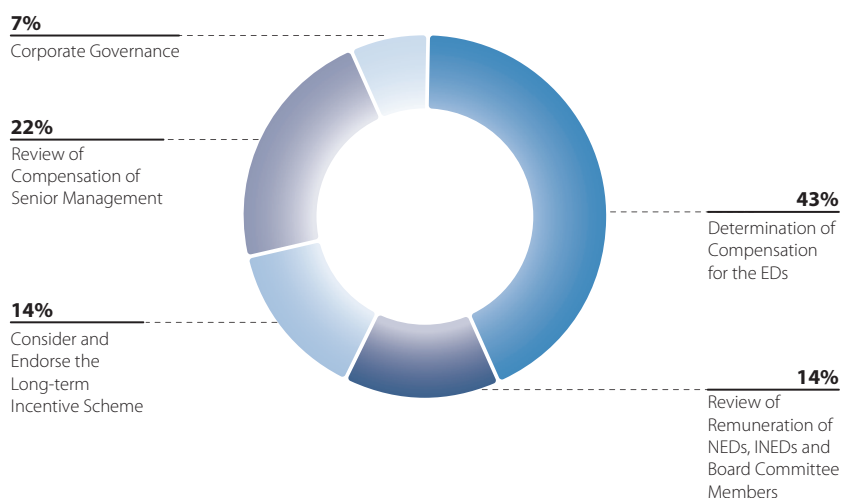


Remuneration Committee Report

Dear Shareholders,

We are pleased to present the Remuneration Committee Report for 2023. The primary roles of the Remuneration Committee are to advise the Board on the formulation of remuneration policy, to determine remuneration and incentive packages for Directors and senior management, and to ensure that the remuneration packages are commensurate with the qualifications and competencies of the Directors and senior management and are in the best interests of the Company and its Shareholders.

Committee activities and agenda time during the year



Composition in 2023	<p>Fan Yan Hok Philip* (Chairman)</p> <p>Chung Cordelia* (appointed on 16 May 2023)</p> <p>Churchouse Frederick Peter* (appointed on 1 March 2023)</p> <p>Poon Chung Yin Joseph* (ceased to be a member on 16 May 2023)</p> <p>Lee Tze Hau Michael (ceased to be a member on 1 March 2023)</p> <p>* INED</p>
Independence Weighting	100%
Meeting Schedule	<ul style="list-style-type: none"> At least one meeting every year One meeting in 2023
Highlights in 2023	<ul style="list-style-type: none"> Considered remuneration for Directors and senior management Considered the Company's compensation structure Considered and endorsed the adoption of a long-term incentive scheme Reviewed and updated its terms of reference

Remuneration Committee Report

ROLES AND AUTHORITIES

The Remuneration Committee's main roles and authorities are to:

- Review the Group's framework and general policies for the remuneration of EDs and members of senior management and make recommendations to the Board;
- Review and determine the remuneration of EDs and senior management as recommended by management;
- Review and make recommendations to the Board on the fees of NEDs, INEDs and Board Committee members prior to Shareholders' approval at the general meetings; and
- Review matters related to share incentive plans (including matters related to share schemes under Chapter 17 of the Listing Rules), changes to the key terms of pension plans, and the key terms of any new compensation and benefits plans that have a material financial, reputational and strategic impact on the Company.

ACTIVITIES

The EDs and management may be invited to Remuneration Committee meetings to present updates and/or answer relevant questions in order to facilitate the decision-making process. No Director is involved in deciding their own remuneration.

Details of the meeting held in February 2023 were set out in the 2022 Annual Report.

In February 2024, the Remuneration Committee held a meeting to:

- Approve the EDs' 2024 compensation packages and 2023 performance-based bonuses;
- Review the fees for NEDs, INEDs and Board Committee members;
- Review and determine the compensation packages of senior management; and
- Review and update the terms of reference of the Remuneration Committee.

Members' attendance records are disclosed in the table on page 71.

During the year, the Remuneration Committee also, by written resolutions, endorsed, approved and recommended the adoption of a new long-term incentive scheme.

REMUNERATION POLICY

We recognize the importance of a transparent remuneration policy and practice, which are underpinned by three cornerstones:

1. Effective Corporate Governance
 - No Director is involved in deciding their own remuneration;
 - Compensation packages of EDs are reviewed and approved by the Remuneration Committee;
 - Remuneration of NEDs and INEDs are approved by the Board upon the recommendation of the Remuneration Committee and subject to Shareholders' approval;
 - Compensation packages of senior management and department heads are reviewed and approved by the Remuneration Committee; and
 - Independent professional advice is to be sought where appropriate.

2. Market Benchmarking

- Hong Kong property developers and companies listed on the main board of the Stock Exchange with property-related businesses were selected as comparators for benchmarking Director's fees and remuneration of EDs and senior management.

3. Performance-linked

- Remuneration packages and structures for EDs and senior management shall reflect a fair reward system for all participants, taking into account both quantitative and qualitative assessments of performance in the forms of financial and operational targets and behavioural competencies that align with the Group's long-term strategy, corporate culture and core values.
- Aiming to incentivize a proper balance between business performance and long-term sustainable growth, long-term contribution shall be reviewed and evaluated based on, among others, the pre-determined long-term objectives and development plan, considering also the alignment with the Group's long-term strategy, culture and core values, etc.

REMUNERATION POLICY FOR EXECUTIVE DIRECTORS AND SENIOR MANAGEMENT

The Group's approach is to provide a fair market level of remuneration to attract, retain and motivate high-quality EDs, senior management and employees. At the same time, rewards must be aligned with the Company's strategy, corporate culture, core values, performance and Shareholders' interests.

The following principles of remuneration for EDs and senior management have been established:

- The Remuneration Committee shall determine the overall amount of each component of remuneration, taking into account both quantitative and qualitative assessments of performance, as well as the achievement of financial and operational key performance targets and behavioural competencies that align with the Group's long-term strategy, corporate culture and core values;
- Remuneration policy and practices shall be as transparent as possible and reviewed regularly, independent of executive management;
- Grantees of the share schemes shall develop significant personal shareholdings through executive share incentive schemes, in order to align their interests with those of the Shareholders;
- Remuneration packages shall be set at levels that ensure comparability and competitiveness with Hong Kong-based companies competing for a similar talent pool, with special emphasis on the real estate industry. Independent professional advice is to be sought where appropriate; and
- Pay and employment conditions elsewhere in the Group shall be taken into account.

Remuneration Committee Report

In reviewing and determining remuneration for EDs and senior management, the Remuneration Committee will take into account their overall achievements with respect to the following determining factors, each with a series of measures:

Components	Determining Factors
Fixed compensation	
Base salary and allowances	<ul style="list-style-type: none"> Market trends: increments in line with general and real estate industry norms Market benchmarks relevant to role and job scope Company performance (with reference to the Group's turnover growth, occupancy rate, property expenses ratio, underlying profit, etc.) Individual performance and contribution^{Note 1}, measured against annual financial and operational targets (turnover, expense ratio, earnings per share ("EPS"), portfolio year-end occupancy, achievement of key strategic initiatives, etc.)
Variable compensation	
Performance bonus	<ul style="list-style-type: none"> Company performance (with reference to the Group's turnover growth, occupancy rate, property expenses ratio, underlying profit, etc.) Individual performance and contribution^{Note 1}, measured against annual financial and operational targets (turnover, expense ratio, EPS, portfolio year-end occupancy, achievement of key strategic initiatives, etc.) Actual bonus payout ranges from 0–200% of target bonus, which is set as a percentage of annual base salary
Share incentives	<ul style="list-style-type: none"> Company performance (with reference to the Group's turnover growth, occupancy rate, property expenses ratio, underlying profit, etc.) Individual performance and potential, as well as long-term contribution^{Note 2} to the Company Level of share options and/or share awards granted is based on a prescribed grant multiple of annual base salary

Notes:

- Employees undergo mid-year and annual performance appraisals, during which individual performance targets (financial and operational) are set. Performance is continually monitored throughout the year and evaluated against these performance targets semi-annually. Performance assessment on the achievement of performance targets and behavioural competencies that align with the Group's long-term strategy, corporate culture and core values culminates in an individual performance rating which will determine the fixed and variable compensation outcomes.
- Aiming to incentivize a proper balance between business performance and long-term sustainable growth, long-term contribution is reviewed and evaluated based on, among others, the pre-determined long-term objectives and development plan, considering also the alignment with the Group's long-term strategy, culture and core values, etc.

In February 2024, the Remuneration Committee held a meeting to consider the annual base salaries of Lee Irene Yun-Lien and Lui Kon Wai, and concluded that their 2024 annual fixed base salaries are HK\$8,240,000 and HK\$5,953,000 respectively, and their 2023 performance-based bonus amounts to HK\$12,360,000 and HK\$6,048,000, respectively.

Details of Directors' remuneration, including individual EDs and senior management's emoluments for 2023, as well as changes in share options for EDs during the year, are set out in notes 10, 11 and 36, respectively, to the consolidated financial statements.

Remuneration Policy for NEDs and INEDs

These are the key guiding principles of the remuneration for our NEDs and INEDs:

- Remuneration shall be set at an appropriate level to attract and retain first-class non-executive talent;
- Remuneration of NEDs and INEDs shall be set by the Board and subject to Shareholders' approval at the general meetings and should be proportional to their commitment and contribution to the Company;
- Remuneration practices shall be consistent with recognized best practices and standards for the remuneration of the NEDs and INEDs;
- Remuneration shall be in the form of cash, payable semi-annually; and
- NEDs and INEDs shall not receive share options and/or share awards from the Company.

In 2023, NEDs and INEDs received no compensation from the Group other than the Directors fees disclosed below. None of the NEDs and INEDs received any pension benefits from the Company, nor did they participate in any bonus or incentive schemes.

NEDs and INEDs received fees totalling HK\$3,432,000 during 2023.

Director Fee Levels

Director fees are subject to Shareholders' approval at general meetings. In February 2024, the Remuneration Committee duly considered a number of factors, including the level of responsibility, experience and abilities required of the Directors, the level of care and amount of time required, as well as the fees offered for similar positions in companies requiring the same talents and agreed that the Director fees shall be maintained at the same level.

The current fees for the NEDs, INEDs and Board Committee members are set out below. EDs do not receive any Director fees.

	Per annum HK\$	
Board		
NED and INED	280,000	(Note 1)
Audit and Risk Management Committee		
Chairman	180,000	(Note 1)
Member	108,000	(Note 1)
Remuneration Committee		
Chairman	75,000	(Note 1)
Member	45,000	(Note 1)
Nomination Committee		
Chairman	50,000	(Note 1)
Member	30,000	(Note 1)
Sustainability Committee		
Chairman	50,000	(Note 2)
Member	30,000	(Note 2)

Notes:

1. Approved by Shareholders at the 2019 AGM and took effect on 1 June 2019.
2. Approved by the Board and took effect on 1 January 2020.

Remuneration Committee Report

Human Resources Practices

The Group aims to attract, retain and develop high-calibre individuals who are committed to attaining our objectives and adhering to Hysan's corporate culture and core values. The total number of employees as at 31 December 2023 was 516 (2022: 486). The Group's human resources practices are aligned with our corporate objectives in order to maximize Shareholder value and achieve sustainable growth. Details of our human resources programmes, training and development are set out in our 2023 Sustainability Report.

Long-term Incentives: Share Option Schemes

The Company may grant options under executive share option schemes as adopted from time to time. The purpose of such schemes is to strengthen the connection between individual employees and Shareholders' interests. The power to grant options to EDs is vested in the Remuneration Committee, with endorsement by all INEDs being required under the Listing Rules. The Chairman may grant options to management staff below the ED level.

The 2005 Share Option Scheme (the "2005 Scheme")

The Company adopted the 2005 Scheme at its AGM held on 10 May 2005 (the "2005 AGM"), which had a term of 10 years and expired on 9 May 2015. All outstanding options granted under the 2005 Scheme will continue to be valid and exercisable in accordance with the provisions of the 2005 Scheme. No further option will be granted under the 2005 Scheme.

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

The maximum number of shares in respect of which options may be granted under the 2005 Scheme and any other share option scheme of the Company shall not exceed the maximum number of shares permissible under the Listing Rules, being 10% of the total number of shares in issue as at the date of the 2005 AGM (being 104,996,365 shares, representing approximately 10% of the total number of issued shares of the Company as at the date of this Annual Report).

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

The 2015 Share Option Scheme (the "2015 Scheme")

The Company adopted the 2015 Scheme at its AGM held on 15 May 2015 (the "2015 AGM"), which has a term of 10 years and will expire on 14 May 2025. The terms of the 2015 Scheme are substantially the same as those of the 2005 Scheme.

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

The maximum number of shares in respect of which options may be granted under the 2015 Scheme and any other share option schemes of the Company shall not in aggregate exceed the maximum number of shares permissible under the Listing Rules, being 10% of the total number of shares in issue as at the date of the 2015 AGM (being 106,389,669 shares, representing approximately 10% of the total number of issued shares of the Company as at the date of this Annual Report). Under the Listing Rules, a listed issuer may seek approval from its shareholders in a general meeting to “refresh” the 10% limit under the 2015 Scheme. In addition, the total number of shares that may be issued upon the exercise of all outstanding options granted but not yet exercised under the 2015 Scheme and any other share option schemes of the Company must not exceed 30% of the shares in issue from time to time (or the maximum number of shares permissible under the Listing Rules). No options may be granted where such a grant would result in this 30% limit or the maximum permissible limit being exceeded.

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

Grant and vesting structures

Under the Company’s current policy, grants are to be made on a periodic basis. The exercise period is 10 years. The vesting period is three years in equal proportions starting from the first anniversary of the grant, with the shares becoming fully vested on the third anniversary. The size of the grant will be determined with reference to a base salary multiple and job performance metrics. The Board reviews the grant and vesting structures from time to time.

Movement of share options

Since the 2005 Scheme had expired on 9 May 2015, no option was available for grant under the 2005 Scheme as at 1 January 2023 and 31 December 2023 respectively. No option was granted under the 2005 Scheme during the year.

The number of options available for grant under the scheme mandate limit of the 2015 Scheme as at 1 January 2023 and 31 December 2023 were 98,048,673 and 98,579,673 respectively. During the year, no share options were granted under the 2015 Scheme.

As at 31 December 2023:

- share options exercisable into a total of 708,000 ordinary shares of the Company granted and fully-vested under the 2005 Scheme remained outstanding, representing approximately 0.07% of the total number of issued shares of the Company;
- share options exercisable into a total of 7,386,067 ordinary shares of the Company (including fully-vested share options exercisable into 5,633,720 ordinary shares of the Company) granted under the 2015 Scheme remained outstanding, representing approximately 0.72% of the total number of issued shares of the Company; and
- 98,579,673 shares remained issuable under the 2015 Scheme, representing approximately 9.60% of the total number of issued shares of the Company.

Remuneration Committee Report

Details of options granted, exercised, cancelled/lapsed and outstanding under the 2005 Scheme and the 2015 Scheme (the “Schemes”) during the year are as follows:

Name	Date of grant	Exercise price HK\$	Exercise period (Note a)	Balance as at 1.1.2023	Changes during the Review Year			Balance as at 31.12.2023
					Granted	Exercised	Cancelled/ lapsed (Note b)	
2005 Scheme								
Executive Director								
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
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

Name	Date of grant	Exercise price HK\$	Exercise period (Note a)	Balance as at 1.1.2023	Changes during the Review Year			Balance as at 31.12.2023
					Granted	Exercised	Cancelled/ lapsed (Note b)	
2015 Scheme								
Executive Directors								
Lee Irene Yun-Lien	9.3.2016	33.15	9.3.2017 – 8.3.2026	375,000	–	–	–	375,000
	23.2.2017	36.25	23.2.2018 – 22.2.2027	300,000	–	–	–	300,000
	1.3.2018	44.60	1.3.2019 – 29.2.2028	373,200	–	–	–	373,200
	22.2.2019	42.40	22.2.2020 – 21.2.2029	494,200	–	–	–	494,200
	21.2.2020	29.73	21.2.2021 – 20.2.2030	650,000	–	–	–	650,000
	26.2.2021	33.05	26.2.2022 – 25.2.2031	664,000	–	–	–	664,000
	28.2.2022	23.25	28.2.2023 – 27.2.2032	819,000	–	–	–	819,000
Lui Kon Wai	29.3.2018	41.50	29.3.2019 – 28.3.2028	179,000	–	–	–	179,000
	29.3.2019	42.05	29.3.2020 – 28.3.2029	203,000	–	–	–	203,000
	31.3.2020	25.20	31.3.2021 – 30.3.2030	262,000	–	–	–	262,000
	31.3.2021	30.40	31.3.2022 – 30.3.2031	267,000	–	–	–	267,000
	28.2.2022	23.25	28.2.2023 – 27.2.2032	400,000	–	–	–	400,000
Other employee participants	31.3.2016	33.05	31.3.2017 – 30.3.2026	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

Notes:

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

Save as disclosed above, there is no further information which is required to be disclosed under Rule 17.07 of the Listing Rules.

One-off Share Award Plan

In commemoration of the momentous occasion of the 100th anniversary of the establishment of Hysan in Hong Kong, the Company adopted a one-off share award plan ("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 100A Share Award Plan also serves as a gesture of appreciation and recognition for the dedication and valuable contributions of the Group's employees to Hysan'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 100A Share Award Plan ("Selected Employees"), and grant 100 fully-vested Shares to each of the Selected Employees at no consideration ("Awarded Shares"). 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 this 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 the year 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.

Movement of Awarded Shares

During the year, 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 under the 100A Share Award Plan.

Details of Awarded Shares granted, vested, cancelled/lapsed and outstanding under the 100A Share Award Plan during the year are as follows:

Name	Date of grant	Purchase price HK\$	Vesting date (Note a)	Balance as at 1.1.2023	Changes during the Review Year			
					Granted	Vested	Cancelled/ lapsed (Note b)	Balance as at 31.12.2023
Executive Directors								
Lee Irene Yun-Lien	27.11.2023	-	27.11.2023	-	100	(100)	-	-
Lui Kon Wai	27.11.2023	-	27.11.2023	-	100	(100)	-	-
The five highest paid individuals (excluding the EDs)	27.11.2023	-	27.11.2023	-	500	(500)	-	-
Other employee participants	27.11.2023	-	27.11.2023	-	47,100	(47,100)	-	-
				-	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 prices of the Shares immediately before the date of grant (i.e. 24 November 2023) was HK\$15.22.
- The weighted average closing price of the Shares immediately before the date of vesting (i.e. 24 November 2023) was HK\$15.22.
- The fair value of the Awarded Shares at the date of grant was HK\$15.04 per share. The Group has applied HKFRS 2 to account for the Awarded Shares.
- During the year, 200 Awarded Shares, with a total fair value of HK\$3,008, were granted to the EDs, a total of 500 Awarded Shares, with a total fair value of HK\$7,520, were granted to the five top-paid employees (excluding the EDs), and a total of 47,100 Awarded Shares, with a total fair value of HK\$708,384 were granted to other employee participants.

COMMITTEE EFFECTIVENESS

The Committee's effectiveness was formally reviewed during the year as part of the Board evaluation process, which concluded that the Committee continues to operate effectively.

Members of the Remuneration Committee

Fan Yan Hok Philip (Chairman)
Chung Cordelia
Churchouse Frederick Peter

Hong Kong, 22 February 2024