

To: Business/Property Editors

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For immediate release

## **HYSAN DEVELOPMENT COMPANY LIMITED 2024 INTERIM RESULTS**

### **SUMMARY**

- **Turnover increased year-on-year by 5.1% while Recurring Underlying Profit decreased year-on-year by 0.7%.**
- **Retail turnover increased 10.8% year-on-year, as we see early results from the Lee Gardens Rejuvenation strategy. Further key openings will continue to be launched in the next 12 months.**
- **Office occupancy remained stable with continued efforts to diversify our tenant mix by leveraging our unique positioning. Rental pressure prevailed for the overall Hong Kong Grade A office market.**
- **Investments in the Pillars have started to contribute. Lee Gardens Shanghai made good progress, securing commitments for 70% of its office space by the end of the period.**
- **The Caroline Hill Road project is slated for completion in the second half of 2026. It features cutting-edge sustainability design, efficient floor plates, a 60,000 sq. ft. lifestyle park, and a performing arts and cultural centre designed to meet the evolving needs of corporate and commercial tenants.**
- **The Group maintained its first interim dividend of HK27 cents per share.**

## RESULTS

			Six months ended 30 June			
			Notes	2024	2023	Change
Turnover	HK\$ million	1		<b>1,693</b>	1,611	+5.1%
Recurring Underlying Profit	HK\$ million	2		<b>1,019</b>	1,026	-0.7%
Underlying Profit	HK\$ million	3		<b>1,019</b>	1,026	-0.7%
Reported Profit	HK\$ million	4		<b>427</b>	190	n/m
Basic Earnings per Share	HK cent			<b>42</b>	19	n/m
First Interim Dividend per Share	HK cent			<b>27</b>	27	±0%
				<b>As at 30 June 2024</b>	As at 31 December 2023	
Shareholders' Funds	HK\$ million	5		<b>66,779</b>	67,182	-0.6%
Net Asset Value per Share	HK\$	6		<b>65.0</b>	65.4	-0.6%

n/m: not meaningful

### 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 period.
- Recurring Underlying Profit**, a non-HKFRS measure, is a performance indicator of the core property investment business of Hysan Development Company Limited (the "Company" or "Hysan") and its subsidiaries (the "Group") 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 Profit 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 Profit** is the profit 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 period/year-end.

## HYSAN DEVELOPMENT 2024 INTERIM RESULTS

### Results

(Hong Kong, 23 August 2024) **Hysan Development Company Limited** ("Hysan" or the "Group", Hong Kong stock code: 00014) today announced the financial results for the six months ended 30 June 2024.

Structural changes continued to put pressure on the office sector. With the completion of major enhancement works in Lee Garden One and basement of Hysan Place, our retail turnover saw a year-on-year improvement of 10.8%. During the period, on average approximately 4% of our retail area were closed for the major enhancement works of Lee Gardens rejuvenation project.

The Group's turnover was HK\$1,693 million, representing a year-on-year increase of 5.1%. Recurring Underlying Profit was HK\$1,019 million

Shareholders' fund was HK\$66,779 million as at 30 June 2024 (31 December 2023: HK\$67,182 million).

As at 30 June 2024, the investment properties of the Group were valued at HK\$96,535 million, a slight increase of 0.6% from HK\$96,005 million as at 31 December 2023.

### Dividends

The Board of Directors has declared a first interim dividend of HK27 cents per share (2023: HK27 cents per share) which will be payable in cash. Please see the table for all the relevant dates:

Closure of register of members	Monday, 9 September 2024
Ex-dividend date	Thursday, 5 September 2024
Latest time to lodge transfer documents	Not later than 4pm on Friday, 6 September 2024
Record date for first interim	Monday, 9 September 2024
First interim dividend payment date	On or about Friday, 20 September 2024

## CHAIRMAN'S STATEMENT BY MS. IRENE YUN LIEN LEE

The first half of 2024 saw a gradual improvement in Hong Kong's economy, following the resumption of normal travel last year. Hong Kong, a city known for its resilience and dynamism, is navigating a period of transition with evolving consumption patterns of tourists and residents. Nevertheless, we remain focused on addressing these complexities with strategic acumen and agility.

### **The Journey of Transformation**

We are leveraging the strengths of our core businesses and contributions from our strategic pillars. As retail and office trends evolve, we are reinventing our offerings starting with the rejuvenation of the Lee Gardens precinct that began two years ago.

A critical milestone in this rejuvenation journey is the transformation of Lee Gardens on Hysan Avenue, which includes the expansion of major luxury brands' flagship stores. Slated for completion, the rejuvenated Lee Garden One, Two, Three and Five will welcome more than ten newly renovated and expanded maison flagships, taking up 40% more space. Lee Gardens will be firmly established as the home of luxury brands, a new absolute attraction for both locals and visitors.

The Caroline Hill Road development, on track for completion in the second half of 2026, is another strategic move to reinforce our leading position in the area. It will expand our Lee Gardens portfolio by almost 30% in terms of area and will enrich our portfolio with additional assets, including a performing arts and cultural centre, built to the highest sustainability standards. An integrated pedestrian walkway system will be in place in 2026, connecting the Lee Gardens area from Caroline Hill Road to Hysan Place and the Causeway Bay MTR station for a more seamless working, shopping, dining and leisure experience.

Our strategic pillars continue to serve as new engines of growth to support our core operations. The Lee Gardens Shanghai secured commitments for 70% of its office space by the end of the first half of 2024, with quality tenants spanning across reputable financial institutions, luxury retailers and professional firms.

The flex office sector in the Greater Bay Area achieved steady growth and maintained high occupancy. Growing demand for flexible office solutions, which is now an integral part of the office ecosystem, accelerated the performance of our joint venture with the world's leading flex operator, IWG.

New Frontier Group, our healthcare investment, had solid performance and maintained its momentum of business expansion in the first half of 2024. New Frontier Group is now one of the leading operators in the growing premium healthcare services sector in Mainland China.

### **Responding to Hong Kong's Retail Dynamics in the Post-Pandemic Era**

Along with the growing number of visitor arrivals since the end of the pandemic, we have witnessed a significant shift in consumption patterns and spending behaviour among visitors to Hong Kong. Local consumers have also embraced new retail trends, and many have increased travel to Mainland China, attracted by appealing offerings.

With the reshaping of Hong Kong's retail landscape, industry players must innovate and deliver a more engaging experience that resonates with consumers' changing preferences.

We are continuously reinventing our offerings to cater to evolving needs of the youth of Hong Kong. Hot after the launch of the first indoor skateboard park at Hysan Place, our #URBANHOOD concept made its debut last Christmas, thus firmly establishing Hysan Place as the destination for young people, reinforcing our position as the trendsetter of urban culture.

### **Resilience in a Competitive Office Market**

While Hong Kong's capital market continues to recover, the city's office sector has become increasingly competitive as a result of softer demand and the volume of new office supply.

Lee Gardens continues to maintain a robust occupancy rate for its office portfolio during the period. This is due to our premium building specification across the portfolio, in particular our green and sustainable features, choices of high quality office facilities and the active curation of retail and dining offerings in the Lee Gardens ecosystem, supported by the quality property management services across our portfolio.

Tenants and customers find our commitment to sustainability and eco-friendly practices appealing. Our buildings in the Lee Gardens office portfolio, including Hysan Place — the first LEED Platinum-certified building in Hong Kong — have earned accolades under various renowned sustainability standards such as LEED, BEAM Plus and WELL. With our community business model emphasising “S”, the social element in ESG, we focus on placemaking, as well as physical, mental and social wellness.

We believe the market recognition of our brand, commitment and professional management will continue to draw new demand to our portfolio offerings in the years ahead. We are confident that the upcoming Caroline Hill Road Development, the Lee Gardens Rejuvenation programme and the new pedestrian walkway system will significantly strengthen our position as a favoured office destination in the heart of commercial Hong Kong.

**Embracing the Future with Confidence**

With a longstanding legacy spanning a century, Hysan has been an integral part of Hong Kong's growth story and a major contributor to its prosperity. Hysan has demonstrated continuous reinventions and creativity in how it curates our area with contrast and diversity. The Lee Gardens precincts lead as a trendy, vibrant and upmarket integrated shopping and commercial neighborhood in Hong Kong, and this has been a result of our strong and disciplined execution, driven by our vision. As we remain prudent steering our way through the ongoing market complexities, we are confident that our multi-pronged development and enhancement will not only future-proof our portfolio but will open a new chapter in our growth story which will reinforce and sustain our long-term prospects.

Looking ahead with optimism and determination, we will continue to shape the future of Lee Gardens and contribute to the sustainable development of Hong Kong.

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