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Hysan Development Company Limited **希慎興業有限公司**

(Incorporated in Hong Kong with limited liability)
(Stock Code : 00014)

ANNOUNCEMENT OF THE FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2024

- **Turnover increased by 6.2% to HK\$3,409 million, and Recurring Underlying Profit increased 6.8% to HK\$1,956 million, driven by improved rental income despite challenging market conditions.**
- **Core Portfolio: Retail turnover grew 9.5%, supported by luxury flagship expansion and positive rental reversion, with year-end occupancy at 92% (reflecting temporary vacancies from tenant mix revamp). Office turnover declined by 1.5%, with narrowing negative rental reversion and stable occupancy at 90%.**
- **Growth pillars: Lee Gardens Shanghai contributed HK\$73 million to turnover, with 70% of office space and 61% of retail space committed to date.**
- **Lee Garden Eight, together with an integrated walkway system linking Lee Gardens to the MTR, is set for completion in the second half of 2026.**
- **A second interim dividend of HK81 cents per share was declared.**

RESULTS

			Year ended 31 December		
			2024	2023	Change
			Notes		
Turnover	HK\$ million	1	3,409	3,210	+6.2%
Recurring Underlying Profit	HK\$ million	2	1,956	1,832	+6.8%
Underlying Profit	HK\$ million	3	1,956	1,832	+6.8%
Reported Profit (Loss)	HK\$ million	4	35	(872)	n/m
Basic Earnings (Loss) per Share	HK cent		3	(85)	n/m
Full-year Dividends per Share	HK cent		108	108	±0%
			As at 31 December		
			2024	2023	
Shareholders' Funds	HK\$ million	5	65,993	67,182	-1.8%
Net Asset Value per Share	HK\$	6	64.3	65.4	-1.7%

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 year.
- 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 (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 Profit (Loss)** is the profit (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.

CHAIRMAN'S STATEMENT

The year 2024 marked a major historical milestone for Hysan as we embarked on a second century of contributing to Hong Kong's development and shaping the city's growth. As an integral special region of China's long-term economic development, Hong Kong's economic future is secure and strong, underpinning our confidence in the future of Hong Kong.

At this significant moment in our history, we are more committed than ever to the future. We recognise that our legacy is more than just the history of our company. It must continue to evolve, based on a strong foundation of trust, shared values, culture and unity, underpinned by our long-term vision. Guided by Hysan's Community Business Model and its focus on inclusion and liveability, we will remain dedicated to adapting, expanding and transforming Lee Gardens for the people who visit, work and live in the area.

The 2024 Market in Review

In 2024, the Hong Kong economy continued to recover gradually from the impact of the pandemic. Private consumption expenditure was still under pressure, amid changes in consumption patterns and competition from our northern neighbours and Japan with its weak yen. Office rental market remained weak due to increased supply and subdued demand. Hysan remains nimble as we continue to address and transform our retail and office offerings so that we shape and capture trends. We provide seamless physical and digital immersive, communal, cultural, trendsetting and authentic experiences that attract high quality and repeat visitors and shoppers. We aim to connect to and interact with different generations and demographics, from locals to tourists.

Entering the Harvest Phase on our Journey of Transformation

The achievement of our evolving business strategy was reflected in the financial contributions that began to materialise during the year.

We started to rejuvenate Lee Gardens two years ago, marking a key milestone in our journey of transformation. In 2024, we began to unveil our new Lee Gardens, welcoming more than 10 newly renovated and expanded maison flagships, including the recent reopening of Hermès, Dior and Cartier in Lee Garden One, Two, Three and Five. We look forward to showcasing more flagships and new concepts throughout the portfolio during 2025.

By 2026, Lee Gardens will be fully connected by an integrated pedestrian walkway system. Upon completion, it will create seamless working, shopping, dining and leisure experience with a pleasant journey for office occupants and shoppers.

The Caroline Hill Road development, a strategic move reinforcing our leading position in the Lee Gardens area, was officially named Lee Garden Eight during the year. Serving as a pivotal piece in our master plan, the project will expand our portfolio area by almost 30%.

Lee Garden Eight, a one-million-square-foot premium commercial development, which includes a 60,000 square-foot green open space, will set a new benchmark for sustainability and is already gaining the market's endorsement with interest from quality tenants.

A five-year Memorandum of Understanding was signed during the year by the joint venture established by Hysan and Chinachem Group with the Extension and Continuing Education for Life of The Hong Kong Academy for Performing Arts (“HKAPA EXCEL”) to be the operator of the performing arts and cultural facilities at Lee Garden Eight. Through this strategic partnership, we aim to promote diverse art and cultural experiences in line with the HKSAR Government’s Blueprint for Arts and Culture and Creative Industries Development. It will also enhance the appeal and cultural vitality of Lee Gardens, support talent development and meet the growing cultural needs of the city.

Our strategic pillars continued to make solid contributions to our core operations during the year, particularly with regard to our office portfolio in the Mainland. At Lee Gardens Shanghai, we achieved strong ramp-up, securing commitments for 70% of its office space by quality tenants. The flex office business performance of our joint venture with the world’s leading flex operator, IWG, also achieved steady growth and maintained high occupancy in the Greater Bay Area. New Frontier Group, our healthcare investment, maintained its growth momentum with business expansion during the year, including a strategic partnership with Hong Kong Investment Corporation to drive cross-border medical innovation in the Greater Bay Area. All of these contributions from our strategic pillars highlight our concerted efforts to identify growth opportunities under the new normal.

Differentiating our Retail Portfolio in the Post-Pandemic Era

The retail sector continued to face challenges during the year, including changes in tourist spending patterns and the northbound attraction. Yet we remain optimistic, as we expect tourist footfall and consumption to gradually recover, with the support from the Central Government’s stimulus measures aimed at attracting tourists and improving sentiment towards asset markets.

Our portfolio’s resilience stems from our deep roots in Hong Kong’s domestic market. Over the years, we have been curating our low-rise neighbourhood with engaging content and activities focused on urban culture. Out of this century-long curation has emerged a vibrant and inclusive community that provides a unique backdrop to our portfolio with authenticity, contrast and diversity. Our very successful street festivals, the award-winning “Urban Jam” for instance, have supported Lee Gardens to become the favourite and regular “go-to place” for both locals and tourists.

Hysan Place, a centre of urban culture, is being updated in phases to the evolving needs of Hong Kong youth and visitors. Our first-phase renovation of Basement level 1 and 2 and 1/F to 3/F, completed in December 2024, introduced an exciting and refreshed curation of a wide range of concepts and brands that reinforces Hysan Place’s position as a trendsetting destination in Hong Kong.

Maintaining our Resilience in a Competitive Office Market

Lee Gardens successfully maintained a stable occupancy rate for its office portfolio during the year due to a number of compelling factors. Our properties are conveniently located in a prime area of Hong Kong with the widest variety of offerings, highlighting premium building specifications with green and sustainable features. We also offer a broad range of high-quality retail, lifestyle and dining options, supported by property management services with high standards, across our Lee Gardens portfolio.

Our diversified tenant base helped our office portfolio remain resilient. The year saw thriving demand from a wider catchment area, with organic expansion from the co-working, wealth management, services and semi-retail sectors.

Confidence in the Future

We remain committed to financial discipline. Our focus on managing strong liquidity, strengthening the balance sheet, and maintaining access to the capital markets was recently underscored by securing HK\$8,000 million 4-year syndicated loan facilities from 20 leading international and local banks, ensuring ample resources for refinancing and working capital needs, as we continue to deliver sustainable long-term value.

We are confident that our multi-faceted development and enhancement plans will not only future-proof our portfolio but also open a new chapter in our growth story. Looking ahead with optimism and determination, we will continue to transform Lee Gardens where people come to work, live and enjoy, now and for generations to come.

Lee Irene Yun-Lien*Chairman*

Hong Kong, 18 February 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

Strategy

Hysan continues to curate and expand its investment portfolio, which is predominantly located in Causeway Bay, one of Hong Kong's prime commercial districts. We also seek to complement our core business by investing in several strategic growth "pillars", with the aim of delivering a more balanced and diversified portfolio.

Review of Results

In HK\$ million	2024	2023	Change
Turnover	3,409	3,210	+6.2%
- <i>Retail</i>	1,684	1,533	+9.8%
- <i>Office</i>	1,507	1,472	+2.4%
- <i>Residential</i>	218	205	+6.3%
Recurring Underlying Profit	1,956	1,832	+6.8%
Underlying Profit	1,956	1,832	+6.8%

Hysan's Hong Kong investment property portfolio comprises three sectors – office, retail and residential – covering a floor area of approximately 4.5 million square feet. As at 31 December 2024, office properties accounted for around 55% of the Group's investment portfolio by gross floor area, while retail properties made up around 30%. Our office and retail properties are located in Causeway Bay's Lee Gardens precinct. Approximately 15% of the Group's investment portfolio by gross floor area is residential, mainly comprising its Bamboo Grove apartments in Hong Kong's Mid-Levels.

Hysan's Mainland investment property Lee Gardens Shanghai, a Grade A commercial complex situated in one of the world's most vibrant cities, started to deliver a new stream of recurring earnings in 2024. Positioned as a refined lifestyle destination, the development features approximately 0.7 million square feet of commercial gross floor area and 375 parking spaces. As Lee Gardens Shanghai commences operation with its retail and office components, Hysan expects enhanced earnings with occupancy rates and leasing activities picking up.

Turnover and Recurring Underlying Profit improved year-on-year by 6.2% and 6.8% respectively. The ramp-up of Lee Gardens Shanghai contributed to the improvement on financial results, while the structural changes continued to put pressure on the office sector. During the year, on average approximately 3% of our retail area were closed for the major enhancement works of Lee Gardens rejuvenation project. The corresponding impact has been reflected in our retail turnover.

The Board of Directors has declared a second interim dividend of HK81 cents per share (2023: HK81 cents) which will be payable in cash.

The reconciliation of Recurring Underlying Profit, Underlying Profit and Reported Profit (Loss) is as follows:

	<u>2024</u> HK\$ million	<u>2023</u> HK\$ million
Reported profit (loss)	35	(872)
Change in fair value of properties	1,229	2,020
Investment properties	1,506	2,763
Less: Effect of other non-controlling interests	(316)	(732)
Share of associates (net of tax)	39	(11)
Change in fair value of other financial investments	19	267
Impairment loss of a joint venture	258	-
Imputed interest income on interest-free loan to a joint venture	-	(24)
Other gains and losses	(3)	(1)
Profit attributable to perpetual capital securities holders	418	442
Recurring Underlying Profit / Underlying Profit	<u>1,956</u>	<u>1,832</u>

Key Performance Indicators

The Group's turnover growth and occupancy rates are the key measurements used for the assessment of our core leasing business performance. Cost effectiveness is assessed by the Group's management using the property expenses ratio (as a percentage of turnover).

Key Performance Indicators	Definition	Business Performance		
		Sector	2024	2023
Turnover Growth	Rental revenue in current year vs that in last year	Retail	+9.8%	-6.7%
		Office	+2.4%	-6.7%
		Residential	+6.3%	-14.2%
Occupancy Rate	Percentage of total lettable area leased / total lettable area of each portfolio at year-end	Hong Kong		
		Retail	92%	97%
		Office	90%	89%
		Residential	73%	60%
		Mainland		
		Retail	41%	-
Office	66%	24%		
Property Expenses Ratio	Property expenses divided by turnover	N/A	18.9%	19.3%

Review of Operations

Retail

Turnover of the Group's retail portfolio saw an increase of 9.8% to HK\$1,684 million (2023: HK\$1,533 million).

In HK\$ million	2024	2023	Change
Retail	1,684	1,533	+9.8%
- Hong Kong	1,678	1,533	+9.5%
- Mainland	6	-	n/m

n/m: not meaningful

Hong Kong Portfolio

Turnover increased by 9.5% to HK\$1,678 million (2023: HK\$1,533 million). This included turnover rent of HK\$127 million (2023: HK\$154 million).

Retail occupancy decreased to 92% as at 31 December 2024 (2023: 97%). Despite a slight decrease in occupancy, rental reversion rate on renewals, rent review and new lettings was predominantly positive during 2024. This was attributed to the asset enhancement works and ongoing positive results from the Lee Gardens Rejuvenation strategy, which had attracted and secured tenants with stronger sales potential and higher rental affordability. As Hong Kong's retail landscape continues to evolve, the Group has actively optimised tenant mix to adapt to shifting market dynamics, and these strategic adjustments have led to temporary vacancy periods.

Hong Kong's retail sector remained under pressure during the year. In large part, this was due to changing consumption patterns among visitors and residents, whose preferences are shifting to experiential shopping over traditional shopping. Other factors affecting this sector included economic uncertainties, the effect of a strong Hong Kong dollar on tourists' purchasing power, outbound travel and northbound consumption by Hong Kong residents, and persistently high interest rates. Chinese consumers have also adjusted their spending priorities in reaction to changing economic conditions.

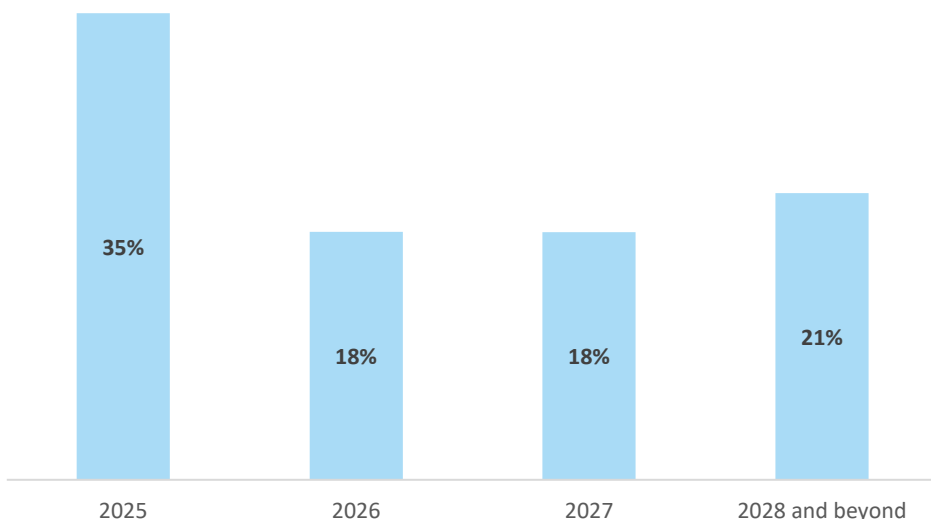
During the year, we strengthened our communication and marketing collaborations with anchor tenants to create better customer experience and sales performance. Lee Garden One and Lee Garden Five also welcomed the reopening of several major luxury anchor tenants. The reopening of these expanded and new maisons reinforced Lee Gardens' position as the premier destination for top luxury brands in Hong Kong.

The latter part of 2024 saw the arrival of strategic additions to the tenant mix at Lee Garden One, including curated lifestyle brands alongside fine dining restaurants. Notable arrivals included Hong Kong's first Michelin green star-certified restaurant and renowned overseas F&B outlets making their debut in Hong Kong. These additions complement Lee Garden One's luxury flagship stores to deliver a holistic high-end retail and culinary experience. Further enrichment of luxury offerings at the property is also underway, reinforcing Lee Gardens' prestige as the city's home of luxury.

Hysan Place underwent a new phase of transformation, with renovations extending from the Atrium on the 1/F to the 3/F, where over 30 international and local brands were welcomed. The first phase of the transformation, spanning two rejuvenated basement floors at Hysan Place, received a Bronze Award in the Best Shopping Experience category at the MIPIM Asia Awards 2024. The accolade recognises the concept’s departure from conventional arcade shopping to a refreshed urban living and shopping experience. Hysan Place actively curated its tenant mix and optimized store layouts to create a diverse mix of offerings that elevate the urban retail and dining experience, making a strong statement of the unique positioning of #URBANHOOD.

Our integrated pedestrian walkway system, slated for completion in 2026, is expected to enhance connectivity, accessibility and walkability throughout the Lee Gardens precinct, making it an even more attractive destination for retail tenants. Also under construction, Lee Garden Eight made steady progress towards its completion by the second half of 2026, which will add more than 100,000 square feet of complementary retail space to the portfolio.

Retail Lease Expiry Profile by Area Occupied (As at 31 December 2024)



Mainland Portfolio

Enhancement work for the Lee Gardens Shanghai retail podium was completed in 2024. Leasing progress is encouraging, with occupancy of 41% as at 31 December 2024 and a further 20% was committed as of date of this announcement. Lee Gardens Shanghai started to generate rental income of HK\$6 million during the year.

The Central Government has put forward stimulus measures to increase national expenditure and spur domestic consumption. Leasing activities of Lee Gardens Shanghai are expected to continue picking up and contribute growth to its retail performance.

Marketing Initiatives and Loyalty Programmes

The retail market environment remained challenging during the year, influenced by a basket of factors such as frequent outbound travel by locals and a decrease in tourist arrivals. To counter mall traffic fluctuations throughout 2024, we implemented key campaigns designed to engage the community, drive traffic, boost sales and position Lee Gardens as a vibrant destination for both locals and tourists.

Among the programme of campaigns we curated were Artistry in Bloom during the Lunar New Year – an enchanting installation by renowned American floral illustrator, Jess Phoenix. The Easter ARTventure campaign, targeting families with children, featured workshops and the first-ever giant “messy play” event at Lee Gardens. For summer, we harnessed the Olympic spirit for Skaters’ Night, providing a platform for skateboarders and the urban sports community. Rounding off the year, the Christmas campaign staged immersive AI encounters, festive installations, live performances and other exciting activities that appealed to both locals and tourists. Other events included a Coffee Festival and the Urban Jam Festival, which drew over half a million visitors to the Lee Gardens Area.

Partnerships were a key driver of retail in 2024. These included collaborations with strategic external parties, among which were the Cathay x Hysan Place - HK7s event zone and Halloween campaign with Ocean Park. Both were key contributors towards strengthening our destination appeal. Other partnerships during the year involved anchor tenants in a series of exclusive in-store event activations, joint awareness and publicity campaigns, and outdoor installations that included an outdoor Winter Garden by an artist from Hermès. With Hermès and Cartier, we also held grand store opening events that captured the imagination of the fashion community.

Club Avenue member sales in 2024 remained stable, despite the challenging retail environment. With the launch of our new app in the second quarter of 2024, we were able to enhance our customer segmentation and digital engagement. Satisfactory download and activation rates were driven by tailored campaigns. We also reinforced our Club Avenue customer relationship team to deliver personalised services and shopping experiences that appeal to high-spending luxury shoppers.

Looking ahead, we are confident that Lee Gardens, with its unique positioning and offerings, will maintain its reputation as a best-in-class shopping and lifestyle destination, enabling it to continue thriving as a vibrant, must-visit place for locals and tourists.

Office

Turnover of the Group’s office portfolio saw an increase of 2.4% to HK\$1,507 million (2023: HK\$1,472 million).

In HK\$ million	2024	2023	Change
Office	1,507	1,472	+2.4%
- Hong Kong	1,440	1,462	-1.5%
- Mainland	67	10	n/m

n/m: not meaningful

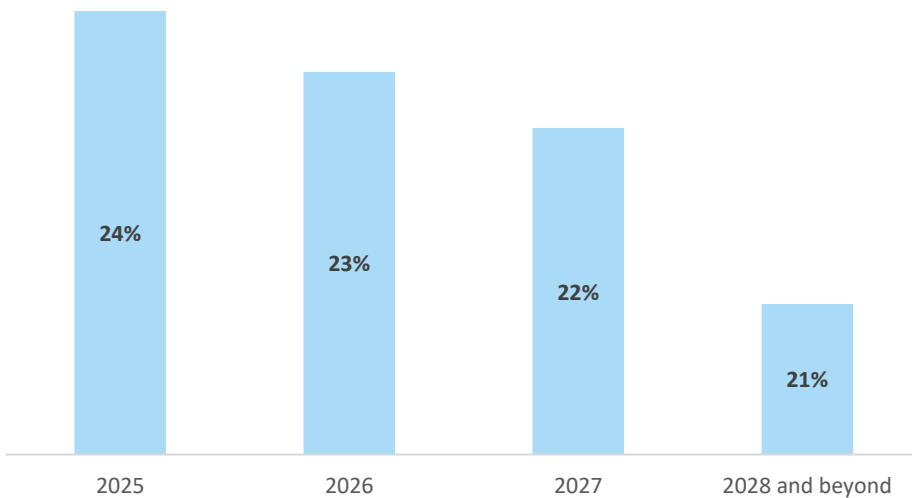
Hong Kong Portfolio

Turnover decreased by 1.5% to HK\$1,440 million, compared to HK\$1,462 million in 2023. This includes a turnover rent of HK\$9 million (2023: HK\$5 million).

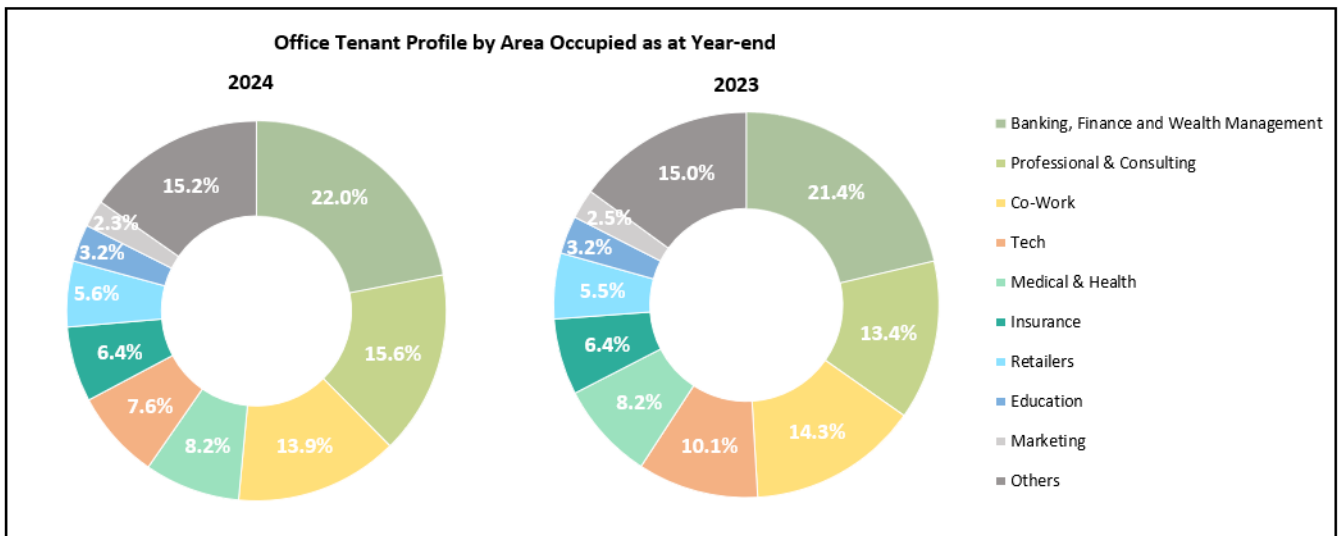
Office leasing demand in Hong Kong remained subdued, with only modest activity throughout the year. Demand for Grade A offices also softened due to a slower-than-expected economic recovery; most transactions were relatively small-scale compared with before, at under 10,000 square feet, as businesses remained cautious in a volatile market. In response, landlords competed to attract prospective tenants by offering incentives such as rental concessions for both new lets and renewals.

The average rental reversion rate on renewals, rent reviews and new lettings for Hysan’s Lee Gardens office portfolio remained negative. Despite market headwinds, the portfolio maintained an occupancy rate of 90% as at 31 December 2024 (2023: 89%).

Office Lease Expiry Profile by Area Occupied (As at 31 December 2024)



As at the end of 2024, the Banking, Finance and Wealth Management sector continued to occupy the largest share 22.0% (2023: 21.4%) of our tenant portfolio by floor area. The Professional and Consulting sectors and Co-work sector were second and third.



The upcoming Lee Garden Eight will enter the market in 2026. Hysan’s premium Grade A office portfolio will then be further strengthened in a rejuvenated Lee Gardens. Having secured top-tier sustainability pre-certifications and with more in progress, Lee Garden Eight is primed to capture the expanding demand from anchor tenants with rigorous ESG requirements.

With its Grade A facilities, exceptional retail amenities and professional management, the primely located Lee Gardens has created a compelling, fully-fledged ecosystem. These combined offerings will help to attract and retain quality multinational and local tenants, supporting Hysan’s long-term growth strategy in the premium office sector.

Mainland Portfolio

Turnover of Mainland’s office portfolio increased to HK\$67 million (2023: HK\$10 million), contributed by the improvement in occupancy to 66% (2023: 24%).

Residential

Hong Kong’s luxury residential leasing market demonstrated resilience in 2024. Despite headwinds in the first half of the year, this resilience was primarily the result of increased demand from new expats coming to Hong Kong, and an expanding pool of executives, professionals and graduates entering Hong Kong through various talent schemes. The talent inflow, which was traditionally propelled by the financial services sector, has now diversified as these schemes successfully attracted talents from a broader spectrum of industries.

Hysan’s residential leasing portfolio turnover saw an increase of 6.3% to HK\$218 million (2023: HK\$205 million). Occupancy was at 73% as at 31 December 2024 (2023: 60%). The average rental reversion in the sector was negative for renewals, rent reviews and new lettings.

Core Expansion & Strategic Pillars

Commercial Property Development – Lee Garden Eight

Lee Garden Eight, a strategic joint venture with Chinachem Group at Caroline Hill Road, has obtained government approval to build 2,000 square metres of additional gross floor area for the Performing Arts and Cultural Facilities (“PACF”) at nil premium during the year. Following this, the joint venture entered into a Memorandum of Understanding with the Extension and Continuing Education for Life of The Hong Kong Academy for Performing Arts (“HKAPA EXCEL”) to operate the PACF. The strategic collaboration aims to integrate arts into the community and commercial spaces, promote the development of arts and culture in Hong Kong, and enhance the appeal and cultural vitality of Lee Gardens.

Construction of Lee Garden Eight was well on track during the year towards its target completion in 2026. Lee Garden Eight will mark an important milestone in Hysan’s long-term growth plans and will reinforce Lee Gardens precinct as a distinctive destination in Hong Kong.

Lee Garden Eight is included under “investment properties” in our consolidated statement of financial position.

Residential Property Development – Villa Lucca in Tai Po and To Kwa Wan Residential Project

VILLA LUCCA, our joint-venture luxury residential development in Tai Po, comprises 262 garden houses and apartments. As at 31 December 2024, a total of 115 units of the project have been contracted.

Following the removal of property cooling measures in early 2024, market sentiment showed a modest improvement during the remainder of the year. Nonetheless, sales were affected as a result of the sluggish economic conditions that prevailed. For the luxury residential sector, purchasers are more cautious reflected by low transaction volume.

VILLA LUCCA, a premium sea view residential development, continued to achieve sales to local buyers while also seeing an increased proportion of buyers from Mainland and overseas. A handful of residential units were converted into sales through rent-to-own contracts, reflecting market demand on this high-quality development, despite broader market headwinds.

For the mass residential market, Hysan owns a 25% stake in a joint venture to develop the Urban Renewal Authority's residential project at Bailey Street/Wing Kwong Street in Kowloon's To Kwa Wan district. This quality site will be redeveloped into three 24-storey buildings covering a total area of over 700,000 square feet. Hysan will oversee the design and operation of the retail portion of the project. During the year, all foundation works were completed, and construction of the superstructure is now in full swing. An occupation permit is targeted for around the end of 2026 to early 2027.

The VILLA LUCCA Project and To Kwa Wan Residential Project are included under "investments in joint ventures" in our consolidated statement of financial position.

Shanghai Investment Property - Grand Gateway 66

This investment property, in which Hysan owns a 26% stake, demonstrated resilient performance. The investment is included under "investments in associates" under our consolidated statement of financial position.

Greater Bay Area Flex - Joint Venture with IWG plc

All IWG flexible workspace brands in Hong Kong and the Greater Bay Area are exclusively operated under a Hysan-IWG joint venture.

The proven function of flex office in office ecosystem holds a promising future for our investment in flexible working spaces, as reflected in the growing occupancy rate and business performance of the joint venture. Through our partnership with the world's leading flexible workspace platform, IWG, we are optimistic about the prospects of the Greater Bay Area Flex.

The joint venture now operates 38 centres across the Greater Bay Area, with 5 new centres added to the network in 2024. Organic growth in centres and catchment will follow the demands of different cities of the Greater Bay Area.

The investment is included under "investments in joint ventures" in our consolidated statement of financial position.

Medical and Health - New Frontier Group

New Frontier Group is a leading private healthcare services provider based in Mainland. It operates a system of acute hospitals, an online hospital, rehabilitation and geriatric hospitals, oncology centres, ambulatory centres, outpatient clinics, a home health network, training centres and health insurance services across the country.

The business maintained its growth momentum in 2024, with the opening of two new private hospitals in Beijing and Shanghai, respectively, along with the acquisition of a comprehensive private oncology medical group in Hong Kong to strengthen its portfolio in the Greater Bay Area.

Hysan's minority stake investment in New Frontier Group provides strategic exposure for the Group in the Mainland's fast-growing healthcare sector, where demand for premium healthcare services is on the rise.

The investment is included as part of the "other financial investments" in our consolidated statement of financial position.

Financial Review

A review of the Group's results and operations is featured in the preceding sections. This section deals with other significant financial matters.

Operating Costs

The Group's operating costs are generally classified as property expenses (direct costs and front-line staff wages and benefits) and administrative expenses (indirect costs largely representing payroll related costs of management and head office staff). The Group's operating costs to turnover ratio decreased compared to last year, at 28% (2023: 29%).

	2024 HK\$ million	2023 HK\$ million	Change
Operating costs	954	928	+2.8%
- Hong Kong	886	888	-0.2%
- Mainland	68	40	n/m

n/m: not meaningful

Finance Costs

Finance costs decreased to HK\$450 million, as compared with HK\$478 million in 2023, contributed by exchange gains from borrowings resulting from RMB depreciation. The effective interest rate for the year was 4.3%, as compared with 4.2% in 2023.

Further explanation of the Group's treasury activities and policy, including debt and interest rate management, is set out in the "Treasury Policy" section.

Revaluation of Investment Properties

As at 31 December 2024, the Group's investment real estate portfolio was valued at HK\$96,547 million, an increase of 0.6% from the HK\$96,005 million recorded at the prior year-end.

The valuation was carried out by Knight Frank Petty Limited, an independent professional valuer, on the basis of market value. A fair value loss on investment properties (after considering capital expenditure spent on the Group's investment properties) of HK\$1,506 million (2023: HK\$2,763 million) was recognized in the Group's consolidated statement of profit or loss for the year. The loss mainly reflects heightened market risk in the office sector weakened by continued structural changes.

The following shows the property valuation of each portfolio at year-end.

	2024 HK\$ million	2023 HK\$ million	Change
Retail	33,094	32,480	+1.9%
Office	34,109	35,688	-4.4%
Residential	8,664	8,647	+0.2%
Property under development	20,680	19,190	+7.8%
	96,547	96,005	+0.6%

Investments in Associates and Joint Ventures

The Group's investments in associates are primarily represented by its interest in Grand Gateway 66, a retail, office and residential complex in Shanghai, China. The share of results of associates decreased to HK\$204 million (2023: HK\$270 million). The Group's share of the revaluation loss (net of deferred tax) amounting to HK\$39 million (2023: revaluation gain of HK\$11 million). The properties at Grand Gateway 66 were revalued at fair value by an independent professional valuer for both years ended 31 December 2023 and 2024.

The Group's investment in joint ventures comprises interests in a Tai Po residential project, To Kwa Wan residential project and the IWG Flex business.

Other Financial Investments

Investment in New Frontier Group was one of the key initiatives which provides strategic exposure for the Group in the fast-growing healthcare sector in Mainland. As at 31 December 2024, other financial investments totalled HK\$1,657 million (2023: HK\$1,557 million). The increase was primarily attributable to the revaluation of fair value of the investments.

Bank Deposits

In addition to placing surplus funds as time deposits in banks with strong credit ratings, the Group also invested in investment grade debt securities.

The interest income decreased to HK\$134 million (2023: HK\$198 million), due to a decrease in the bank deposits placed.

Cash Flow

Cash flow of the Group during the year is summarized below. Cash includes liquid cash and bank deposits with less than 3 months' tenor.

	2024 HK\$ million	2023 HK\$ million
Cash generated from operations	2,543	2,431
Net investment and advance to joint ventures and other financial investments	(454)	(531)
Net borrowings (repayments)	1,210	(1,334)
Repurchase and distribution of perpetual capital securities	(1,156)	(442)
Bank deposits	948	4,166
Interest and taxation	(1,006)	(1,014)
Dividends paid	(1,213)	(1,585)
Considerations for share repurchase	-	(1)
Capital expenditure	(1,890)	(1,669)
Net cash (outflow) inflow	(1,018)	21

The Group's cash generated from operations was HK\$2,543 million (2023: HK\$2,431 million), HK\$112 million higher than that in 2023, reflecting higher Recurring Underlying Profit from our core leasing business.

Net investment and advance to joint ventures and other financial investments, amounted to HK\$454 million (2023: HK\$531 million) related to advance to the residential site development in Tai Po.

Net borrowings amounted to HK\$1,210 million in 2024, reflecting drawdown and repayment of bank loans, repayment of fixed rate notes, and drawdown of loan from non-controlling interest. In 2023, total net repayments were HK\$1,334 million.

In 2020, the Group through a wholly owned subsidiary of the Company (the "Issuer") issued US\$850 million (equivalent to approximately HK\$6,604 million) 4.10% subordinated guaranteed perpetual capital securities, which are unconditionally and irrevocably guaranteed by the Company. Further, the Issuer issued US\$500 million (equivalent to approximately HK\$3,875 million) 4.85% senior perpetual capital securities, which are unconditionally and irrevocably guaranteed by the Company. The proceeds of the capital securities are for general corporate purposes and the capital securities are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). In 2024, the distribution paid to perpetual capital securities holders amounted to HK\$428 million (2023: HK\$442 million).

In 2024, the Group repurchased perpetual capital securities with principal amount of HK\$777 million with cash consideration at HK\$728 million.

Cash from bank deposits was HK\$948 million (2023: HK\$4,166 million), which was mainly attributable to reduction in deposits with longer tenor.

In 2024, no ordinary share was repurchased. In 2023, the Group purchased a total of 48,400 ordinary shares for a total of consideration of approximately HK\$1 million on the Stock Exchange for a one-off share award plan adopted by the Company on 15 October 2023 in commemoration of the momentous occasion of the 100th anniversary of the establishment of the Group in Hong Kong.

The Group paid dividends of HK\$1,109 million (2023: HK\$1,479 million), via a 2023 second interim dividend of HK81 cents per share (2023: HK117 cents) and a 2024 first interim dividend of HK27 cents per share (2023: HK27 cents).

Capital Expenditure and Management

Total cash outlay of capital expenditure increased to HK\$1,890 million during the year (2023: HK\$1,669 million). The capital expenditure during the year was mainly related to Caroline Hill Road project and enhancement works in Lee Gardens area. The Group is committed to enhancing the asset value of its investment property portfolio through selective enhancement and redevelopment.

Treasury Policy

Capital Structure Management

To ensure healthy liquidity, a strong financial position, and an optimized capital structure that supports its financing needs and sustainable growth, the Group strives to diversify funding sources and maintain an appropriate debt maturity profile aligned with the overall use of funds. The Group also aims to secure reasonable borrowing margins relative to market conditions and implement effective hedging and forex management strategies.

Funding Sources

The Group's total Gross Debt¹ level as at 31 December 2024 increased to HK\$26,717 million (2023: HK\$25,717 million), primarily driven by capital expenditure on strategic projects.

During the year, the Group signed HK\$8,000 million, 4-year syndicated loan with a consortium of 20 prestigious international and local banks, securing ample funding to meet its refinancing and operational needs over the medium term. As at 31 December 2024, the Group has undrawn committed facilities increasing to HK\$16,689 million (2023: HK\$11,408 million).

As at 31 December 2024, bank loans accounted for approximately 42% of the Group's total Gross Debt with the remaining 58% from capital market financing (2023: 39% : 61%).

The following table shows the Group's source of debts financing as at 31 December 2024 (in HK\$ million):

	Available	Drawn	Undrawn
Secured term loans ²	12,951	8,812	4,139
Unsecured term loans	5,350	2,150	3,200
Committed revolving loans	9,500	150	9,350
Capital market issuances	15,481	15,481	-
Total committed facilities	43,282	26,593	16,689
Uncommitted loans	2,692	124	2,568
Total source of debts financing	45,974	26,717	19,257

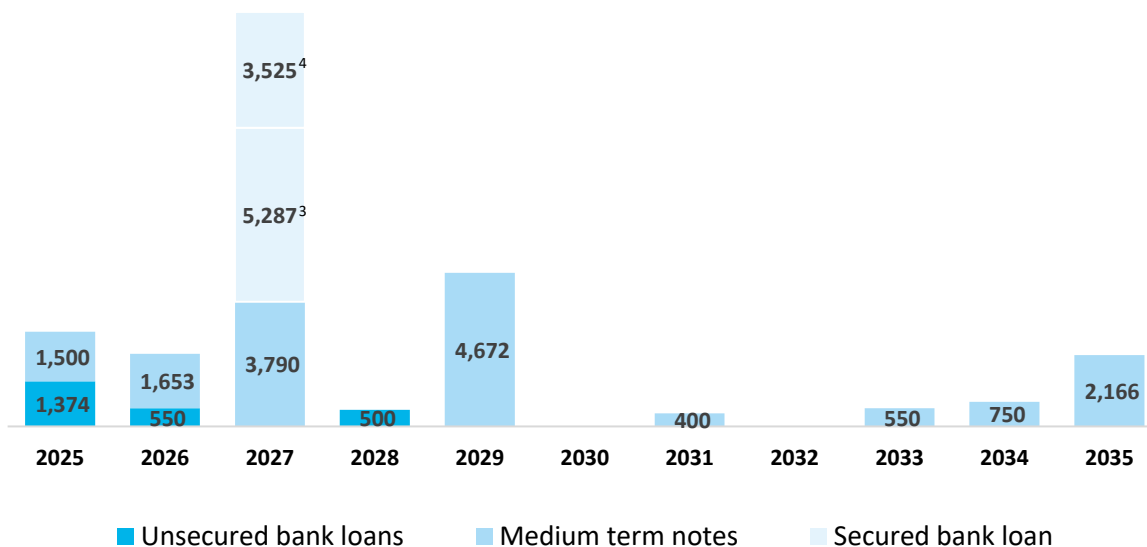
Maturity Profile

The Group maintains a well-staggered debts maturity profile in the coming 10 years to match with the nature of our assets and operations. As at 31 December 2024, the average maturity of debt portfolio was 3.4 years (2023: 4.5 years). Debt totalling HK\$2,874 million maturing in 2025 is planned to be refinanced with the Group's undrawn committed facilities.

¹ The Gross Debt represents the contractual principal payment obligations as at 31 December 2024. However, in accordance with the Group's accounting policies, the debt is measured at amortized costs, using the effective interest method. As disclosed in the Group's consolidated statement of financial position as at 31 December 2024, the book value of the outstanding debt of the Group was HK\$26,514 million (2023: HK\$25,564 million).

² Secured term loans represent the contractual principal payment obligations of the project financing of Caroline Hill Road project.

The following shows the debts maturity profile of the Group at 2024 year-end (in HK\$ million):



Gearing ratio and net interest coverage

The Group's gearing ratio, as measured by Net Debt to Equity ratio⁵, was 31.4% at year-end 2024 (2023: 27.2%). The Group's Net Interest Coverage⁶ decreased to 8.8 times for 2024 (2023: 9.6 times).

Credit Rating

The Group maintains active dialogue with credit rating agencies and aims to maintain its investment-grade credit ratings. As of 31 December 2024, the Group's credit ratings were Baa2 from Moody's and BBB from Fitch, reflecting its strong financial position, liquidity, and prudent capital management strategy.

Liquidity Management

As of 31 December 2024, the Group had cash and bank deposits totalling HK\$2,211 million (2023: HK\$3,854 million) and investment-grade debt securities of HK\$896 million (2023: HK\$994 million).

The Group also maintained undrawn committed facilities provided by banks as an additional liquidity buffer.

Interest Rate Management

Interest expenses represent one of the key cost drivers for the Group's business. The Group closely monitors its interest rate exposure and adopts an appropriate hedging strategy based on market conditions. The fixed-rate debt ratio (after accounting for interest rate swaps) as of 31 December 2024 was 61% (2023: 62%). The effective interest rate slightly increased to 4.3% at year-end 2024, compared to 4.2% at year-end 2023.

³ 60% secured term loans of Caroline Hill Road project (guaranteed by Hysan).

⁴ 40% secured term loans of Caroline Hill Road project (guaranteed by Chinachem Group).

⁵ Net Debt to Equity is defined as borrowings less time deposits, cash and cash equivalents divided by total equity.

⁶ Net Interest Coverage is defined as gross profit less administrative expenses before depreciation divided by net interest expenses after interest capitalization.

Foreign Exchange Management

The Group aims to maintain prudent currency exposure and does not speculate on currency movements for asset and liability management. It monitors and dynamically manages its foreign currency exposure, including USD and RMB, as appropriate, by applying systematic measures to mitigate foreign currency risk.

Use of Derivatives

As at 31 December 2024, outstanding derivatives were related to the hedging of interest rate risk and foreign currency risk. Strict internal guidelines have been established to ensure that derivatives are used solely to manage volatilities or to adjust the Group's treasury assets and liabilities to an appropriate risk profile.

Counterparty Credit Risk

All deposits are placed with banks with strong credit ratings, and counterparty risk is monitored regularly.

Before entering into any hedging transaction, the Group ensures that its counterparties possess solid investment-grade ratings to mitigate credit risk. As part of our risk management framework, a limit on maximum risk-adjusted credit exposure is assigned to each counterparty, reflecting the counterparty's credit quality.

Sustainable Finance Initiatives

Sustainability is an integral part of our financing strategies. By securing sustainable financing, such as green bonds, green loans, and sustainability-linked loans, we are supporting the transition to a sustainable economy and reinforcing our commitment to sustainable development. As of year-end, sustainable finance transactions totalled HK\$18,382 million, accounting for approximately 40% of the Group's total debts and facilities.

FINANCIAL INFORMATION

The final results of the Group for the year ended 31 December 2024 have been reviewed by the Audit and Risk Management Committee and the Board of the Company. The financial information relating to the years ended 31 December 2024 and 2023 in this announcement does not constitute the Company's statutory consolidated financial statements for those years, but represents an extract from those consolidated financial statements. Further information relating to those statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance is as follows.

The Company has delivered the consolidated financial statements for the year ended 31 December 2023 to the Registrar of Companies Registry as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance and will deliver the consolidated financial statements for the year ended 31 December 2024 in due course. The Company's auditor has reported on the consolidated financial statements of the Group for both years. The auditor's reports were unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its reports; and did not contain a statement under sections 406(2), 407(2) or (3) of the Companies Ordinance.

Scope of Work of Messrs. Deloitte Touche Tohmatsu

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2024 as set out in this announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the audited consolidated financial statements of the Group for the year as approved by the Board of Directors on 18 February 2025. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Messrs. Deloitte Touche Tohmatsu on this announcement.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2024

	<u>Notes</u>	<u>2024</u> <i>HK\$ million</i>	<u>2023</u> <i>HK\$ million</i>
Turnover	3	3,409	3,210
Property expenses		<u>(646)</u>	<u>(621)</u>
Gross profit		2,763	2,589
Investment income		167	261
Other gains and losses		3	1
Administrative expenses		(308)	(307)
Finance costs		(450)	(478)
Change in fair value of investment properties		(1,506)	(2,763)
Change in fair value of other financial investments		(19)	(267)
Share of results (include impairment loss) of:			
associates		204	270
joint ventures		<u>(287)</u>	<u>(37)</u>
Profit (loss) before taxation		567	(731)
Taxation	5	<u>(296)</u>	<u>(295)</u>
Profit (loss) for the year	6	<u><u>271</u></u>	<u><u>(1,026)</u></u>
Profit (loss) for the year attributable to:			
Owners of the Company		35	(872)
Perpetual capital securities holders		418	442
Other non-controlling interests		<u>(182)</u>	<u>(596)</u>
		<u><u>271</u></u>	<u><u>(1,026)</u></u>
Earnings (loss) per share (expressed in HK cents)			
Basic	7	<u><u>3</u></u>	<u><u>(85)</u></u>
Diluted		<u><u>3</u></u>	<u><u>(85)</u></u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2024

	<u>2024</u> <i>HK\$ million</i>	<u>2023</u> <i>HK\$ million</i>
Profit (loss) for the year	<u>271</u>	<u>(1,026)</u>
Other comprehensive income (expenses)		
<i>Items that will not be reclassified subsequently to profit or loss:</i>		
Loss on revaluation of properties held for own use (net of tax)	(10)	(5)
Change in fair value of equity instruments at fair value through other comprehensive income ("FVTOCI")	<u>105</u>	<u>(258)</u>
	<u>95</u>	<u>(263)</u>
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange difference on translation of subsidiaries	(124)	(104)
Net adjustments to hedging reserve	(25)	(257)
Share of translation reserve of an associate	<u>(115)</u>	<u>(47)</u>
	<u>(264)</u>	<u>(408)</u>
Other comprehensive expenses for the year (net of tax)	<u>(169)</u>	<u>(671)</u>
Total comprehensive income (expenses) for the year	<u><u>102</u></u>	<u><u>(1,697)</u></u>
Total comprehensive income (expenses) attributable to:		
Owners of the Company	(134)	(1,543)
Perpetual capital securities holders	418	442
Other non-controlling interests	<u>(182)</u>	<u>(596)</u>
	<u><u>102</u></u>	<u><u>(1,697)</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	<u>Notes</u>	<u>2024</u> HK\$ million	<u>2023</u> HK\$ million
Non-current assets			
Investment properties		96,547	96,005
Property, plant and equipment		829	594
Investments in associates		5,347	5,488
Loans to associates		8	8
Investments in joint ventures		342	445
Loans to joint ventures		4,324	4,029
Other financial investments		1,657	1,557
Debt securities		578	900
Deferred tax assets		100	96
Other financial assets		135	198
Other receivables	9	1,315	954
		<u>111,182</u>	<u>110,274</u>
Current assets			
Accounts and other receivables	9	375	304
Debt securities		318	94
Other financial assets		3	-
Time deposits		647	1,271
Cash and cash equivalents		1,564	2,583
		<u>2,907</u>	<u>4,252</u>
Current liabilities			
Accounts payable and accruals	10	1,428	1,097
Deposits from tenants		306	352
Amounts due to non-controlling interests		189	199
Borrowings		2,872	158
Taxation payable		67	1
		<u>4,862</u>	<u>1,807</u>
Net current (liabilities) assets		<u>(1,955)</u>	<u>2,445</u>
Total assets less current liabilities		<u>109,227</u>	<u>112,719</u>
Non-current liabilities			
Amounts due to non-controlling interests		5,686	5,264
Borrowings		23,642	25,406
Other financial liabilities		587	576
Deposits from tenants		566	511
Deferred tax liabilities		1,317	1,271
		<u>31,798</u>	<u>33,028</u>
Net assets		<u>77,429</u>	<u>79,691</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION - continued

As at 31 December 2024

	<u>Notes</u>	<u>2024</u> <i>HK\$ million</i>	<u>2023</u> <i>HK\$ million</i>
Capital and reserves			
Share capital		7,723	7,723
Reserves		58,270	59,459
Equity attributable to owners of the Company		65,993	67,182
Perpetual capital securities		9,437	10,224
Other non-controlling interests		1,999	2,285
Total equity		77,429	79,691

Notes:

1. Basis of Preparation

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the Hong Kong Companies Ordinance. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

2. Principal Accounting Policies

In the current year, the Group has applied all of the new and amendments to HKFRSs issued by the HKICPA that are relevant to its operations and effective for the Group’s financial year beginning on 1 January 2024. The application of these new and amendments to HKFRSs had no material effect on the results and financial position of the Group for the current and/or prior accounting years.

3. Turnover

Turnover represents gross rental income from leasing of investment properties and management fee income from provision of property management services for the year.

The Group’s principal activities are property investment, management and development, and its turnover and results are derived from investment properties located in Hong Kong and Mainland.

For revenue from provision of property management services recognized over time in Hong Kong and Mainland, the categories for disaggregation of revenue are consistent with the segment information disclosed in note 4.

4. Segment Information

Based on the internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to segments and to assess their performance, the Group's operating and reportable segments are as follows:

Retail segment – leasing of space and related facilities to a variety of retail and leisure operators

Office segment – leasing of high-quality office space and related facilities

Residential segment – leasing of luxury residential properties and related facilities

Property development segment – development of properties for sale or leasing

Segment turnover and results

The following is an analysis of the Group's turnover and results by operating and reportable segment.

	<u>Retail</u> <i>HK\$ million</i>	<u>Office</u> <i>HK\$ million</i>	<u>Residential</u> <i>HK\$ million</i>	<u>Property</u> <u>Development</u> <i>HK\$ million</i>	<u>Consolidated</u> <i>HK\$ million</i>
For the year ended					
31 December 2024					
Turnover					
Leasing of investment properties	1,514	1,283	192	-	2,989
Provision of property management services	170	224	26	-	420
Segment revenue	1,684	1,507	218	-	3,409
Property expenses	(307)	(262)	(77)	-	(646)
Segment gross profit	1,377	1,245	141	-	2,763
Share of results of a joint venture	-	-	-	(41)	(41)
Segment profit (loss)	1,377	1,245	141	(41)	2,722
Investment income					167
Other gains and losses					3
Administrative expenses					(308)
Finance costs					(450)
Change in fair value of investment properties					(1,506)
Change in fair value of other financial investments					(19)
Impairment loss of a joint venture					(258)
Share of results of:					
associates					204
a joint venture					12
Profit before taxation					567

	<u>Retail</u> HK\$ million	<u>Office</u> HK\$ million	<u>Residential</u> HK\$ million	<u>Property</u> <u>Development</u> HK\$ million	<u>Consolidated</u> HK\$ million
For the year ended					
31 December 2023					
Turnover					
Leasing of investment properties	1,372	1,273	181	-	2,826
Provision of property management services	161	199	24	-	384
Segment revenue	<u>1,533</u>	<u>1,472</u>	<u>205</u>	<u>-</u>	<u>3,210</u>
Property expenses	(302)	(258)	(61)	-	(621)
Segment gross profit	<u>1,231</u>	<u>1,214</u>	<u>144</u>	<u>-</u>	<u>2,589</u>
Share of results of a joint venture	-	-	-	(23)	(23)
Segment profit (loss)	<u>1,231</u>	<u>1,214</u>	<u>144</u>	<u>(23)</u>	<u>2,566</u>
Investment income					261
Other gains and losses					1
Administrative expenses					(307)
Finance costs					(478)
Change in fair value of investment properties					(2,763)
Change in fair value of other financial investments					(267)
Share of results of:					
associates					270
a joint venture					(14)
Loss before taxation					<u>(731)</u>

All of the segment turnover reported above is from external customers.

The accounting policies of the operating and reportable segments are the same as the Group's accounting policies described in the "Material Accounting Policy Information" section. Segment profit represents the profit earned by each segment without allocation of investment income, other gains and losses, administrative expenses (including central administrative costs and directors' emoluments), finance costs, change in fair value of investment properties, change in fair value of other financial investments, impairment loss of a joint venture and share of results of associates and a joint venture. This is the measure reported to the chief operating decision maker of the Group for the purpose of resource allocation and performance assessment.

Included in the above are the turnover, property expenses and administrative expenses attributable to Lee Gardens Shanghai located in Mainland amounting to HK\$73 million (2023: HK\$10 million), HK\$59 million (2023: HK\$36 million), and HK\$9 million (2023: HK\$4 million) respectively.

Segment assets

The following is an analysis of the Group's assets by operating and reportable segment.

	<u>Retail</u> <i>HK\$ million</i>	<u>Office</u> <i>HK\$ million</i>	<u>Residential</u> <i>HK\$ million</i>	<u>Property</u> <u>Development</u> <i>HK\$ million</i>	<u>Consolidated</u> <i>HK\$ million</i>
As at 31 December 2024					
Segment assets	32,986	34,265	8,667	25,006	100,924
Investments in and loans to associates					5,355
Investment in a joint venture					340
Other financial investments					1,657
Other assets					5,813
Consolidated assets					114,089
As at 31 December 2023					
Segment assets	32,520	35,695	8,658	23,336	100,209
Investments in and loans to associates					5,496
Investment in a joint venture					328
Other financial investments					1,557
Other assets					6,936
Consolidated assets					114,526

Segment assets represented the investment properties and accounts receivable of each segment, and investment in and loans to joint ventures under property development segment without allocation of property, plant and equipment, investments in and loans to associates, investment in joint ventures, other financial investments, debt securities, other financial assets, deferred tax assets, other receivables, time deposits and cash and cash equivalents. This is the measure reported to the chief operating decision maker of the Group for the purpose of monitoring segment performances and allocating resources between segments. The investment properties are included in segment assets at their fair values whilst the change in fair value of investment properties is not included in segment profit.

Included in the Property Development segment is an investment property under development, which will be transferred to other segments upon completion of the development.

Included in the Retail and Office segment is an investment property located in Mainland accounting to HK\$644 million (2023: HK\$602 million) and HK\$2,744 million (2023: HK\$2,962 million) respectively.

No segment liabilities analysis is presented as the Group's liabilities are monitored on a group basis.

All the Group's non-current assets excluding financial instruments and deferred tax assets are located in Hong Kong, except for those assets with carrying amounts of HK\$8,760 million (2023: HK\$9,079 million) which operate in Mainland.

Other segment information

	<u>Retail</u> HK\$ million	<u>Office</u> HK\$ million	<u>Residential</u> HK\$ million	<u>Property</u> <u>Development</u> HK\$ million	<u>Consolidated</u> HK\$ million
For the year ended					
31 December 2024					
Additions to non-current assets	192	158	21	2,050	2,421
For the year ended					
31 December 2023					
Additions to non-current assets	296	148	6	1,626	2,076

5. Taxation

	<u>2024</u> HK\$ million	<u>2023</u> HK\$ million
Current tax		
Hong Kong Profits Tax		
- current year	234	200
- under (over)-provision in prior years	21	(4)
Deferred tax	41	99
	<u>296</u>	<u>295</u>

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

6. Profit (loss) for The Year

	<u>2024</u> <i>HK\$ million</i>	<u>2023</u> <i>HK\$ million</i>
Profit (loss) for the year has been arrived at after charging (crediting):		
Auditor's remuneration	<u>4</u>	<u>4</u>
Depreciation of property, plant and equipment	<u>36</u>	<u>33</u>
Gross rental income from investment properties including rentals received with reference to turnover of tenants of HK\$136 million (2023: HK\$159 million)	<u>(2,989)</u>	<u>(2,826)</u>
Less:		
- Direct operating expenses arising from leasing of investment properties	<u>228</u>	<u>209</u>
	<u>(2,761)</u>	<u>(2,617)</u>
Interest income (included in investment income)	<u>(134)</u>	<u>(198)</u>
Imputed interest income on interest-free loan to a joint venture (included in investment income)	<u>-</u>	<u>(24)</u>
Staff costs (including directors' emoluments)	<u>327</u>	<u>331</u>
Share of income tax of associates (included in share of results of associates)	<u>93</u>	<u>117</u>

7. Earnings (loss) Per Share

The calculation of the basic and diluted earnings (loss) per share attributable to the owners of the Company is based on the following data:

	<u>Earnings (loss)</u>	
	<u>2024</u> <i>HK\$ million</i>	<u>2023</u> <i>HK\$ million</i>
Earnings (loss) for the purposes of basic and diluted earnings (loss) per share:		
Earnings (loss) for the year attributable to owners of the Company	<u>35</u>	<u>(872)</u>

	<u>Number of shares</u>	
	<u>2024</u>	<u>2023</u>
Weighted average number of ordinary shares for the purpose of basic and diluted earnings (loss) per share	<u>1,027,008,223</u>	<u>1,027,008,223</u>

During the year ended 31 December 2024, the computation of diluted earnings per share does not assume the exercise of certain of the Company's outstanding share options as the exercise prices of those options were higher than the average market price for shares. During the year ended 31 December 2023, the computation of diluted loss per share does not assume the exercise of all of the Company's outstanding share options as their assumed exercise would result in a decrease in loss per share.

8. Dividends

(a) Dividends recognized as distribution during the year:

	<u>2024</u> <i>HK\$ million</i>	<u>2023</u> <i>HK\$ million</i>
2024 first interim dividend paid - HK27 cents per share	277	-
2023 first interim dividend paid - HK27 cents per share	-	277
2023 second interim dividend paid - HK81 cents per share	832	-
2022 second interim dividend paid - HK117 cents per share	-	1,202
	<u>1,109</u>	<u>1,479</u>

(b) Dividends declared after the end of the reporting period:

	<u>2024</u> <i>HK\$ million</i>	<u>2023</u> <i>HK\$ million</i>
Second interim dividend (in lieu of a final dividend) - HK81 cents per share (2023: HK81 cents per share)	<u>832</u>	<u>832</u>

The second interim dividend is not recognized as a liability as at 31 December 2024 because it has been declared after the end of the reporting period. It will be payable in cash.

9. Accounts and Other Receivables

	<u>2024</u> <i>HK\$ million</i>	<u>2023</u> <i>HK\$ million</i>
Accounts receivable	51	58
Interest receivable	43	55
Prepayments in respect of investment properties	943	721
Other receivables and prepayments	653	424
	<hr/>	<hr/>
Total	1,690	1,258
	<hr/> <hr/>	<hr/> <hr/>
Analysed for reporting purposes as:		
Current assets	375	304
Non-current assets	1,315	954
	<hr/>	<hr/>
	1,690	1,258
	<hr/> <hr/>	<hr/> <hr/>

The following is an ageing analysis of accounts receivable at the end of the reporting period. Accounts receivable mainly includes rents from leasing of investment properties, which are normally received in advance.

	<u>2024</u> <i>HK\$ million</i>	<u>2023</u> <i>HK\$ million</i>
Less than 30 days	23	31
31-90 days	14	16
Over 90 days	14	11
	<hr/>	<hr/>
	51	58
	<hr/> <hr/>	<hr/> <hr/>

10. Accounts Payable and Accruals

	<u>2024</u> <i>HK\$ million</i>	<u>2023</u> <i>HK\$ million</i>
Accounts payable	534	289
Interest payable	146	80
Other payables	748	728
	<hr/>	<hr/>
	1,428	1,097
	<hr/> <hr/>	<hr/> <hr/>

At the end of the reporting period, accounts payable of the Group with carrying amount of HK\$208 million (2023: HK\$168 million) were aged less than 90 days based on invoice date.

ADDITIONAL INFORMATION

Corporate Governance

The Board and management of the Company are committed to maintaining high standards of corporate governance. The Board has adopted Corporate Governance Guidelines to provide guidance on how corporate governance principles are applied in the Company. In addition to complying with applicable statutory requirements, the Company aims to continually review and enhance corporate governance practices of the Company in the light of local and international best practices.

During the year, the Company fully complied with the code provision of the Corporate Governance Code as set out in Part 2 of Appendix C1 to the Listing Rules. Further information on the Company's corporate governance practices is available on our website at www.hysan.com.hk.

Corporate Responsibility and Sustainability

The Group's first corporate responsibility/sustainability report was published in 2006. This year's report is the 19th report we have produced focusing on our social and environmental efforts.

Our "Sustainability Report 2024", setting out the Group's corporate responsibility and sustainability performance, will, on publication, be available on our website at www.hysan.com.hk. The Group has applied the reporting principles and complied with all applicable requirements and provisions of the Environmental, Social and Governance Reporting Code set out in Appendix C2 of the Listing Rules in preparation of its Sustainability Report. The reported information will also be verified by Hong Kong Quality Assurance Agency.

Compliance with the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code")

The Company has adopted the Model Code set out in Appendix C3 of the Listing Rules as its own code of conduct regarding Directors' securities transactions. All Directors have confirmed, following specific enquiries by the Company, that they have complied with the required standards set out in the Model Code throughout the year.

Purchase, Sale or Redemption of the Company's Listed Securities

During the year, the Group repurchased and cancelled part of the US\$850 million Subordinated Guaranteed Perpetual Capital Securities (the "Securities") in the aggregate principal amount of US\$99,995,000 (approximately HK\$777 million), representing approximately 11.76% of the aggregate principal amount of the Securities initially issued. The Securities were issued in 2020 and are listed on the Stock Exchange, and the repurchase was carried out by way of a tender offer to purchase for cash with an aggregate purchase price of approximately HK\$728 million paid by the Group.

Save as disclosed above, there was no purchase, sale or redemption by the Company, or any of its subsidiaries, of the Company's listed securities during the year.

Human Resources Practices

The Group aims to attract, retain and develop high-calibre individuals who are committed to attaining our objectives and achieving our corporate culture and core values. The total number of employees of the Group as at 31 December 2024 was 520 (2023: 516). The Group's human resources practices are aligned with our corporate objectives in order to maximize shareholder value and achieve sustainable growth. Details on our human resources practices, training and development programmes are set out in the "Sustainability Report 2024".

Closure of Register of Members

The second interim dividend will be paid to the shareholders of the Company (the “Shareholders”) whose names appear on the register of members on Wednesday, 5 March 2025 and the payment date will be on or about Wednesday, 19 March 2025. The register of members will be closed on Wednesday, 5 March 2025, on which date no transfer of shares will be registered. The ex-dividend date will be Monday, 3 March 2025. In order to qualify for the second interim dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company’s registrar, Tricor Investor Services Limited (the “Company’s Registrar”) at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:00 p.m. on Tuesday, 4 March 2025.

The register of members will also be closed from Saturday, 31 May 2025 to Thursday, 5 June 2025, both dates inclusive, during which period no transfer of shares will be registered. In order to qualify for attending and voting at the Company’s forthcoming annual general meeting (the “AGM”), all transfer documents accompanied by the relevant share certificates must be lodged with the Company’s Registrar at the abovementioned address, not later than 4:00 p.m. on Friday, 30 May 2025.

AGM

The AGM will be held on Thursday, 5 June 2025. The Notice of AGM will be published on the websites of the Company (www.hysan.com.hk) and the Stock Exchange (www.hkexnews.hk), and despatched to Shareholders around end of March 2025.

By Order of the Board

Lee Irene Yun-Lien

Chairman

Hong Kong, 18 February 2025

*As at the date of this announcement, the Board comprises: Lee Irene Yun-Lien (Chairman), Lui Kon Wai (Executive Director and Chief Operating Officer), Chung Cordelia**, Churchouse Frederick Peter**, Poon Chung Yin Joseph**, Wong Ching Ying Belinda**, Young Elaine Carole**, Zhang Yong**, Lee Anthony Hsien Pin* (Lee Irene Yun-Lien as his alternate), Lee Chien* and Lee Tze Hau Michael*.*

* *Non-Executive Directors*

** *Independent Non-Executive Directors*

This final results announcement is published on the websites of the Company (www.hysan.com.hk) and the Stock Exchange (www.hkexnews.hk). The Annual Report 2024 containing all the information required by the Listing Rules will be despatched to Shareholders and made available on the above websites around end of March 2025.