoolers was launched to provide novel and unique experiences for families. A series of festive events, promotions and thematic campaigns were designed to attract and engage locals and tourists.

Understanding customer behaviour and needs remains central to our Customer First philosophy. We continuously refined our offerings and launched targeted marketing and sales initiatives, collaborating with our tenants to attract and sustain our loyal Club Avenue membership. We are also focused on growing and grooming our Lee Gardens Club members. The performance of retail sales at Hysan surpassed that of the overall retail market in Hong Kong, leading to an increase in turnover rent of 45% year-on-year.

In 2023, we also made significant progress in the rejuvenation of the Lee Gardens hub. Major enhancement works at Lee Garden One were completed with the unveiling of the arcade in late 2023. The flagship stores of our key luxury anchor tenants are undergoing renovations and will be completed in stages during 2024 and 2025. The reopening of these flagship stores will reinforce our status as home to top luxury brands at Lee Gardens on Hysan Avenue.

Our roots run deep in Hong Kong and Causeway Bay in particular. The rich tapestry of Lee Gardens' legacy was built upon our community, and it is for this reason that our Community Business Model, which prioritises inclusivity, social wellbeing, environmental stewardship, positive economic impact and liveability, remains fundamental to our sustainability strategy.

During the year, we are delighted to have received prestigious awards that recognised our commitment to sustainability. These included the Distinction Award of The Hong Kong Management Association Hong Kong Sustainability Award 2023 and, for the 20th consecutive year, the Corporate Governance Award of the Hong Kong Institute of Certified Public Accountants Best Corporate Governance and ESG Awards 2023. These accolades are testaments to our unwavering dedication to achieving excellence in ESG.

We are committed to addressing climate change. Our Caroline Hill Road project adheres to the highest sustainability standards and is designed to withstand climate challenges. Furthermore, we are focused on "S", the social element in ESG. We actively promote sports, art and culture through community programmes, promoting inclusivity and positive social impact, and ensuring their accessibility to a wider community in Hong Kong.

Looking ahead, while the local and global economic outlook for 2024 remains uncertain, what will always remain true is our commitment to fostering development and growth. Therefore, the Board has made the decision to adjust our dividend in order to build for the future.

We look forward to the next 100 years of Lee Gardens, where people come to work, live and enjoy, now, and for generations to come.

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